MOLINA HEALTHCARE INC
Form S-4
July 28, 2016
As filed with the Securities and Exchange Commission on July 28, 2016.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MOLINA HEALTHCARE, INC.
(Exact name of registrant as specified in its charter)

Delaware	6324	13-4204626
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

200 Oceangate, Suite 100
Long Beach, CA 90802
(562) 435-3666
(Address, including zip code, and telephone number including area code, of registrant's principal executive offices)

J. Mario Molina, M.D.
President and Chief Executive Officer
200 Oceangate, Suite 100
Long Beach, CA 90802
(562) 435-3666
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Iain Mickle, Esq.	Jeff D. Barlow, Esq.
Boutin Jones Inc.	Chief Legal Officer and Secretary
555 Capitol Mall, Suite 1500	Molina Healthcare, Inc.
Sacramento, CA 95814	300 University Ave., Suite 100
(916) 321-4444	Sacramento, CA 95825
	(916) 646-9193

ADDITIONAL REGISTRANTS

(Exact name of additional registrant as specified in its charter)	(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)
AmericanWork, Inc.	Delaware	624120	58-2478281
Camelot Care Centers, Inc.	Illinois	621420	36-3465604
Children's Behavioral Health, Inc.	Pennsylvania	624110	20-2639439
College Community Services	California	621420	95-4864640
Family Preservation Services, Inc.	Virginia	621420	54-1620121
Family Preservation Services of Florida, Inc.	Florida	621420	65-0848685
Family Preservation Services of North Carolina, Inc.	North Carolina	621420	86-0976674
Molina Information Systems, LLC	California	923120	27-1510177
Molina Medical Management, Inc.	California	561110	37-1652282
Molina Pathways, LLC	Delaware	551112	45-2854547
Pathways Community Services LLC	Delaware	621420	33-0797276
Pathways Community Services LLC	Pennsylvania	621420	23-2820336
Pathways Health and Community Support LLC	Delaware	561110	47-2525144
Pathways of Arizona, Inc.	Arizona	621420	86-0706547
Pathways of Idaho LLC	Delaware	621420	46-5044433
Pathways of Maine, Inc.	Maine	621420	86-0970832
Pathways of Massachusetts LLC	Delaware	621420	47-1016377
The Redco Group, Inc.	Pennsylvania	624120	23-2181371

200 Oceangate, Suite 100
Long Beach, CA 90802
(562) 435-3666
(Address, including zip code, and telephone number, including area code, of Molina Information Systems, LLC's, Molina Medical Management, Inc.'s and Molina Pathways, LLC's principal executive offices)

10304 Spotsylvania Avenue, Suite 300
Fredericksburg, VA 22408
(540) 710-6085
(Address, including zip code, and telephone number, including area code, of each other additional registrant's principal executive offices)

Jeff D. Barlow, Esq.
Chief Legal Officer and Secretary
Molina Healthcare, Inc.
300 University Ave., Suite 100
Sacramento, CA 95825

(916) 646-9193
(Name, address, including zip code, and telephone number, including area code, of agent for service of each additional registrant)

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.
If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(1)
5.375% Senior Notes due 2022	$700,000,000	100%	$700,000,000	$70,490
Guarantees of 5.375% Senior Notes due 2022 (2)	—(3)	—(3)	—(3)	—(3)

(1) The registration fee was calculated pursuant to Rule 457(f) under the Securities Act of 1933, as amended. For purposes of this calculation, the offering price per note was assumed to be the stated principal amount of each original note that may be received by Molina Healthcare, Inc. in the exchange transaction in which the notes will be offered.

(2) The guarantors are U.S. wholly-owned subsidiaries of Molina Healthcare, Inc. or a subsidiary of Molina Healthcare, Inc. and have guaranteed the notes being registered.

(3) Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no separate fee is payable for the guarantees of the notes.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission acting pursuant to Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. We may not offer these securities for exchange until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 28, 2016

PROSPECTUS

$700,000,000

Offer to Exchange

5.375% Senior Notes due 2022, Registered Under the

Securities Act of 1933, as amended, for

All Outstanding 5.375% Senior Notes due 2022

of

Molina Healthcare, Inc.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M.,

NEW YORK CITY TIME, ON , 2016, UNLESS EXTENDED.

TERMS OF THE EXCHANGE OFFER:

- We are offering to exchange $700 million aggregate principal amount of our registered 5.375% Senior Notes due 2022 and the note guarantees associated therewith, which we refer to herein as the exchange notes and related exchange guarantees, respectively, for all of our original unregistered 5.375% Senior Notes due 2022 and the note guarantees associated therewith, which we refer to herein as the original notes and related original guarantees, respectively, issued in a private placement on November 10, 2015.
- The terms of the exchange notes and related exchange guarantees will be substantially identical to the original notes and related original guarantees, except that the exchange notes will not be subject to the transfer restrictions or additional interest applicable to the original notes and related original guarantees.
- There is no existing market for the exchange notes or related exchange guarantees, and we do not intend to apply for their listing on any securities exchange or arrange for them to be quoted on any quotation system.
- We will exchange all original notes and related original guarantees that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer for an equal principal amount of exchange notes and related exchange guarantees.
- We will not receive any cash proceeds from the exchange offer.

See "Description of Notes" for more information about the exchange notes and related exchange guarantees to be issued in the exchange offer.

If you do not exchange your original notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer provided in the original notes and the indenture governing those notes. In general, you may not offer or sell your original notes unless such offer or sale is registered under the federal securities laws or the original notes are sold in a transaction exempt from or not subject to the registration requirements of the federal securities laws and applicable state securities laws.

See "Risk Factors" for a discussion of the risks that you should consider prior to tendering your original notes in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated , 2016.

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IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS PROSPECTUS

You may rely only on the information contained in this prospectus and the information incorporated herein by reference. We have not authorized anyone to provide you with information not contained in, or incorporated by reference into, this prospectus. In making your decision about whether to exchange your original notes for exchange notes, you should not rely on any information other than the information contained in, or incorporated by reference into, this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus, and the information incorporated by reference into this prospectus is accurate only as of the date of those respective documents regardless of the date and time of delivery of this prospectus. This prospectus is not an offer to exchange original notes in any jurisdiction or under any circumstances in which the offer is unlawful.

This prospectus contains summaries of terms of certain documents, but reference is made to the actual documents, copies of which will be made available upon request as indicated under "Where You Can Find More Information". All summaries are qualified in their entirety by this reference. In making a decision, you must rely on your own examination of our business and the terms of this exchange offer and the exchange notes and related exchange guarantees, including the merits and risks involved.

This exchange offer is being made on the basis of this prospectus and the information incorporated herein by reference. Any decision to participate in the exchange must be based on the information contained in this prospectus or incorporated herein by reference. You should contact us with any questions about this prospectus or if you require additional information to verify the information contained or incorporated by reference herein.

We do not make any representation to any holder of original notes regarding the legality of the exchange under any legal investment or similar laws or regulations. You should not consider any information contained in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding participating in the exchange.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this document. This information is available without charge to holders of original notes upon written or oral request to Molina Healthcare, Inc., 200 Oceangate, Suite 100, Long Beach, California 90802, Attention: Investor Relations, Telephone: (562) 435-3666. To obtain timely delivery of such documents, holders of original notes must request this information no later than five business days prior to the expiration date of the exchange offer.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, that we include in this prospectus or in the documents we incorporate by reference in this prospectus may be deemed forward-looking statements for purposes of the Securities Act and the Exchange Act. Without limiting the foregoing, we use the words "anticipate(s)," "believe(s)," "estimate(s)," "expect(s)," "intend(s)," "may," "plan(s)," "project(s)," "will," "would," "could," "should" and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these identifying words. No assurance can be given that we will actually achieve the plans, intentions, or expectations contemplated or disclosed in our forward-looking statements. Such statements may turn out to be wrong due to the inherent uncertainties associated with future events. Accordingly, you should not place undue reliance on our forward-looking statements, which reflect management’s analyses, judgments, beliefs or expectations only as of the date they are made. The risks and uncertainties described below are those that we currently believe may materially affect us. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also affect our business and operations. As such, you should not consider this list to be a complete statement of all potential risks or uncertainties. Except to the extent otherwise required by federal securities laws, we do not undertake to address or update forward-looking statements in future filings or communications regarding our business or operating results, and do not undertake to address how any of these factors may have caused results to differ from discussions or information contained in previous filings or communications. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to differ materially from those projected, estimated, expected or contemplated. Those known risks and uncertainties include, but are not limited to, the following:

- the success of our profit improvement and cost-cutting initiatives;
- uncertainties and evolving market and provider economics associated with the implementation of the Affordable Care Act (the "ACA"), the Medicaid expansion, the insurance marketplaces, the effect of various implementing regulations, and uncertainties regarding the Medicare-Medicaid dual eligible demonstration programs in California, Illinois, Michigan, Ohio, South Carolina, and Texas;
- management of our medical costs, including our ability to reduce over time the high medical costs commonly associated with new patient populations;
- our ability to predict with a reasonable degree of accuracy utilization rates, including utilization rates in new plans, geographies, and programs where we have less experience with patient and provider populations, and also including utilization rates associated with seasonal flu patterns or other newly emergent diseases;
- our ability to manage growth, including maintaining and creating adequate internal systems and controls relating to authorizations, approvals, provider payments, and the overall success of our care management initiatives designed to control costs;
- our receipt of adequate premium rates to support increasing pharmacy costs, including costs associated with specialty drugs and costs resulting from formulary changes that allow the option of higher-priced non-generic drugs;
- our ability to operate profitably in an environment where the trend in premium rate increases lags behind the trend in increasing medical costs;
- the interpretation and implementation of federal or state medical cost expenditure floors, administrative cost and profit ceilings, premium stabilization programs, profit sharing arrangements, and risk adjustment provisions;

- the interpretation and implementation of at-risk premium rules regarding the achievement of certain quality measures, and our ability to recognize revenue amounts associated therewith;

- the interpretation and implementation of state contract performance requirements regarding the achievement of certain quality measures, and our ability to avoid liquidated damages associated therewith;

- cyber-attacks or other privacy or data security incidents resulting in an inadvertent unauthorized disclosure of protected health information;

- the success of our health plan in Puerto Rico, including the resolution of the Puerto Rico debt crisis, payment of all amounts due under our Medicaid contract, the effect of the newly enacted PROMESA law, and our efforts to better manage the health care costs of our Puerto Rico health plan;
- significant budget pressures on state governments and their potential inability to maintain current rates, to implement expected rate increases, or to maintain existing benefit packages or membership eligibility thresholds or criteria, including the resolution of the Illinois budget impasse and continued payment of all amounts due to our Illinois health plan;
- the accurate estimation of incurred but not reported or paid medical costs across our health plans;
- subsequent adjustments to reported premium revenue based upon subsequent developments or new information, including changes to estimated amounts due to or receivable from CMS under the ACA's "three R's" marketplace premium stabilization programs;
- efforts by states to recoup previously paid amounts, including our dispute with the state of New Mexico related to reimbursement for retroactively enrolled members in 2014;
- the success of our efforts to retain existing government contracts and to obtain new government contracts in connection with state requests for proposals (RFPs) in both existing and new states;
- the continuation and renewal of the government contracts of our health plans, Molina Medicaid Solutions, and Pathways, and the terms under which such contracts are renewed;
- complications, member confusion, or enrollment backlogs related to the annual renewal of Medicaid coverage;
- government audits and reviews, and any fine, enrollment freeze, or monitoring program that may result therefrom;
- changes with respect to our provider contracts and the loss of providers;
- approval by state regulators of dividends and distributions by our health plan subsidiaries;
- changes in funding under our contracts as a result of regulatory changes, programmatic adjustments, or other reforms;
- high dollar claims related to catastrophic illness;
- the favorable resolution of litigation, arbitration, or administrative proceedings;
- the relatively small number of states in which we operate health plans;
- the effect on our Los Angeles County subcontract of Centene Corporation’s acquisition of Health Net, Inc.;
- the availability of adequate financing on acceptable terms to fund and capitalize our expansion and growth, repay our outstanding indebtedness at maturity and meet our liquidity needs, including the interest expense and other costs associated with such financing;
- the failure of a state in which we operate to renew its federal Medicaid waiver;

- changes generally affecting the managed care or Medicaid management information systems industries;
- increases in government surcharges, taxes, and assessments, including but not limited to the deductibility of certain compensation costs;
- newly emergent viruses or widespread epidemics, including the Zika virus, public catastrophes or terror attacks, and associated public alarm;
- changes in general economic conditions, including unemployment rates;

- the sufficiency of our funds on hand to pay the amounts due upon conversion of our outstanding notes; and

- increasing competition and consolidation in the Medicaid industry.

You should refer to the risk factors discussed in Part I, Item 1A — Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2015, and Part II, Item 1A — Risk Factors, in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, for a discussion of certain risk factors that could materially affect our business, financial condition, cash flows or results of operations. Given these risks and uncertainties, we can give no assurance that any results or events projected or contemplated by our forward-looking statements will in fact occur.

SUMMARY

This summary highlights significant aspects of our business and this offering, but it is not complete and does not contain all of the information that you should consider before making your decision. You should carefully read this entire prospectus, including the information presented under the section entitled "Risk Factors" and the information incorporated herein by reference. Unless otherwise noted or the context otherwise requires, the terms "Molina," "Company," "Issuer," "we," "us" and "our" refer to Molina Healthcare, Inc. and its subsidiaries. Unless the context indicates or otherwise requires, references to the "original notes" and the "exchange notes" include the original guarantees associated with the original notes or the exchange guarantees associated with the exchange notes, as the case may be. Except where indicated otherwise, we use the term "notes" in this prospectus to collectively refer to the original notes and the exchange notes, and we use the term "note guarantees" in this prospectus to collectively refer to the original guarantees and the exchange guarantees.

MOLINA HEALTHCARE, INC.

Overview

Molina Healthcare, Inc. provides quality health care to people receiving government assistance. We offer cost-effective Medicaid-related solutions to meet the health care needs of low-income families and individuals, and to assist government agencies in their administration of the Medicaid program.

As of June 30, 2016, our health plans served over four million members eligible for Medicaid, Medicare and other government-sponsored health care programs for low-income families and individuals. Dr. C. David Molina founded our company in 1980 as a provider organization serving the Medicaid population in Southern California. Today, we remain a provider-focused company led by his son, Dr. J. Mario Molina.

We have three reportable segments—our Health Plans and Molina Medicaid Solutions segments, which comprise the vast majority of our operations, and our Other segment.

Our Health Plans segment consists of health plans in 11 states and the Commonwealth of Puerto Rico, and includes our direct delivery business. Additionally, we serve Health Insurance Marketplace members, most of whom receive government premium subsidies. Our health plans are operated by our respective wholly owned subsidiaries in those states, each of which is licensed as a health maintenance organization (HMO). Our direct delivery business consists primarily of the operation of primary care clinics in several states in which we operate.

Our Molina Medicaid Solutions segment provides business processing and information technology development and administrative services to Medicaid agencies in Idaho, Louisiana, Maine, New Jersey, West Virginia and the U.S. Virgin Islands, and drug rebate administration services in Florida.

Our Other segment includes businesses, such as our Pathways behavioral health and social services provider, that do not meet the quantitative thresholds for a reportable segment as defined by U.S. generally accepted accounting principles (GAAP), as well as corporate amounts not allocated to other reportable segments.

Additional Information

For additional information about our Company, please refer to other documents we have filed with the Securities and Exchange Commission (the "Commission" or "SEC") that are incorporated by reference into this prospectus, as listed under the heading "Where You Can Find More Information".

Our principal executive offices are located at 200 Oceangate, Suite 100, Long Beach, California 90802, and our telephone number is (562) 435-3666. You can access our website at www.molinahealthcare.com to learn more about our Company. Information on or linked to our website is neither part of nor incorporated by reference into this prospectus.

THE EXCHANGE OFFER

The summary below describes the principal terms of the exchange offer. This summary is provided solely for your convenience and is not intended to be complete. Please see "The Exchange Offer" for a more complete description of the exchange offer.

The initial offering of original notes	On November 10, 2015, we issued, in a private placement, $700 million aggregate principal amount of 5.375% Senior Notes due 2022.
Registration rights agreement	Pursuant to the registration rights agreement among Molina, the guarantors party thereto and SunTrust Robinson Humphrey, Inc., as representative of the initial purchasers, Molina agreed to offer to exchange the original notes for up to $700 million aggregate principal amount of registered 5.375% Senior Notes due 2022 that are hereby being offered. We filed the registration statement, of which this prospectus is a part, to meet our obligations under the registration rights agreement. If we fail to satisfy the obligations set forth in the registration rights agreement, we will pay additional interest to holders of the original notes. See "Exchange Offer and Registration Rights Agreement".
The exchange offer	We are offering to exchange the exchange notes that have been registered under the Securities Act for the same aggregate principal amount of the original notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer. We will cause the exchange to be effected promptly after the expiration date of the exchange offer. The original notes may be tendered only in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. The exchange notes will evidence the same debt as the original notes and will be issued under and entitled to the benefits of the same indenture that governs the original notes. Holders of the original notes do not have any appraisal or dissenters' rights in connection with the exchange offer. Because we have registered the exchange notes, the exchange notes will not be subject to transfer restrictions, and holders of original notes that have tendered and had their original notes accepted in the exchange offer will receive the exchange notes without further registration rights or related additional interest provisions.
If you fail to exchange your original notes	If you do not exchange your original notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer provided in the original notes and the indenture. In general, you may not offer or sell your original notes unless such offer or sale is registered under the federal securities laws and qualified under applicable state securities laws or the original notes are sold in a transaction exempt from or not subject to the registration requirements of the federal securities laws and applicable state securities laws.

Procedures for tendering notes	If you wish to tender your original notes for exchange notes, you must request your participant of The Depository Trust Company, or DTC, to, on your behalf, electronically transmit an acceptance through DTC's Automated Tender Offer Program, or ATOP. If your original notes are held in book-entry form and are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact that person promptly if you wish to tender your original notes pursuant to this exchange offer. Questions regarding how to tender and requests for information should be directed to the exchange agent. See "The Exchange Offer—Exchange Agent".
Resale of the exchange notes	Except as provided below, we believe that the exchange notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Security Act provided that: • the exchange notes are being acquired in the ordinary course of business; • you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offer; • you are not an affiliate of Molina; • you are not a broker-dealer tendering original notes acquired directly from us for your account; and • you are not prohibited by law or any policy of the Commission from participating in the exchange offer. Our belief is based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties that are not related to us. The Commission has not considered this exchange offer in the context of a no-action letter. We cannot assure you that the Commission would make similar determinations with respect to this exchange offer. If any of these conditions are not satisfied, or if our belief is not accurate, and you transfer any exchange notes issued to you in the exchange offer without delivering a resale prospectus meeting the requirements of the Securities Act or without an exemption from registration requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability. Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by such broker-dealer as a result of market-making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution".
Expiration date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2016, unless we decide to extend the expiration date.

Conditions to the exchange offer	The exchange offer is subject to customary conditions. The exchange offer is not conditioned upon any minimum principal amount of the original notes being tendered.
Exchange agent	U.S. Bank National Association is serving as exchange agent for the exchange offer.
Withdrawal rights	You may withdraw the tender of your original notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. You must follow the withdrawal procedures as described under the heading "The Exchange Offer—Withdrawal of Tenders".
Federal income tax considerations	The exchange of original notes for the exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.
Use of proceeds	We will not receive any proceeds from the issuance of the exchange notes in exchange for the original notes pursuant to the exchange offer. We will pay all of our expenses incident to the exchange offer.

THE EXCHANGE NOTES

The summary below describes the principal terms of the exchange notes. This summary is provided solely for your convenience and is not intended to be complete. Please see "Description of Notes" for a more complete description of the exchange notes. In this summary, references to "Issuer", "Molina", "us" and "our" refer only to Molina Healthcare, Inc. and not to any of its subsidiaries.

Issuer	Molina Healthcare, Inc., a Delaware corporation.
Securities offered	$700 million aggregate principal amount of 5.375% Senior Notes due 2022.
Maturity date	November 15, 2022.
Interest rate	5.375% per annum.
Interest payment dates	Interest will be payable, entirely in cash, semi-annually, in arrears, on May 15 and November 15 of each year, beginning November 15, 2016. Interest will accrue from May 15, 2016.
Guarantees	The notes will be guaranteed by each existing and future direct and indirect domestic restricted subsidiary of the Issuer that guarantees the obligations under our revolving credit facility. Our principal operating subsidiaries are HMOs or licensed insurance companies, which are required under applicable laws and related regulations to maintain levels of solvency, or capital, or net assets that would not be achieved if they guaranteed the obligations under our revolving credit facility. Accordingly, such subsidiaries do not guarantee the obligations under the revolving credit facility and do not and will not guarantee the notes. As of the date of this prospectus, 18 of our non-regulated subsidiaries guarantee the revolving credit facility and the notes. None of our other subsidiaries, including our health plan subsidiaries, guarantee the notes, and the notes are structurally subordinated to all of the liabilities of such subsidiaries. As of June 30, 2016, our non-guarantor subsidiaries had approximately $3,470 million of liabilities outstanding, including medical claims and benefits payable, deferred revenue, accounts payable, other accrued expenses and liabilities and amounts due to government agencies (excluding intercompany liabilities). See "Risk Factors—Risks Related to the Notes and Our Indebtedness—The notes are structurally subordinated to all indebtedness and other liabilities and preferred stock of our non-guarantor subsidiaries, which include our health plan subsidiaries through which we principally operate" and "—We will depend on the business of and distributions from our HMO and licensed insurance subsidiaries to satisfy our obligations under the notes and we cannot assure you that the operating results of such subsidiaries will be sufficient to, or our subsidiaries will be permitted to, make distributions or other payments to us".

Ranking	The exchange notes will be the Issuer's and each guarantor's senior obligations and will rank: pari passu in right of payment with all of the Issuer's and each guarantor's existing and future senior indebtedness (including the revolving credit facility); and senior to all of the Issuer's and each guarantor's existing and future subordinated indebtedness. The exchange notes and the related guarantees will also be effectively subordinated to all of the Issuer's and each guarantor's existing and future secured obligations to the extent of the value of the assets securing such obligations. See "Description of Other Material Indebtedness". In addition, the exchange notes will be structurally subordinated to all indebtedness and other liabilities and preferred stock of our subsidiaries that do not guarantee the notes. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—The notes are structurally subordinated to all indebtedness and other liabilities and preferred stock of our non-guarantor subsidiaries, which include our health plan subsidiaries through which we principally operate". At June 30, 2016, the Issuer and the guarantors had $1,627 million of indebtedness, including lease financing obligations, none of which was secured (other than implied liens attributable to the lease financing obligations), and our non-guarantor subsidiaries had no indebtedness outstanding.
Optional redemption	We may redeem all or part of the notes at any time prior to August 15, 2022 (three months prior to the maturity of the notes) at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date and a "make-whole" premium, as described under "Description of Notes—Optional Redemption".
Mandatory offer to purchase; asset sales	If a Change of Control (as defined in "Description of Notes") occurs, the Issuer must give holders of the notes an opportunity to sell all or part of their notes at a purchase price of 101% of the principal amount of such notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. See "Description of Notes—Repurchase at the Option of Holders—Change of Control". If the Issuer or certain of its subsidiaries, including the guarantors, sell assets under certain circumstances, the Issuer will be required to make an offer to purchase a portion of the notes at their face amount, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales".
Certain covenants	The indenture governing the notes restricts the ability of the Issuer and its restricted subsidiaries to, among other things: • incur additional indebtedness or issue certain preferred equity;

- pay dividends on, repurchase, or make distributions in respect of our or their capital stock, prepay, redeem, or repurchase certain debt or make other restricted payments;
- make certain investments;
- create certain liens;
- sell assets, including capital stock of restricted subsidiaries;
- enter into agreements restricting our restricted subsidiaries' ability to pay dividends or make other payments, and in the case of our subsidiaries, guarantee indebtedness;
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our or their assets;
- enter into certain transactions with our affiliates; and
- designate our restricted subsidiaries as unrestricted subsidiaries.

These covenants are also subject to a number of important limitations and exceptions, including the fall away or revision of certain of these covenants upon the notes receiving an investment grade rating. See "Description of Notes—Certain Covenants".

RISK FACTORS

Prospective participants in the exchange offer should carefully consider all of the information contained in this prospectus, including the risks and uncertainties described below, which supplement and should be read together with the risk factors discussed in Part I, Item 1A - Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2015, and Part II, Item 1A - Risk Factors, in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016. Except with respect to the risk factors associated with the exchange offer, the risk factors set forth below are generally applicable to the original notes as well as the exchange notes.

Risks Related to the Exchange Offer

If you fail to follow the exchange offer procedures, your notes will not be accepted for exchange.

We will not accept your notes for exchange if you do not follow the exchange offer procedures. We will issue exchange notes as part of this exchange offer only after timely receipt of your original notes, a properly completed and duly executed letter of transmittal and all other required documents or if you comply with the guaranteed delivery procedures for tendering your notes. Therefore, if you want to tender your original notes, please allow sufficient time to ensure timely delivery. If we do not receive your original notes, letter of transmittal and all other required documents by the expiration date of the exchange offer, or you do not otherwise comply with the guaranteed delivery procedures for tendering your notes, we will not accept your original notes for exchange. We are under no duty to provide notification of defects or irregularities with respect to the tenders of original notes for exchange. If there are defects or irregularities with respect to your tender of original notes, we will not accept your original notes for exchange unless we decide in our sole discretion to waive such defects or irregularities.

If you fail to exchange your original notes for exchange notes, they will continue to be subject to the existing transfer restrictions and you may not be able to sell them.

We did not register the original notes, nor do we intend to do so following this exchange offer. Original notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws, and such restrictions may adversely affect the trading price of the original notes. As a result, if you hold original notes after the exchange offer, you may not be able to sell them. To the extent any original notes are tendered and accepted in the exchange offer, the trading market, if any, for the original notes that remain outstanding after the exchange offer may be adversely affected due to a reduction in market liquidity.

Risks Related to the Notes and Our Indebtedness

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of any variable rate debt, and prevent us from meeting our obligations under the notes.

We have a significant amount of indebtedness. As of June 30, 2016, we had total indebtedness of approximately $1,627 million, including lease financing obligations. As of June 30, 2016, we also had $244 million available for borrowing under our revolving credit facility. Our substantial indebtedness could have important consequences for you, including:

- increasing our vulnerability to adverse economic, industry, or competitive developments;
- requiring a substantial portion of our cash flows from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flows to fund operations, capital expenditures, and future business opportunities;
- exposing us to the risk of increased interest rates to the extent of any future borrowings, including borrowings under our revolving credit facility, at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including our revolving credit facility, the notes and the Existing Notes (as defined below), and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;

- limiting our ability to obtain additional financing for working capital, capital expenditures, product and service development, debt service requirements, acquisitions, and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our substantial indebtedness may prevent us from exploiting.

Despite our high indebtedness level, we and our subsidiaries will still be able to incur substantial additional amounts of debt, including secured debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indentures governing the Existing Notes, the indenture that governs the notes and the credit agreement governing our revolving credit facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. As of June 30, 2016, we had approximately $244 million available for additional borrowing under our revolving credit facility. In addition, the indentures governing the Existing Notes, the indenture that governs the notes and the credit agreement governing our revolving credit facility will not prevent us from incurring obligations that do not constitute prohibited indebtedness thereunder. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase.

The terms of our debt impose restrictions on us that may affect our ability to successfully operate our business and our ability to make payments on the notes.

The indentures governing the Existing Notes, the indenture governing the notes and the credit agreement governing our revolving credit facility contain various covenants that could materially and adversely affect our ability to finance our future operations or capital needs and to engage in other business activities that may be in our best interest. These covenants limit our ability to, among other things:

- incur additional indebtedness or issue certain preferred equity;
- pay dividends on, repurchase, or make distributions in respect of our capital stock, prepay, redeem, or repurchase certain debt or make other restricted payments;
- make certain investments;
- create certain liens;
- sell assets, including capital stock of restricted subsidiaries;
- enter into agreements restricting our restricted subsidiaries' ability to pay dividends to us;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our restricted subsidiaries as unrestricted subsidiaries.

All of these covenants may restrict our ability to expand or to pursue our business strategies. Our ability to comply with these covenants may be affected by events beyond our control, such as prevailing economic conditions and changes in regulations, and if such events occur, we cannot be sure that we will be able to comply. A breach of these covenants could result in a default under the indentures for the Existing Notes, the indenture that governs the notes and/or the credit agreement governing our revolving credit facility including, as a result of cross default provisions and, in the case of our revolving credit facility, permit the lenders to cease making loans to us. If there were an event of default under the indentures governing the Existing Notes, the indenture that governs the notes and/or the credit agreement governing our revolving credit facility, holders of such defaulted debt could cause all amounts borrowed under these instruments to be due and payable immediately. Our assets or cash flow may not be sufficient to repay borrowings under our outstanding debt instruments in the event of a default thereunder.

In addition, the restrictive covenants in the credit agreement governing our revolving credit facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests will depend on our ongoing financial and operating performance, which, in turn, will be subject to economic conditions and to financial, market, and competitive factors, many of which are beyond our control. A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions and, in the case of our revolving credit facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under the revolving credit facility, the lenders could elect to declare all amounts outstanding under our revolving credit facility to be immediately due and payable and terminate all commitments to extend further credit. Such action by the lenders could cause cross defaults under the indentures governing the Existing Notes and the notes.

If our operating performance declines, we may be required to obtain waivers from the lenders under our revolving credit facility, from the holders of the Existing Notes or from the holders of other obligations, to avoid defaults thereunder. If we are not able to obtain such waivers, our creditors could exercise their rights upon default, and we could be forced into bankruptcy or liquidation. See "Description of Other Material Indebtedness" for additional information regarding our existing debt obligations.

We may not have the funds necessary to pay the amounts due upon conversion or required repurchase of the Existing Notes, and our indebtedness may contain limitations on our ability to pay the amounts due upon conversion or required repurchase.

In February 2013, we issued $550 million aggregate principal amount of 1.125% cash convertible senior notes due January 15, 2020, unless earlier repurchased or converted. We refer to these notes as our 1.125% Notes. In September 2014, we issued $302 million aggregate principal amount of 1.625% convertible senior notes due August 15, 2044, unless earlier repurchased, redeemed or converted. We refer to these notes as our 1.625% Notes. As of June 30, 2016, the aggregate outstanding principal amount of our 1.125% Notes and our 1.625% Notes (collectively, the "Existing Notes") was $550 million and $302 million, respectively. The principal amounts of both our 1.125% Notes and our 1.625% Notes are convertible into cash prior to their respective maturity dates under certain circumstances, one of which relates to the closing price of our common stock over a specified period. We refer to this conversion trigger as the stock price trigger.

The 1.125% Notes did not meet the $53.00 stock price trigger in the quarter ended June 30, 2016, therefore, the 1.125% Notes were not convertible as of June 30, 2016. The 1.625% Notes did not meet the $75.52 stock price trigger in the quarter ended June 30, 2016, therefore, the 1.625% Notes were not convertible as of June 30, 2016. The last reported sale price of our common stock as reported on the New York Stock Exchange on July 22, 2016 was $53.04 per share.

In addition, in the event of a change in control or the termination in trading of our stock, each holder of our 1.125% Notes and our 1.625% Notes would have the right to require us to purchase some or all of their notes at a purchase price in cash equal to 100% of the principal amount of the notes, plus any accrued and unpaid interest.

If conversion requests are received, the settlement of the notes must be paid primarily in cash pursuant to the terms of the relevant indentures. In the event of conversions or required repurchases, we may not have enough available cash or be able to obtain financing at the time we are required to comply with our conversion or repurchase obligations. In addition, our ability to comply with these obligations may be limited by law, by regulatory authority, or by agreements governing our future indebtedness. The indentures for the 1.125% Notes and the 1.625% Notes provide that it would be an event of default if we do not make the cash payments due upon conversion or required repurchase of the notes. The occurrence of an event of default under one or both of these indentures may also constitute an event of default under our revolving credit facility and under our other indebtedness we may have outstanding at such time. Any such default could have a material adverse effect on our business, financial condition, cash flows or results of operations.

Prior to or when our revolving credit facility matures and the Existing Notes mature, convert into cash or are required to be repurchased, we may not be able to refinance or replace them.

Each of our revolving credit facility and the 1.125% Notes has an earlier maturity date than that of the notes and a portion of the 1.625% Notes may be required to be repurchased before the maturity date of the notes. Prior to or when our revolving credit facility and the Existing Notes mature, convert into cash or are required to be repurchased, we may need to refinance them and may not be able to do so on favorable terms or at all. If we are able to refinance

maturing indebtedness, the terms of any refinancing or alternate credit arrangements may contain terms and covenants that restrict our financial and operating flexibility.

Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our revolving credit facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness could increase even though the amount borrowed remained the same, and our net income could decrease. The applicable margin with respect to the loan under our revolving credit facility is a percentage per annum equal to a reference rate plus the applicable margin. See "Description of Other Material Indebtedness". To manage our exposure to interest rate risk, in the future we may enter into derivative financial instruments, typically interest rate swaps and caps, involving the exchange of floating for fixed rate interest payments. If we are unable to enter into interest rate swaps, it may adversely affect our cash flow and may impact our ability to make required principal and interest payments on our indebtedness.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital, or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including our revolving credit facility, the indentures governing the Existing Notes and the indenture that governs the notes, may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

There are circumstances other than repayment or discharge of the notes under which the guarantees of the notes will be released automatically, without your consent or the consent of the trustee, and you may not realize any payment upon release of such guarantees.

The guarantee of a guarantor will be automatically released in connection with a sale of such guarantor in a transaction not prohibited by the indenture that governs the notes. The indenture that governs the notes also permits us to designate one or more of the guarantors as an unrestricted subsidiary under certain circumstances. If we designate a guarantor as an unrestricted subsidiary for purposes of the indenture that governs the notes, any guarantees of the notes by such subsidiary or any of its subsidiaries will be released under such indenture. In addition, the creditors of such subsidiary and its subsidiaries will have an effectively senior claim on the assets of such subsidiary and its subsidiaries. See "—The notes are structurally subordinated to all indebtedness and other liabilities and preferred stock of our non-guarantor subsidiaries, which include our health plan subsidiaries through which we principally operate".

Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees, and require note holders to return payments received and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance and/or guarantee of the notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or the guarantees could be voided as a fraudulent transfer or conveyance if (1) the Issuer issued the notes, or a guarantor issued a guarantee, with the intent of hindering, delaying, or defrauding creditors or (2) the Issuer or guarantor received less than reasonably equivalent value or fair consideration in return for either issuing the notes or issuing the guarantee, as applicable and, in the case of (2) only, one of the following is also true at the time thereof:

- the Issuer or guarantor was insolvent or rendered insolvent by reason of the issuance of the notes or the guarantee;

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- the issuance of the notes or the guarantee left the Issuer or guarantor with an unreasonably small amount of capital to carry on the business;
- the Issuer or guarantor intended to, or believed that the Issuer or guarantor would, incur debts beyond the Issuer's or such guarantor's ability to pay such debts as they mature; or
- the Issuer or guarantor issued the notes or a guarantee to or for the benefit of an insider, or incurred such obligation to or for the benefit of an insider, under an employment contract and not in the ordinary course of business.

A court would likely find that the Issuer or guarantor did not receive reasonably equivalent value or fair consideration for the notes or the guarantee if the Issuer or guarantor did not substantially benefit directly or indirectly from the issuance of the notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not the Issuer or the applicable guarantors was solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the applicable guarantee would not be further subordinated to the Issuer or such guarantor's other debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

If a court were to find that the issuance of the notes or the issuance of a guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or the guarantee or further subordinate the notes or the guarantee to presently existing and future indebtedness of the Issuer or such guarantor, or require the holders of the notes to repay any amounts received. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt.

Although each guarantee entered into by one of our subsidiaries contains a provision intended to limit such guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

We will depend on the business of and distributions from our HMO and licensed insurance subsidiaries to satisfy our obligations under the notes and we cannot assure you that the operating results of such subsidiaries will be sufficient to, or our subsidiaries will be permitted to, make distributions or other payments to us.

We principally operate through our health plan subsidiaries. Such subsidiaries will conduct substantially all of the operations necessary to fund payments on the notes and our other indebtedness. Our health plan subsidiaries' ability to make payments to us will depend on their earnings, the debt agreements they are subject to, if any, state restrictions on minimum statutory capital and business and tax considerations. We cannot assure you that the operating results of our subsidiaries at any given time will be sufficient to make distributions or other payments to us or that any distributions and/or payments will be adequate to pay principal and interest, and any other payments, on the notes and our other indebtedness when due. Additionally, if regulators were to deny our subsidiaries' requests to pay dividends to us or restrict or disallow the payment of the administrative fee under our administrative services agreements or not allow us to recover the costs of providing the services under such agreements or require a significant change in the timing or manner in which we recover those costs, the funds available to us as a whole would be limited, which could materially adversely impact our ability to service our indebtedness, including the notes, our revolving credit facility and the Existing Notes.

The notes are structurally subordinated to all indebtedness and other liabilities and preferred stock of our non-guarantor subsidiaries, which include our health plan subsidiaries through which we principally operate.

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The notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries that are not guaranteeing the notes. As of June 30, 2016, our non-guarantor subsidiaries had approximately $3,470 million of liabilities outstanding, including medical claims and benefits payable, deferred revenue, accounts payable and accrued liabilities, amounts due to government agencies, and other liabilities (excluding intercompany liabilities). These non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Our principal operating subsidiaries are HMOs or licensed insurance companies in the jurisdictions in which we do business. Applicable laws and related regulations require such subsidiaries to maintain levels of solvency, or capital, or net assets that would not be achieved if they guaranteed the obligations under the notes. Accordingly, such subsidiaries do not guarantee the obligations under the notes. Any right that we or the subsidiary guarantors have to receive any assets of any of our non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of the notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including trade creditors and holders of preferred equity interests of those subsidiaries. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us.

We may be unable to raise the funds necessary to finance the change of control repurchase provision required by the indenture that governs the notes.

Upon certain events constituting a change of control, as that term is defined in the indenture that governs the notes, including a change of control caused by an unsolicited third party, we will be required to make an offer in cash to repurchase all or any part of each holder's notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. The source of funds for any such repurchase would be our available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. We cannot assure you that sufficient funds will be available at the time of any change of control event to repurchase all tendered notes pursuant to this requirement. Our failure to offer to repurchase notes, or to repurchase notes tendered, following a change of control will result in a default under the indenture that governs the notes, which could lead to a cross-default under the credit agreement governing the revolving credit facility and the indentures governing the Existing Notes. The Existing Notes also impose certain repurchase obligations on us upon a change of control, as such term is defined in the indentures governing the Existing Notes. Prior to repurchasing the notes on a change of control event, we may have to repay outstanding debt under the credit agreement governing our revolving credit facility or obtain the consent of the lenders under such facility. If we do not obtain the required consents or repay our outstanding debt under our revolving credit facility, we would remain effectively prohibited from offering to repurchase the notes. In addition, an event constituting a change of control with respect to the notes would also constitute a change of control with respect to the Existing Notes and our failure to comply with those repurchase obligations would constitute a default under the indentures governing the Existing Notes. See "Description of Notes" for additional information.

We may not be required, or we may not be able, to repurchase the notes upon an asset sale.

Holders of the notes may not have all or any of their notes repurchased following an asset sale because:

- we are only required to repurchase the notes under certain circumstances if there are excess proceeds of the asset sale; or
- we may be prohibited from repurchasing the notes by the terms of our other senior debt, including any outstanding credit facilities.

Under the terms of the indenture that govern the notes, we will be required to repurchase all or a portion of the notes following an asset sale at a purchase price equal to 100% of the principal amount of the notes. However, we are required to repurchase the notes only from the excess proceeds of the asset sale that we do not use to repay other senior debt or to acquire replacement assets. We can also defer our repurchase obligation until there are excess proceeds in an amount greater than $35.0 million. The terms of any future outstanding credit facility may require us to apply most, if not all, of the proceeds of an asset sale to repay that debt, in which case there may be no excess proceeds of the asset sale for the repurchase of the notes. See "Description of Notes" for additional information.

In addition, the terms of any outstanding credit facility, including our revolving credit facility, may prevent us from repurchasing the notes without the consent of the credit facility lenders. In those circumstances, we would be required to obtain the consent of our lenders before we could repurchase the notes with the excess proceeds of an asset sale. We may also be

required to obtain the consent of the holders of the Existing Notes. If we were unable to obtain any required consents, the requirement that we purchase the notes from the excess proceeds of an asset sale will be ineffective.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and there can be no assurance that any rating assigned by the rating agencies to our debt or our corporate rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital, which could have a materially adverse impact on our financial condition and results of operations.

If the notes are rated investment grade at any time by either Standard & Poor's or Moody's, certain covenants set forth in the indenture will be terminated, and the holders of the notes will lose the protection of these covenants.

The indenture governing the notes contains certain covenants that will be terminated and cease to have any effect from and after the first date when the notes are rated investment grade by either Standard & Poor's or Moody's. See "Description of Notes—Certain Covenants—Covenant Termination". These covenants restrict, among other things, our ability to pay dividends or make other restricted payments, incur additional debt and to enter into certain types of transactions. Because these restrictions would not apply to the notes at any time after the notes have achieved an investment grade rating, the holders of the notes would not be able to prevent us from incurring substantial additional debt, paying dividends or making other restricted payments or entering into certain types of transactions.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement that we entered into in connection with the private placement of the original notes. We will not receive any cash proceeds from the issuance of the exchange notes. The original notes that are surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the exchange notes will not result in any increase or decrease in our indebtedness. We will pay all of our expenses incident to the exchange offer.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following table shows our selected historical consolidated financial information for each of the periods ended and as of the dates indicated below. We derived the following selected consolidated financial data for the five years ended December 31, 2015 from our audited consolidated financial statements. The selected consolidated financial data for the six months ended June 30, 2015 and 2016 are derived from our unaudited financial statements, which have been prepared by us on a basis consistent with our audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such periods. You should read the following summary consolidated financial information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2015, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, our consolidated financial statements and notes thereto and included therein, and the financial statements and notes thereto included in our Current Report on Form 8-K filed with the Commission on July 28, 2016.

	Year Ended December 31,					Six Months Ended June 30,	
	2015 (1)	2014	2013	2012	2011	2016	2015
						(unaudited)	
Statements of Income Data:	(Amounts in millions)						
Revenue:							
Premium revenue	$13,241	$9,023	$6,179	$5,544	$4,212	$8,024	$6,275
Service revenue [1]	253	210	205	188	160	275	99
Premium tax revenue	397	294	172	159	155	218	190
Health insurer fee revenue	264	120	—	—	—	166	122
Investment income	18	8	7	5	5	16	7
Other revenue	5	12	26	18	8	3	3
Total revenue	14,178	9,667	6,589	5,914	4,540	8,702	6,696
Operating expenses:							
Medical care costs	11,794	8,076	5,380	4,991	3,664	7,182	5,565
Cost of service revenue [1]	193	157	161	141	144	243	69
General and administrative expenses	1,146	765	666	519	393	691	543
Premium tax expenses	397	294	172	159	155	218	190
Health insurer fee expenses	157	89	—	—	—	108	81
Depreciation and amortization	104	93	73	63	48	66	50
Total operating expenses	13,791	9,474	6,452	5,873	4,404	8,508	6,498
Operating income	387	193	137	41	136	194	198
Other expenses, net:							
Interest expense	66	57	52	17	16	50	30
Other (income) expense, net	(1)	1	4	1	—	—	—
Total other expenses, net	65	58	56	18	16	50	30
Income from continuing operations before income taxes	322	135	81	23	120	144	168
Income tax expense	179	73	36	10	43	87	101
Income from continuing operations	143	62	45	13	77	57	67
Income (loss) from discontinued operations, net of tax expense (benefit) [2]	—	—	8	(3)	(56)	—	—
Net income	$143	$62	$53	$10	$21	$57	$67

	December 31,					June 30,	
	2015 (1)	2014	2013	2012	2011	2016	2015
						(unaudited)	
Balance Sheet Data:	(Amounts in millions)						
Cash and cash equivalents	$2,329	$1,539	$936	$796	$494	$2,345	$2,014
Cash and cash equivalents, parent only	360	75	100	39	15	214	464
Total assets	6,576	4,435	2,988	1,901	1,631	7,202	5,691
Long-term debt, including current portion [3]	1,609	887	770	261	216	1,627	904
Total liabilities	5,019	3,425	2,095	1,119	876	5,561	4,228
Stockholders' equity	1,557	1,010	893	782	755	1,641	1,463

(1) Service revenue and cost of service revenue include revenue and costs generated by our Pathways subsidiary, which was acquired on November 1, 2015.

(2) Income (loss) from discontinued operations is presented net of income tax expense (benefit), which was insignificant in 2015 and 2014, and $(10), $(1), and $1, in 2013, 2012 and 2011, respectively. For the six months ended June 30, 2016 and 2015, income tax expense (benefit) was insignificant.

(3) Includes senior notes, lease financing obligations and other long-term debt.

RATIO OF EARNINGS TO FIXED CHARGES

Year Ended December 31,					Six Months Ended June 30,	
2015	2014	2013	2012	2011	2016	2015
5.4	3.2	2.4	2.2	7.7	3.6	6.1

The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. For purposes of calculating the ratios, "earnings" consists of income before income taxes plus fixed charges less capitalized interest, and "fixed charges" consists of interest expensed and capitalized, amortization of debt issuance costs and the portion of rental expense representative of interest expense.

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

On November 10, 2015, we sold $700 million aggregate principal amount of the original notes in a private placement to certain initial purchasers. In connection with the sale of the original notes in the private placement, we and the initial purchasers entered into a registration rights agreement (the "registration rights agreement"). Under the registration rights agreement, we agreed to use our commercially reasonable efforts to file a registration statement regarding the exchange of the original notes for exchange notes registered under the Securities Act. We also agreed to use our commercially reasonable efforts to cause the registration statement to become effective with the Commission and to conduct this exchange offer. For a more detailed explanation of our obligations under the registration rights agreement, see "Exchange Offer and Registration Rights Agreement".

We are making this exchange offer to comply with our obligations under the registration rights agreement. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus is a part.

Resale of the Exchange Notes

Under existing interpretations of the Commission contained in several no-action letters to third parties, the exchange notes will be freely transferable by holders thereof (other than affiliates of Molina) after the exchange offer without further registration under the Securities Act; provided, however, that each holder (including, without limitation, each participating broker-dealer) who participates in the exchange offer will be required to represent to us in writing (which may be contained in the applicable letter of transmittal) that: (1) any exchange notes acquired in exchange for original notes tendered are being acquired in the ordinary course of business of the person receiving such exchange notes, whether or not such recipient is such holder itself; (2) at the time of the commencement or consummation of the exchange offer neither such holder nor, to the actual knowledge of such holder, any other person receiving exchange notes from such holder has an arrangement or understanding with any person to participate in the "distribution" (within the meaning of the Securities Act) of the exchange notes in violation of the provisions of the Securities Act; (3) neither the holder nor, to the actual knowledge of such holder, any other person receiving exchange notes from such holder is an "affiliate" (as defined in Rule 405 of the Securities Act) of Molina or, if it is an affiliate of Molina, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable and will provide information to be included in the Shelf Registration Statement (as defined under "Exchange Offer and Registration Rights Agreement") in order to have their notes included in the Shelf Registration Statement and benefit from the provisions regarding additional interest; (4) neither such holder nor, to the actual knowledge of such holder, any other person receiving exchange notes from such holder is engaging in or intends to engage in a distribution of the exchange notes; and (5) if such holder is a participating broker-dealer, such holder has acquired the original notes as a result of market-making activities or other trading activities and that it will comply with the applicable provisions of the Securities Act (including, but not limited to, the prospectus delivery requirements thereunder) in connection with any resale of the exchange notes.

Terms of the Exchange Offer

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Upon the terms and subject to the conditions set forth in this prospectus and the letter of transmittal, we will accept original notes for exchange which are properly tendered on or before the expiration date and are not withdrawn as permitted below.

As of the date of this prospectus, $700 million in aggregate principal amount of the original notes are outstanding. This prospectus, together with the letter of transmittal, is being sent to all registered holders of the original notes on

this date. There will be no fixed record date for determining registered holders of the original notes entitled to participate in the exchange offer. Holders of the original notes must cause their original notes to be tendered by book-entry transfer or tender their certificates for the original notes before 5:00 p.m., New York City time, on the expiration date of the exchange offer in order to participate in the exchange offer.

The form and terms of the exchange notes being issued in the exchange offer are the same as the form and terms of the original notes except that:

- the exchange notes being issued in the exchange offer will have been registered under the Securities Act;

- the exchange notes being issued in the exchange offer will not bear the restrictive legends restricting their transfer under the Securities Act; and

- the exchange notes being issued in the exchange offer will not contain the registration rights and additional interest provisions contained in the original notes.

The exchange notes will evidence the same indebtedness as the original notes and will be issued under the same indenture and, therefore, the exchange notes and the original notes will be treated as a single class of debt securities under the indenture. The original notes and the exchange notes will, however, have separate CUSIP numbers.

Outstanding notes being tendered in the exchange offer must be in minimum denominations of $2,000 and in integral multiples of $1,000 in excess of $2,000. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of original notes surrendered pursuant to the exchange offer.

The exchange offer is not conditioned upon any minimum aggregate principal amount of the original notes being tendered for exchange.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and applicable federal securities laws. Original notes that are not tendered for exchange under the exchange offer will remain outstanding and will be entitled to the rights under the indenture. Any original notes not tendered for exchange will not retain any rights under the registration rights agreement and will remain subject to transfer restrictions. See "—Consequences of Failure to Exchange Outstanding Securities". Holders of original notes do not have any approval or dissenters' rights under the indenture in connection with the exchange offer.

Expiration Date; Extensions, Amendments

The expiration date is at 5:00 p.m., New York City time, on , 2016, or such later date and time to which we, in our sole discretion, extend the exchange offer, subject to applicable law. In case of an extension of the expiration date of the exchange offer, we will issue a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Such notification will state that we are extending this exchange offer for a specified period of time.

Conditions to the Completion of the Exchange Offer

The exchange offer shall not be subject to any conditions, other than that:

- the exchange offer does not violate applicable law or any applicable interpretation of the Staff of the Commission;

- no action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the exchange offer, and no material adverse development shall have occurred in any existing action or proceeding with respect to us; and

- all governmental approvals shall have been obtained, which approvals we deem necessary for the consummation of the exchange offer.

Procedures for Tendering

To effectively tender original notes by book-entry transfer to the account maintained by the exchange agent at DTC, holders of original notes must request a DTC participant to, on their behalf, in lieu of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance through DTC's Automated Tender Offer Program, or ATOP. DTC will then verify the acceptance and send an agent's message to the exchange agent for its acceptance. An "agent's message" is a message transmitted by DTC to, and

received by, the exchange agent and forming a part of the book-entry confirmation, as defined below, which states that DTC has received an express acknowledgment from the DTC participant tendering original notes on behalf of the holder of such original notes that such DTC participant has received and agrees to be bound by the terms and conditions of the exchange offer as set forth in this prospectus and the related letter of transmittal and that we may enforce such agreement against such participant. Timely confirmation of a book-entry transfer of the original notes into the exchange agent's account at DTC, or a book-entry confirmation, pursuant to the book-entry transfer procedures described below, as well as an agent's message pursuant to DTC's ATOP system must be delivered to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

To effectively tender any original notes held in physical form, a holder of the original notes must complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal or a facsimile thereof, together with the certificates representing such original notes and any other required documents, to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date.

Holders of original notes whose certificates for original notes are not lost but are not immediately available or who cannot deliver their certificates and all other documents required by the letter of transmittal to the exchange agent on or prior to 5:00 p.m., New York City time, on the expiration date, or who cannot complete the procedures for book-entry transfer on or prior to 5:00 p.m., New York City time, on the expiration date, may tender their original notes according to the guaranteed delivery procedures set forth in "—Guaranteed Delivery Procedures" below.

The method of delivery of the letter of transmittal, any required signature guarantees, the original notes and all other required documents, including delivery of original notes through DTC, and transmission of an agent's message through DTC's ATOP system, is at the election and risk of the tendering holders, and the delivery will be deemed made only when actually received or confirmed by the exchange agent. If original notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the expiration date, as desired, to permit delivery to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date. Holders tendering original notes through DTC's ATOP system must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such respective date.

No original notes, agent's messages, letters of transmittal or other required documents should be sent to us. Delivery of all original notes, agent's messages, letters of transmittal and other documents must be made to the exchange agent. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of original notes, including pursuant to the delivery of an agent's message through DTC's ATOP system, will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth herein and in the letter of transmittal.

Holders of original notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee who wish to tender must contact such registered holder promptly and instruct such registered holder how to act on such non-registered holder's behalf.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority (FINRA), a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act, each an "eligible institution," unless the original notes tendered pursuant to the letter of transmittal or a notice of withdrawal are tendered:

- by a registered holder of original notes (which term, for purposes of the exchange offer, includes any participant in the DTC system whose name appears on a security position listing as the holder of such original notes) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an eligible institution.

If a letter of transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such person should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with such letter of transmittal.

If the letter of transmittal is signed by a person other than the registered holder, the original notes must be endorsed or accompanied by a properly completed bond power, signed by the registered holder as the registered holder's name appears on the original notes.

All questions as to the validity, form, eligibility, time of receipt and withdrawal of the tendered original notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all original notes not validly tendered or any original notes which, if accepted, would, in the opinion

of our counsel, be unlawful. We also reserve the absolute right to waive any irregularities or conditions of tender as to particular original notes.

Our interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within such time as we shall determine. Although we intend to notify you of defects or irregularities with respect to tenders of original notes, none of us, the exchange agent, the Trustee, or any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of original notes, nor shall any of them incur any liability for failure to give such notification. Tenders of original notes will not be deemed to have been made until such irregularities have been cured or waived. Any original notes received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such holder by the exchange agent, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date of the exchange offer.

Although we have no present plan to acquire any original notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any original notes that are not tendered in the exchange offer, we reserve the right, in our sole discretion, to purchase or make offers for any original notes after the expiration date of the exchange offer, from time to time, through open market or privately negotiated transactions, one or more additional exchange or tender offers, or otherwise, as permitted by law, the indenture and our other debt agreements. Following consummation of this exchange offer, the terms of any such purchases or offers could differ materially from the terms of this exchange offer.

By tendering, each holder will represent to us that, among other things:

- it is not an affiliate of ours;
- the person acquiring the exchange notes in the exchange offer is obtaining them in the ordinary course of its business, whether or not such person is the holder; and
- neither the holder nor such person is engaged in or intends to engage in or has any arrangement or understanding with any person to participate in the distribution of the exchange notes issued in the exchange offer.

If any holder or any such other person is an "affiliate," as defined under Rule 405 of the Securities Act, of us, or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution of exchange notes to be acquired in the exchange offer, that holder or any such other person:

- may not participate in the exchange offer;
- may not rely on the applicable interpretations of the Staff of the Commission; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its original notes as a result of market-making activities or other trading activities, and thereafter receives exchange notes issued for its own account in the exchange offer, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes issued in the exchange offer. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes Issued in the Exchange Offer

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all original notes properly tendered and will issue exchange notes registered under the Securities Act. For each original note accepted for exchange, the holder will receive an exchange note registered under the Securities Act having a principal amount equal to that of the surrendered original note. The exchange notes will bear interest from May 15, 2016. As a result, registered holders of exchange notes issued in the exchange offer on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing

from the most recent date to which interest has been paid on the original notes. Original notes that we accept for exchange will cease to accrue interest from and after May 15, 2016. Holders of original notes accepted for exchange will not receive any payment of accrued interest on such original notes on any interest payment date if the relevant record date occurs on or after the closing date of the exchange offer. Under the registration rights agreement, we may be required to make additional payments in the form of additional interest to the holders of the original notes under certain circumstances relating to the timing of the exchange offer.

In all cases, we will issue exchange notes in the exchange offer for original notes that are accepted for exchange only after the exchange agent timely receives:

- certificates for such original notes or a book-entry confirmation of such original notes into the exchange agent's account at DTC;
- an agent’s message or a properly completed and duly executed letter of transmittal; and
- any other required documents.

If, for any reason set forth in the terms and conditions of the exchange offer, we do not accept any tendered original notes, or if a holder submits original notes for a greater principal amount than the holder desires to exchange or a holder withdraws original notes, we will return such unaccepted, non-exchanged or withdrawn original note without cost to the tendering holder. In the case of original notes tendered by book-entry transfer into the exchange agent’s account at DTC, such non-exchanged original notes will be credited to an account maintained with DTC. We will return the original notes or have them credited to the DTC account as promptly as practicable after the expiration or termination of the exchange offer.

Guaranteed Delivery Procedures

If your certificates for original notes are not lost but are not immediately available or you cannot deliver your certificates and any other required documents to the exchange agent at or prior to 5:00 p.m., New York City time, on the expiration date, or you cannot complete the procedures for book-entry transfer at or prior to 5:00 p.m., New York City time, on the expiration date, you may nevertheless effect a tender of your original notes if:

- the tender is made through an eligible institution;
- prior to the expiration date of the exchange offer, the exchange agent receives by facsimile transmission, mail or hand delivery from such eligible institution a validly completed and duly executed notice of guaranteed delivery, substantially in the form provided with this prospectus, or an agent's message with respect to guaranteed delivery which:
  - sets forth your name and address and the amount of your original notes tendered;
  - states that the tender is being made thereby; and
  - guarantees that within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- the certificates for all physically tendered original notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal of Tenders

Tenders of original notes may be properly withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

For a withdrawal of a tender to be effective, a written notice of withdrawal delivered by hand, overnight by courier or by mail, or a manually signed facsimile transmission, or a properly transmitted "Request Message" through DTC’s ATOP system, must be received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. Any such notice of withdrawal must:

- specify the name of the person that tendered the original notes to be properly withdrawn;
- identify the original notes to be properly withdrawn, including certificate number or numbers and the principal amount of such original notes;

- in the case of original notes tendered by book-entry transfer, specify the number of the account at DTC from which the original notes were tendered and specify the name and number of the account at DTC to be credited with the properly withdrawn original notes and otherwise comply with the procedures of such facility;

- contain a statement that such holder is withdrawing its election to have such original notes exchanged for exchange notes;

- other than a notice transmitted through DTC's ATOP system, be signed by the holder in the same manner as the original signature on the letter of transmittal by which such original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the original notes register the transfer of such original notes in the name of the person withdrawing the tender; and

- specify the name in which such original notes are registered, if different from the person who tendered such original notes.

All questions as to the validity, form, eligibility and time of receipt of such notice will be determined by us, and our determination shall be final and binding on all parties. Any original notes so properly withdrawn will be deemed not to have been validly tendered for exchange for purposes of this exchange offer. No exchange notes will be issued with respect to any withdrawn original notes unless the original notes so withdrawn are later tendered in a valid fashion. Properly withdrawn original notes may be retendered by following the procedures described above at any time at or prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

Exchange Agent

U.S. Bank National Association has been appointed as exchange agent for this exchange offer. Letters of transmittal, agent's messages or request messages through DTC’s ATOP system, notices of guaranteed delivery and all correspondence in connection with this exchange offer should be sent or delivered by each holder of original notes or a beneficial owner's broker, dealer, commercial bank, trust company or other nominee to the exchange agent at the following address:

U.S. Bank National Association, as exchange agent

By Mail or In Person:
U.S. Bank National Association
111 Fillmore Avenue
St. Paul, MN 55107-1402
Attention: Corporate Actions

By Email or Facsimile Transmission (for Eligible Institutions Only):
Email: cts.specfinance@usbank.com
Facsimile: (651) 466-7367

For Information and to Confirm by Telephone:
(800) 934-6802

We will pay the exchange agent's customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith. Delivery or facsimile to a party other than the exchange agent will not constitute valid delivery.

Fees and Expenses

The expenses of soliciting tenders pursuant to this exchange offer will be paid by us.

Except as described above, we will not make any payments to brokers, dealers or other persons soliciting acceptances of this exchange offer. We will, however, pay the customary fees and out-of-pocket expenses of the exchange agent, the trustee, and legal, accounting, and related fees and expenses. We may also pay brokerage houses and other custodians, nominees and fiduciaries their reasonable out-of-pocket expenses incurred in forwarding copies of this

prospectus and related documents to the beneficial owners of the original notes, and in handling or forwarding tenders for exchange.

We will also pay all transfer taxes, if any, applicable to the exchange of original notes pursuant to this exchange offer. If, however, original notes are to be issued for principal amounts not tendered or accepted for exchange in the name of any person other than the registered holder of the original notes tendered or if tendered original notes are registered in the name of any person other than the person signing the letter of transmittal, or if a transfer tax is imposed for any reason other than the exchange of original notes pursuant to this exchange offer, then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

The estimated cash expenses to be incurred in connection with the exchange offer are estimated in the aggregate to be approximately $0.6 million. These expenses include registration fees, fees and expenses of the exchange agent, accounting and legal fees, among other expenses.

Accounting Treatment

We will record the exchange notes at the same carrying value as the original notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes as the terms of the exchange notes are substantially identical to the terms of the original notes. The expenses of the exchange offer will be amortized over the term of the exchange notes.

Consequences of Failure to Exchange Outstanding Securities

Original notes that are not properly tendered or are properly tendered but not accepted will, following the completion of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the original notes and the existing restrictions on transfer set forth in the legend on the original notes set forth in the indenture for the notes. Except in limited circumstances with respect to specific types of holders of original notes, we will have no further obligation to provide for the registration under the Securities Act of such original notes. In general, original notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

We do not currently anticipate that we will take any action to register the original notes under the Securities Act or under any state securities laws other than pursuant to the registration statement of which this prospectus is a part. Upon completion of the exchange offer, holders of the original notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances.

Holders of the exchange notes issued in the exchange offer and any original notes which remain outstanding after completion of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

DESCRIPTION OF NOTES

Background

On November 10, 2015, we sold $700 million aggregate principal amount of the original notes in a private placement to certain initial purchasers. In connection with the sale of the original notes in the private placement, we and the initial purchasers entered into that certain Registration Rights Agreement. Under the Registration Rights Agreement, we agreed to use our commercially reasonable efforts to file a registration statement regarding the exchange of the original notes for the exchange notes which are registered under the Securities Act with terms substantially identical in all material respects to the original notes (except that the exchange notes will not be subject to restrictions on transfer or to any increase in annual interest rate for failure to comply with the registration rights obligations). We also agreed to use our commercially reasonable efforts to cause the registration statement to become effective with the SEC and to conduct this exchange offer. To comply with our obligations under the Registration Rights Agreement, we will issue 5.375% Senior Notes due 2022 that will be registered under the Securities Act. These exchange notes will be issued pursuant to the indenture (as amended or supplemented from time to time, the "indenture"), dated as of November 10, 2015, among Molina, the Guarantors party thereto and U.S. Bank National Association, as trustee (the "trustee"). The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

The following description is a summary of the material provisions of the indenture. It does not restate that agreement in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes. Copies of the indenture are available upon request to Molina at the address indicated under "Where You Can Find Additional Information".

You can find the definitions of certain terms used in this "Description of Notes" under the subheading "Certain Definitions". In this section, references to "Molina", "us" and "our" refer only to Molina Healthcare, Inc. and not to any of its Subsidiaries, references to "notes" refer only to the exchange notes and references to "Note Guarantees" refer only to the exchange guarantees associated with the exchange notes.

Brief Description of Notes and the Note Guarantees

The Notes

The notes will be:

- general senior unsecured obligations of Molina;
- equal in right of payment to all existing and future senior unsecured obligations of Molina (including Molina’s obligations under the Credit Agreement);
- effectively subordinate in right of payment to any existing or future secured obligations of Molina to the extent of the value of the assets securing such obligations;
- senior in right of payment to any future subordinated obligations of Molina;
- unconditionally guaranteed on a senior basis by the Guarantors; and
- structurally subordinated to all Indebtedness and other liabilities and preferred stock of Subsidiaries of Molina that are not Guarantors.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders have rights under the indenture.

The Note Guarantees

The notes will be fully and unconditionally and jointly and severally guaranteed by the Guarantors.

Each Note Guarantee will be:

- a general senior unsecured obligation of the Guarantor;
- equal in right of payment to all existing and future senior unsecured obligations of that Guarantor;

- effectively subordinate in right of payment to any existing or future secured obligations of that Guarantor to the extent of the value of the assets securing such obligations; and

- senior in right of payment to any future subordinated obligations of that Guarantor.

Certain of our operating Subsidiaries are licensed insurance companies or health management organizations in the jurisdictions in which we do business. Applicable laws and related regulations require approval by the state regulators for certain of our Subsidiaries to Guarantee the notes. We have not sought, nor do we intend to seek, such approval. As a result, the only Subsidiaries of Molina that will Guarantee the notes are such Domestic Subsidiaries that provide a Guarantee or act as a borrower under a Credit Facility. As such, the notes will be structurally subordinated to all liabilities (including Indebtedness as well as medical claims and benefits payable, accounts payable and accrued expenses, deferred revenue and other long-term liabilities) of all of Molina's other non-Guarantor Subsidiaries. Any right of Molina to receive assets of any of its non-Guarantor Subsidiaries upon such a Subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that non-Guarantor Subsidiary's creditors, except to the extent that Molina is itself recognized as a creditor of the Subsidiary, in which case the claims of Molina would still be subordinate in right of payment to any obligations that are secured by the assets of the Subsidiary to the extent of the value of the assets securing such obligations and any obligations of the Subsidiary senior to that held by Molina.

Substantially all of Molina's operations are conducted through its Subsidiaries. Therefore, Molina's ability to service its Indebtedness, including the notes, is dependent upon the earnings of its Subsidiaries and their ability to distribute those earnings as dividends, loans or other payments to Molina. All of Molina's health plan Subsidiaries are restricted by statute, regulatory capital requirements and certain contractual obligations in their ability to make distributions to Molina. As a result, we may not be able to cause such Subsidiaries to distribute sufficient funds to enable us to meet our obligations under the notes. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—We will depend on the business of and distributions from our HMO and licensed insurance subsidiaries to satisfy our obligations under the notes and we cannot assure you that the operating results of such subsidiaries will be sufficient to, or our subsidiaries will be permitted to, make distributions or other payments to us".

As of June 30, 2016, Molina had approximately $1,627 million of Indebtedness, including lease financing obligations. As of June 30, 2016, Molina's non-Guarantor Subsidiaries had approximately $3,470 million of liabilities outstanding, including medical claims and benefits payable, deferred revenue, accounts payable, other accrued expenses and liabilities and amounts due government agencies (excluding intercompany liabilities). As of June 30, 2016, our non-Guarantor Subsidiaries held unrestricted cash and Cash Equivalents of $2,682 million. As of June 30, 2016, Molina and the Guarantors held unrestricted cash and Cash Equivalents in the aggregate amount of $370 million, of which $341 million was held by Molina.

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries". However, under the circumstances described below under the subheading "Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries", we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries". Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture and will not guarantee the notes.

Principal, Maturity and Interest

Molina will issue up to $700 million aggregate principal amount of notes in the exchange offer. Subject to compliance with the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" below, Molina may issue additional notes under the indenture from time to time. The initial notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions, and offers to purchase; provided, however, that a separate CUSIP number or ISIN will be issued for the additional notes, unless the notes and such additional notes are treated as fungible for U.S. federal income tax purposes. Molina will issue notes in minimum denominations of $2,000 and in integral multiples of $1,000 in excess of $2,000.

The notes will mature on November 15, 2022.

Interest on the notes will accrue at the rate of 5.375% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2016. Molina will make each interest payment to the holders of

record on the immediately preceding May 1 and November 1, respectively.

Interest on the notes will accrue from May 15, 2016, the most recent interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

All payments on the notes will be made at the office or agency of the paying agent and registrar within the United States unless Molina elects to make interest payments by check mailed to the holders at their address set forth in the register of holders; provided that all payments of principal, premium, if any, and interest with respect to notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. Molina may change the paying agent or registrar without prior notice to the holders of the notes, and Molina or any of its Restricted Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

Under existing interpretations of the SEC contained in several no-action letters to third parties, the notes will be freely transferable by holders thereof (other than affiliates of Molina) after the exchange offer without further registration under the Securities Act, subject to certain restrictions and limitations described above under "The Exchange Offer—Resale of the Exchange Notes". Holders will be required to pay all taxes due on transfer. Molina is not required to transfer or exchange any note selected for redemption. Also, Molina is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Note Guarantees

Upon issuance, the notes will be fully and unconditionally guaranteed by eighteen of Molina's wholly-owned subsidiaries. These Note Guarantees will be joint and several obligations of the Guarantors. Each Note Guarantee will be pari passu in right of payment with the senior Indebtedness of that Guarantor and effectively subordinated to any secured Indebtedness of that Guarantor to the extent of the value of its assets securing such Indebtedness. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees, and require note holders to return payments received and, if that occurs, you may not receive any payments on the notes".

The Note Guarantee of a Guarantor will be automatically and unconditionally released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) Molina or a Restricted Subsidiary of Molina, if the sale or other disposition does not violate the "Asset Sale" provisions of the indenture;

(2) in connection with any sale or other disposition of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) Molina or a Restricted Subsidiary of Molina, if the sale or other disposition does not violate the "Asset Sale" provisions of the indenture;

(3) if Molina designates any of its Restricted Subsidiaries that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture;

(4) if such Guarantor is dissolved or liquidated;

(5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the notes as provided below under the captions "Legal Defeasance and Covenant Defeasance" and "Satisfaction and Discharge"; or

(6) if such Guarantor is released or discharged from the underlying Guarantee of Indebtedness giving rise to the execution of a Note Guarantee, except as a result of the repayment in full of such Guarantee in connection with the enforcement of remedies under such Guarantee (it being understood that a release subject to a contingent reinstatement will constitute a release, and that if any such Guarantee is so reinstated, the Note Guarantee shall also be reinstated, subject to the covenant described below under the caption "Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness").

Optional Redemption

Prior to August 15, 2022 (three months prior to the maturity of the notes), Molina may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of

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the principal amount of the notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the applicable date of redemption.

Except pursuant to the preceding paragraph, the notes will not be redeemable at Molina's option prior to August 15, 2022 (three months prior to the maturity of the notes).

On or after August 15, 2022 (three months prior to the maturity of the notes), Molina may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the applicable date of redemption (subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, based on a method that most nearly approximates a pro rata basis unless otherwise required by law or depository requirements.

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be delivered by electronic transmission (for notes held in book entry form) or first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notice of any redemption may, at Molina's discretion, be subject to one or more conditions precedent.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of the note upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. Unless Molina defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption

Molina is not required to make mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, Molina may be required to offer to purchase notes as described under the captions "Repurchase at the Option of Holders—Change of Control" and "Repurchase at the Option of Holders—Asset Sales". Molina and its Subsidiaries may at any time and from time to time purchase notes in open market transactions, tender offers or otherwise.

Repurchase at the Option of Holders

Change of Control

Upon the occurrence of a Change of Control, each holder of notes will have the right to require Molina to repurchase all or any part (provided that no notes of $2,000 or less will be repurchased in part) of that holder's notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in the indenture. In the Change of Control Offer, Molina will offer a payment in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of purchase (subject to the right of holders of notes on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, Molina will deliver a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date of such Change of Control, pursuant to the procedures required by the indenture and described in such notice. Molina will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase and/or payment at maturity of the notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the change of control provisions of the indenture, Molina will comply with

the applicable securities laws and regulations and will not be deemed to have breached its obligations under the change of control provisions of the indenture by virtue of such compliance.

On the Change of Control Payment date, Molina will, to the extent lawful:
(1) accept for payment all notes or portions of notes properly tendered and not withdrawn pursuant to the Change of Control Offer;
(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered and not withdrawn; and
(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being purchased by Molina.
The paying agent will promptly deliver or wire transfer to each holder of notes properly tendered the Change of Control Payment for such notes (or, if all the notes are then in global form, make such payment through the facilities of DTC), and the trustee will promptly authenticate and deliver (or cause to be transferred by book entry) to each holder a new note equal in principal amount to the unpurchased portion of the notes surrendered, if any; provided that each new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess of $2,000.
Molina will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment date.
If holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in a Change of Control Offer and Molina, or any other Person making a Change of Control Offer in lieu of Molina as described below, purchases all of the notes validly tendered and not withdrawn by such holders, Molina or such Person will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to, but excluding, the date of redemption.
The Credit Agreement provides, and any future credit agreements or other agreements to which Molina or its Subsidiaries becomes a party may provide, that certain change of control events with respect to Molina constitute a default thereunder or otherwise provide the lenders thereunder with the right to require Molina to repay obligations outstanding thereunder. Molina's ability to repurchase notes following a Change of Control also may be limited by Molina's then-existing resources. The provisions described above that require Molina to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable to the Change of Control. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require Molina to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.
Molina will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Molina and purchases all notes properly tendered and not withdrawn under the Change of Control Offer or (2) notice of redemption has been given pursuant to the indenture as described under the caption "Optional Redemption", unless and until there is a default in payment of the applicable redemption price. A Change of Control Offer may be made in advance of a Change of Control and may be subject to the occurrence of a Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.
The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Molina and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require Molina to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Molina and its Subsidiaries taken as a whole to another Person or group may be uncertain.
Asset Sales
Molina will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:
(1) Molina (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets sold, issued, leased, transferred, conveyed or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by Molina or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this clause (2), each of the following will be deemed to be cash:

(a) any liabilities, as shown on Molina's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto, of Molina or any of its Restricted Subsidiaries (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Note Guarantee) (A) that are assumed by the transferee of any such assets and from which Molina or such Restricted Subsidiary have been validly released by all creditors in writing, or (B) in respect of which neither Molina nor any Restricted Subsidiary following such Asset Sale has any obligation;
(b) any securities, notes or other obligations received by Molina or any such Restricted Subsidiary from such transferee that are converted by Molina or such Restricted Subsidiary into cash or Cash Equivalents within 180 days, to the extent of the cash or Cash Equivalents received in that conversion; and
(c) any Designated Non-cash Consideration received by Molina or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding not to exceed the greater of (x) $200.0 million and (y) 3.50% of the Consolidated Total Assets at the time of the receipt of such Designated Non-cash Consideration (determined based on the most recently ended fiscal quarter for which internal financial statements are available and with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value) shall be deemed to be cash for purposes of this paragraph and for no other purpose.
To the extent that the Fair Market Value of any Asset Sale exceeds 10.0% of Consolidated Total Assets at the time of receipt of the Net Proceeds of any such Asset Sale (determined based on the most recently ended fiscal quarter for which internal financial statements are then available and with the Fair Market Value of each Asset Sale being measured at the time of such Asset Sale), then, within 365 days after the receipt of any Net Proceeds from any such Asset Sale, Molina or such Restricted Subsidiary may apply those Net Proceeds (but shall only be required to apply that portion of the Net Proceeds from such Asset Sale that exceeds 10.0% of Consolidated Total Assets) at its option (or any portion thereof):
(1) to permanently repay Indebtedness of Molina or any Restricted Subsidiary that is secured by a Lien, other than Indebtedness owed to Molina or any Affiliate of Molina and, if such Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;
(2) to make an Investment in any one or more businesses (provided that if such Investment is in the form of the acquisition of Capital Stock of a Person, such acquisition results in such Person becoming a Restricted Subsidiary), assets, or property or capital expenditures, in each case (a) used or useful in a Permitted Business or (b) that replace the properties and assets that are the subject of such Asset Sale; or
(3) to repay other Senior Debt; provided that to the extent Molina (or the applicable Restricted Subsidiary, as the case may be) reduces Obligations under Senior Debt other than the notes, Molina shall equally and ratably reduce Obligations under the notes as provided under "—Optional Redemption", through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer (as defined below)) to all holders to purchase their notes at 100% of the principal amount thereof, plus the amount of accrued and unpaid interest, if any, on the amount of notes to be prepaid;
provided that a binding commitment to apply Net Proceeds as set forth in clauses (1), (2) and (3) above shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as Molina or such Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 545 days after receipt of such Net Proceeds (an "Acceptable Commitment") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, then Molina or such Restricted Subsidiary shall be permitted to apply the Net Proceeds in any manner set forth in clauses (1), (2) and (3) above before the expiration of such 545-day period and, in the event Molina or such Restricted Subsidiary fails to do so, then such Net Proceeds shall constitute Excess Proceeds (as defined below). Pending the final application of any Net Proceeds, Molina may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the indenture.
Any Net Proceeds from Asset Sales that were required to be applied in accordance with the first sentence of the immediately preceding paragraph and that are not so applied or invested as provided in the immediately preceding

paragraph will constitute "Excess Proceeds". When the aggregate amount of Excess Proceeds exceeds $35.0 million, within 30 days thereof, Molina will make an offer (an "Asset Sale Offer") to all holders of notes to purchase the maximum principal amount of notes and, if Molina is required to do so under the terms of any other Indebtedness that is pari passu in right of payment with the notes, such other Indebtedness on a pro rata basis with the notes, that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest, if any, to, but

not including, the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of the purchase of all properly tendered and not withdrawn notes pursuant to an Asset Sale Offer, Molina may use such remaining Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the notes and such other pari passu Indebtedness will be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Molina will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, Molina will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such compliance.

Certain Covenants

Covenant Termination

Following the first day (such date, the "Covenant Termination Date"):

(a) the notes have an Investment Grade Rating; and

(b) no Default has occurred and is continuing under the indenture;

Molina and its Restricted Subsidiaries shall cease to be subject to the provisions of the indenture described above under the caption "Repurchase at the Option of Holders—Asset Sales" and described below under the following subheadings:

- "Restricted Payments",
- "Incurrence of Indebtedness and Issuance of Preferred Stock",
- "Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries",
- "Transactions with Affiliates", and
- "Limitation on Issuances of Guarantees of Indebtedness",

(collectively, the "Terminated Covenants"). No Default, Event of Default or breach of any kind shall be deemed to exist under the indenture or the notes with respect to the Terminated Covenants based on, and none of Molina or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring after the notes attain an Investment Grade Rating, regardless of whether such actions or event would have been permitted if the applicable Terminated Covenants remained in effect. The Terminated Covenants will not be reinstated even if Molina subsequently does not satisfy the requirements set forth in clauses (a) and/or (b) above. After the Terminated Covenants have been terminated, Molina and its Restricted Subsidiaries shall remain subject to the provisions of the indenture described above under the caption "Repurchase at the Option of Holders—Change of Control" and described below under the following subheadings:

- "Liens",
- "Merger, Consolidation or Sale of Assets" (other than the financial test set forth in clause (4) of that covenant), and
- "SEC Reports".

In addition, after the Terminated Covenants have been terminated, Molina will no longer be permitted to designate any of its Restricted Subsidiaries as Unrestricted Subsidiaries.

Restricted Payments

Molina will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:
(1) declare or pay any dividend or make any other payment or distribution (A) on account of Molina's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Molina or any of its Restricted Subsidiaries) or (B) to the direct or indirect holders of Molina's or any

Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions (i) payable in Equity Interests (other than Disqualified Stock) of Molina or (ii) to Molina or a wholly owned Restricted Subsidiary or to all holders of Capital Stock of a Restricted Subsidiary on a pro rata basis);
(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Molina) any Equity Interests of Molina or any of its Restricted Subsidiaries (other than (a) Equity Interests of any wholly owned Restricted Subsidiary of Molina or (b) purchases, redemptions, defeasances or other acquisitions made by a Restricted Subsidiary on a pro rata basis from all shareholders of such Restricted Subsidiary);
(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Obligations (excluding any intercompany Indebtedness between or among Molina or any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof or the payment, purchase, redemption, defeasance or other acquisition or retirement for value of any such Subordinated Obligations, in each case where the Stated Maturity is within one year of such payment, purchase, redemption, defeasance or other acquisition or retirement for value; or
(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (3) above and this clause (4) being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:
(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence thereof; and
(b) Molina would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and
(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Molina and the Restricted Subsidiaries after the date of the indenture (including Restricted Payments permitted by clauses (1) and (11) of the next succeeding paragraph), is less than the sum, without duplication, of:
(I) 50% of the Consolidated Net Income of Molina for the period (taken as one accounting period) from January 1, 2016 to the end of Molina's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus
(II) 100% of the aggregate net cash proceeds (or the Fair Market Value of property other than cash) received by Molina since the Issue Date as a contribution to its common equity capital or from the issuance or sale of Equity Interests of Molina (other than the issuance of Disqualified Stock) or from the issuance or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Molina, in either case, that have been converted into or exchanged for such Equity Interests of Molina (other than Equity Interests or Disqualified Stock or debt securities sold to a Subsidiary of Molina), plus
(III) to the extent that any Restricted Investment that was made after the date of the indenture is (A) sold for cash or otherwise cancelled, liquidated or repaid for cash, the cash proceeds received with respect to such Restricted Investment (less the cost of disposition, if any) or (B) made in an entity that subsequently becomes a Restricted Subsidiary, an amount equal to the Fair Market Value of the Restricted Investments owned by Molina and the Restricted Subsidiaries in such entity at the time such entity becomes a Restricted Subsidiary, plus
(IV) 100% of the aggregate net cash proceeds (or the Fair Market Value of property other than cash) received by Molina since the Issue Date by means of (A) the sale (other than to Molina or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary and (B) a distribution or dividend from an Unrestricted Subsidiary (other than in each case to the extent such Investment constituted a Permitted Investment), in each case to the extent that such amounts were not otherwise included in the Consolidated Net Income for such period, plus
(V) in case, after the date of the indenture, any Unrestricted Subsidiary has been redesignated as a Restricted Subsidiary under the terms of the indenture or has been merged,

consolidated or amalgamated with or into, or transfers or conveys assets to, or is liquidated into Molina or a Restricted Subsidiary, an amount equal to the Fair Market Value of the Restricted Investments owned by Molina and the Restricted Subsidiaries in such Unrestricted Subsidiary at the time of the redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable).

Notwithstanding the foregoing, and in the cases of clauses (6), (10) and (11) below, so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit any of the following:

(1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the indenture;

(2) any Restricted Payments made out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of Molina) of, Equity Interests of Molina (other than Disqualified Stock); provided, however, that the amount of any such net cash proceeds from such sale will be excluded from clause (c)(II) of the preceding paragraph;

(3) the redemption, repurchase, repayment, retirement, defeasance or other acquisition of any Subordinated Obligations with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the redemption, repurchase or other acquisition or retirement for value of any Equity Interests of Molina or any Restricted Subsidiary of Molina (a) held by any current or former director, officer, employee or consultant of Molina or any of its Subsidiaries and their Affiliates, heirs and executors pursuant to any management equity subscription plan or agreement, stock option or stock purchase plan or agreement or employee benefit plan as may be adopted by Molina or any of its Subsidiaries from time to time or pursuant to any agreement with any director, officer, employee or consultant of Molina or any of its Subsidiaries in existence on the date of the indenture or (b) from an employee of Molina or any of its Subsidiaries upon the termination of such employee’s employment with Molina or any of its Subsidiaries; provided, however, that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests in reliance on this clause (4) (other than with respect to employees whose employment has terminated) may not exceed $15.0 million in any calendar year, with any unused amounts in any calendar year being carried forward to the next two succeeding calendar years, and provided, further, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of Molina, in each case to members of management, directors or consultants of Molina or any of its Subsidiaries that occurs after the Issue Date, provided that such cash proceeds utilized for redemptions, repurchases or other acquisitions or retirements will be excluded from clause (c)(II) of the preceding paragraph plus (B) the cash proceeds of "key man" life insurance policies received by Molina or its Restricted Subsidiaries after the Issue Date (provided that Molina may elect to apply all or any portion of the aggregate increase contemplated by clauses (A) and (B) above in any calendar year, it being understood that the forgiveness of any debt by such Person shall not be a Restricted Payment hereunder) less (C) the amount of any Restricted Payments previously made pursuant to clauses (A) and (B) of this clause (4));

(5) repurchases, acquisitions, forfeitures or retirements of Capital Stock of Molina deemed to occur upon the exercise or vesting of stock options, warrants or restricted stock or similar rights under employee benefit plans of Molina or its Subsidiaries if such Capital Stock represents all or a portion of the exercise price thereof and repurchases, acquisitions, forfeitures or retirements of Capital Stock or options to purchase Capital Stock in connection with the exercise or vesting of stock options, warrants or restricted stock to the extent necessary to pay applicable withholding taxes;

(6) any Restricted Payments, so long as the Total Net Debt Ratio is no more than 2.25 to 1.0, both as of the date thereof and on a pro forma basis after giving effect to such Restricted Payment;

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by Molina or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of Molina; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of the covenant described under this subheading (as determined in good faith by the Board of Directors of Molina);

(8) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Obligations or Disqualified Stock pursuant to provisions similar to those described under the captions "Repurchase at the Option of

Holders—Change of Control" and "Repurchase at the Option of Holders—Asset Sales"; provided that a Change of Control Offer or Asset Sale Offer, as applicable, has been made and all notes tendered by holders of the notes in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(9) the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Stock of Molina or any preferred stock of any Restricted Subsidiary of Molina issued on or after the date of the indenture in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" to the extent such dividends or distributions are included in the definition of Fixed Charges;

(10) other Restricted Payments in an aggregate amount since the Issue Date not to exceed the greater of (a) $200.0 million and (b) 3.50% of Consolidated Total Assets; or

(11) the declaration and payment of dividends on Molina's common Equity Interests not to exceed $25.0 million per fiscal year.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets, property or securities proposed to be transferred or issued by Molina or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Molina will deliver to the trustee an officer's certificate setting forth any Fair Market Value determinations. If Molina or a Restricted Subsidiary makes a Restricted Payment which at the time of the making of such Restricted Payment would in the good faith determination of Molina be permitted under the provisions of the indenture, such Restricted Payment shall be deemed to have been made in compliance with the indenture notwithstanding any subsequent adjustments made in good faith to Molina financial statements affecting Consolidated Net Income of Molina for any period.

For purposes of determining compliance with this "Restricted Payments" covenant, in the event that a payment or other action meets the criteria of more than one of the exceptions described in clauses (1) through (11) above, or is entitled to be made pursuant to the first paragraph of this covenant (including any payment or other action that constitutes a "Permitted Investment"), Molina will be permitted to classify such payment or other action on the date of its occurrence in any manner that complies with this covenant (including any payment or other action that constitutes a "Permitted Investment"). Payments or other actions permitted by this covenant need not be permitted solely by reference to one provision permitting such payment or other action (including any payment or other action that constitutes a "Permitted Investment"), but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting payment or other action (including any payment or other action that constitutes a "Permitted Investment").

Incurrence of Indebtedness and Issuance of Preferred Stock

Molina will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, Guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and Molina will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock (including Disqualified Stock) other than to Molina; provided, however, that Molina may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Restricted Subsidiary of Molina may incur Indebtedness (including Acquired Debt) or issue preferred stock (including Disqualified Stock), if the Fixed Charge Coverage Ratio for Molina's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such preferred stock or Disqualified Stock is issued would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period; provided further, however, that the aggregate principal amount incurred under this paragraph by Restricted Subsidiaries that are not Guarantors at any one time outstanding shall not exceed the greater of $150.0 million and 3.0% of Consolidated Total Assets as of the date of any such incurrence.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by Molina or any of its Restricted Subsidiaries of Indebtedness and letters of credit under one or more Credit Facilities; provided that the aggregate principal amount of all Indebtedness and letters of credit of Molina and any Restricted Subsidiary incurred pursuant to this clause (1) (with letters of credit being deemed to have a principal amount equal to the face amount thereof) does not exceed the greater of (a) $350.0 million and (b) 7.50% of Consolidated Total Assets;

(2) the incurrence by Molina or any of its Restricted Subsidiaries of Indebtedness existing on the Issue Date (other than Indebtedness outstanding under clause (1) above or clause (3) below and Indebtedness being repaid with the proceeds of this offering, if any);
(3) the incurrence by Molina and the Guarantors of Indebtedness represented by the notes and the related Note Guarantees to be issued on the date of the indenture and the exchange notes and the related Note Guarantees to be issued

pursuant to the Registration Rights Agreement (and any exchange notes issued in exchange for additional notes properly incurred under the indenture, where the terms of such exchange notes are substantially identical to such additional notes);

(4) the incurrence by Molina or any of its Restricted Subsidiaries of Indebtedness (including Capital Lease Obligations, mortgage financings or purchase money obligations), Disqualified Stock and preferred stock, in each case incurred for the purpose of financing all or any part of the purchase price, lease or cost of design, installation, construction or improvement of property, plant or equipment used in the business of Molina or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness, Disqualified Stock and preferred stock incurred to refund, refinance or replace any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (4), not to exceed the greater of (a) $150.0 million and (b) 3.0% of Consolidated Total Assets;

(5) the incurrence by Molina or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which serves to extend, defease, renew, refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was incurred under the first paragraph of this covenant or clauses (2), (3), this clause (5) or (13) of this paragraph;

(6) the incurrence by Molina or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Molina and any of its Restricted Subsidiaries; provided, however, that (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Molina or a Restricted Subsidiary and (ii) any subsequent sale or other transfer of any such Indebtedness to a Person that is not either Molina or a Restricted Subsidiary shall be deemed, in each case, to constitute an incurrence of such Indebtedness by Molina or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence of Indebtedness of Molina or any of its Restricted Subsidiaries consisting of Guarantees, indemnities, holdbacks, earn-out, non-compete, consulting, deferred compensation, purchase price adjustments and similar obligations in connection with the acquisition or disposition of assets, including, without limitation, shares of Capital Stock of Restricted Subsidiaries or contingent payment obligations incurred in connection with the acquisition of assets which are contingent on the performance of the assets acquired, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such assets or shares of Capital Stock of such Restricted Subsidiary for the purpose of financing such acquisition;

(8) the incurrence of Indebtedness of Molina or any of its Restricted Subsidiaries in respect of bid, appeal, surety and performance bonds, completion guarantees or other similar arrangements, provider claims, workers' compensation claims, statutory, appeal or similar obligations, bankers' acceptances, payment obligations in connection with sales tax and insurance or other similar requirements in the ordinary course of business or in respect of awards or judgments not resulting in an Event of Default;

(9) the incurrence by Molina or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, netting services and otherwise in connection with deposit accounts, so long as such Indebtedness is covered within 10 business days or arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(10) Indebtedness representing deferred compensation or other similar arrangements to employees and directors of Molina or any of its Restricted Subsidiaries incurred in the ordinary course of business;

(11) the incurrence by Molina or any of its Restricted Subsidiaries of Hedging Obligations; provided that such Hedging Obligations are entered into for bona fide hedging purposes (and not for speculative purposes) of Molina or its Restricted Subsidiaries;

(12) (a) the Guarantee by Molina or any of the Restricted Subsidiaries of Indebtedness of Molina or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being Guaranteed is incurred by Molina and is subordinated to the notes, then the Guarantee of such Indebtedness by any of its Restricted Subsidiaries shall be subordinated to the same extent as the Indebtedness Guaranteed and (b) the Guarantee by Molina or any of the Restricted Subsidiaries of Indebtedness of Molina or a Restricted Subsidiary required pursuant to applicable law or any applicable rule, regulation or order of, or arrangement with, any regulatory body or agency;

(13) Indebtedness of a Restricted Subsidiary outstanding on the date on which such Restricted Subsidiary was acquired by Molina or otherwise became a Restricted Subsidiary (other than Indebtedness incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of transactions pursuant to which such Restricted Subsidiary became a Subsidiary of Molina or was otherwise acquired by Molina), provided that after giving effect thereto, (a) Molina would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge

Coverage Ratio test in the first paragraph above, or (b) the Fixed Charge Coverage Ratio would be no worse than immediately prior thereto;

(14) the incurrence by Molina or any Restricted Subsidiary of Indebtedness to the extent the proceeds thereof are used to purchase notes pursuant to a Change of Control Offer or to defease or discharge notes in accordance with the terms of the indenture;

(15) the incurrence by Molina or any Restricted Subsidiary of Indebtedness consisting of (a)(i) the financing of insurance premiums or (ii) insurance premiums incurred in the ordinary course of business and owed to any Person providing property, casualty or liability insurance to Molina or its Subsidiaries, so long as such Indebtedness shall not be in excess of the amount of the unpaid cost of and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness shall only be outstanding during such year, or (b) take or pay obligations in supply agreements, in each case in the ordinary course of business;

(16) Indebtedness in respect of secured or unsecured letters of credit incurred by Molina or any Restricted Subsidiary in an aggregate principal amount not to exceed $200.0 million;

(17) Guarantees in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of Molina and its Restricted Subsidiaries;

(18) the incurrence by Molina or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable), including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (18), not to exceed the greater of (a) $275.0 million and (b) 5.0% of Consolidated Total Assets; or

(19) Guarantees by Molina or a Restricted Subsidiary of Contractual Obligations of an HMO Subsidiary or an Insurance Subsidiary incurred in the ordinary course of business.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above or is entitled to be incurred pursuant to the first paragraph of this covenant, Molina shall, in its sole discretion, classify (or later re-classify in whole or in part), or divide (or later re-divide in whole or in part) such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and such Indebtedness will be treated as having been incurred pursuant to such clauses or the first paragraph hereof, as the case may be, designated by Molina. Indebtedness under Credit Facilities outstanding on the date on which notes are first issued and authenticated under the indenture will be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt and may not later be reclassified. Accrual of interest or dividends, the accretion of accreted value or liquidation preference and the payment of interest or dividends in the form of additional Indebtedness or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant.

Molina will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness which by its terms (or by the terms of any agreement governing such Indebtedness) is subordinated to any other Indebtedness of Molina or such Restricted Subsidiary, as the case may be, unless made expressly subordinate to the notes to the same extent and in the same manner as such Indebtedness is subordinated pursuant to subordination provisions that are most favorable to the holders of any other Indebtedness of Molina or such Restricted Subsidiary, as the case may be.

The indenture will not treat (1) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unsecured, (2) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to the same collateral or (3) Indebtedness that is not Guaranteed as subordinated or junior to Indebtedness that is Guaranteed merely because of such Guarantee.

Liens

Molina will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur or assume any consensual Liens (the "Initial Lien") of any kind against or upon any of their respective properties or assets, or any proceeds, income or profit therefrom or assign or convey any right to receive income therefrom, except Permitted Liens, to secure any Indebtedness of Molina or a Guarantor unless prior to, or contemporaneously therewith, the notes and the Note Guarantees are equally and ratably secured by a Lien on such property, assets, proceeds, income or profit; provided, however, that if such Indebtedness is expressly subordinated to the notes and the Note Guarantees,

the Lien securing such Indebtedness will be subordinated and junior to the Lien securing the notes and the Note Guarantees with the same relative priority as such Indebtedness has with respect to the notes and the Note Guarantees. Any Lien created for the benefit of the holders of the notes

pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Molina will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

(a) pay dividends or make any other distributions on its Capital Stock to Molina or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to Molina or any of its Restricted Subsidiaries;

(b) make loans or advances to Molina or any of its Restricted Subsidiaries; or

(c) transfer any of its properties or assets to Molina or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing the Credit Agreement and agreements governing Existing Indebtedness, in each case, as in effect on the date of the indenture;

(2) the indenture and the notes;

(3) applicable law or any applicable rule, regulation or order of, or arrangement with, any regulatory body or agency;

(4) any agreement or other instrument of (i) a Person acquired by Molina or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such encumbrance or restriction was created in connection with or in contemplation of such acquisition) or (ii) any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or Unrestricted Subsidiary, or the property or assets of the Person or Unrestricted Subsidiary, so acquired or designated, as the case may be;

(5) restrictions on cash, Cash Equivalents or other deposits or net worth imposed by customers or governmental regulatory bodies or required by insurance, surety or bonding companies, in each case pursuant to contracts entered into in the ordinary course of business;

(6) customary non-assignment provisions in leases, licenses, sublicenses and other contracts entered into in the ordinary course of business;

(7) customary restrictions and conditions contained in agreements relating to purchase money indebtedness for property acquired and Capital Lease Obligations permitted to be incurred under the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" that impose restrictions of the nature described in clause (c) of the first paragraph of this covenant on the property so acquired or subject to such obligations;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary or the assets of a Restricted Subsidiary pending the closing of such sale or other disposition or the sale or other disposition of its assets;

(9) Permitted Refinancing Indebtedness; provided, however, that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced (as determined in good faith by an officer of Molina);

(10) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment); provided that such provisions with respect to the disposition or distribution of assets or property relate only to the assets or properties subject to such agreements;

(12) other Indebtedness, Disqualified Stock or preferred stock permitted to be incurred subsequent to the Issue Date under the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; provided that such incurrence will not materially impair Molina’s ability to make payments under the notes when due (as determined in good faith by an officer of Molina);

(13) Contractual Obligations binding upon a HMO Subsidiary or Insurance Subsidiary, provided that such restrictions apply only to such Subsidiary;
(14) any amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing of an agreement referred to in clauses (1) through (13) above, provided, however that such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing is not materially more restrictive, taken as a whole, than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing (as determined in good faith by an officer of Molina);
(15) Hedging Obligations; and
(16) customary provisions in any joint venture agreement or similar agreement to the extent prohibiting the pledge of the Equity Interests of such joint venture.
For purposes of determining compliance with this covenant, (1) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to Molina or a Restricted Subsidiary to other Indebtedness incurred by Molina or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.
Merger, Consolidation or Sale of Assets
Molina may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Molina is the surviving Person) or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of Molina in one or more related transactions, to another Person; unless:
(1) either:
(a) Molina is the surviving Person; or
(b) the Person formed by or surviving any such consolidation or merger (if other than Molina) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia; provided that, if such entity is not a corporation, a co-obligor of the notes is a corporation;
(2) the Person formed by or surviving any such consolidation or merger (if other than Molina) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes by supplemental indenture and all the obligations of Molina under the notes, and the indenture (to the extent Molina’s obligations thereunder have been not been completed) pursuant to agreements in form satisfactory to the trustee;
(3) immediately after such transaction no Default or Event of Default exists; and
(4) Molina or the Person formed by or surviving any such consolidation or merger (if other than Molina), or to which such sale, assignment, transfer, conveyance or other disposition has been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (a) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" above or (b) have a Fixed Charge Coverage Ratio that is no worse than the Fixed Charge Coverage Ratio of Molina for such applicable four-quarter period without giving pro forma effect to such transactions and any related financing transactions.
A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than Molina or another Guarantor, unless:
(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and
(2) either:
(a) (i) such Guarantor shall be the Person surviving any such consolidation or merger or (ii) the Person acquiring the assets in any such sale or other disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture and its Note Guarantee pursuant to agreements in form satisfactory to the trustee; or

(b) such sale or other disposition does not violate the "Asset Sale" provisions of the indenture. See "—Repurchase at the Option of Holders—Asset Sales".

For purposes of this covenant, the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of one or more Subsidiaries of Molina, which properties or assets, if held by Molina instead of such Subsidiaries, would constitute all or substantially all of the properties or assets of Molina on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties or assets of Molina.

Upon any transaction or series of transactions that are of the type described in, and are effected in accordance with, conditions described in the immediately preceding paragraphs, the surviving entity shall succeed to, and be substituted for, and may exercise every right and power of, Molina or the Guarantor, as applicable, under the indenture and the notes with the same effect as if such surviving entity had been named as the issuer or the Guarantor, as applicable, of the notes; and when a surviving entity duly assumes all of the obligations and covenants of the issuer or the Guarantor, as applicable, pursuant to the indenture, the notes, and the Note Guarantee, Molina or the Guarantor, as applicable, or any other predecessor Person shall be relieved of such obligations.

This covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Molina or any of its Restricted Subsidiaries. Clauses (3) and (4) of this covenant will not apply to (1) any merger or consolidation of Molina or a Guarantor with or into a Restricted Subsidiary of Molina for any purpose or (2) the merger of Molina or a Guarantor with or into an Affiliate solely for the purpose of reincorporating Molina or such Guarantor, as the case may be, in another jurisdiction under the laws of the United States, any state of the United States or the District of Columbia so long as the amount of Indebtedness of Molina and its Restricted Subsidiaries is not increased thereby.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of Molina may designate any of its Restricted Subsidiaries to be an Unrestricted Subsidiary if that designation would not cause a Default and if that designation otherwise is consistent with the definition of an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Molina and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will either reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or be a Permitted Investment, as determined by Molina; provided that no designation of an Unrestricted Subsidiary may be made in reliance upon clause (6) of the second paragraph under the caption "—Restricted Payments". Such designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of Molina as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an officer’s certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments". If, at any time, any Unrestricted Subsidiary would fail to meet the requirements of an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture, and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Molina as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", Molina will be in default of such covenant unless such Unrestricted Subsidiary is made to meet such requirements.

The Board of Directors of Molina may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Molina; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Molina of any outstanding Indebtedness and Liens of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness and Liens are permitted under the covenants described under the captions "—Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Liens", calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no

Default or Event of Default would be in existence following such designation.

Transactions with Affiliates

Molina will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend

any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, the Affiliate Transaction is on terms that are not less favorable in any material respect to Molina or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Molina or such Restricted Subsidiary with an unrelated Person; and

(2) Molina delivers to the trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $30.0 million, a resolution of the Board of Directors set forth in an officer's certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of Molina.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) transactions solely between or among Molina and/or any of its Restricted Subsidiaries or solely among its Restricted Subsidiaries;

(2) any issuances of Equity Interests (other than Disqualified Stock) to Affiliates of Molina;

(3) reasonable and customary fees, indemnification and similar arrangements, consulting fees, employee salaries, bonuses or employment or severance agreements, compensation or employee benefit arrangements or plans and incentive arrangements or plans (including any amendments to the foregoing) with any officer, director, employee or consultant of Molina or a Restricted Subsidiary entered into in the ordinary course of business or approved in good faith by the Board of Directors of Molina or any Restricted Subsidiary, as applicable;

(4) any transactions made in compliance with the covenant described above under the caption "—Restricted Payments";

(5) loans (and cancellation of loans) and advances to directors, officers, employees or consultants of Molina or any of its Restricted Subsidiaries entered into in the ordinary course of business of Molina or any of its Restricted Subsidiaries or approved in good faith by the Board of Directors of Molina or such Restricted Subsidiary, as applicable;

(6) any agreement as in effect as of the date of the indenture or any amendment to such agreement so long as any such amendment is not more disadvantageous to the holders in any material respect than the original agreement as in effect on the date of the indenture;

(7) transactions entered into by a Person prior to the time such Person becomes a Restricted Subsidiary or is merged or consolidated into Molina or a Restricted Subsidiary (provided such transaction is not entered into in contemplation of such event);

(8) transactions permitted by, and complying with, the provisions of the covenant described above under the caption "—Merger, Consolidation or Sale of Assets";

(9) transactions with a Person (other than an Unrestricted Subsidiary of Molina) that is an Affiliate of Molina solely because Molina owns, directly or through a Restricted Subsidiary, an Equity Interest in such Person;

(10) payment of management fees or similar fees under any management agreement entered into or assumed in connection with an acquisition or business expansion; and

(11) any transaction in which Molina or any Restricted Subsidiary, as the case may be, receives an opinion from a nationally recognized investment banking, appraisal or accounting firm that such Affiliate Transaction is either fair, from a financial standpoint, to Molina or such Restricted Subsidiary or meets the requirements of clause (1) of the preceding paragraph.

Limitation on Issuances of Guarantees of Indebtedness

Molina will not permit any of its Domestic Subsidiaries, directly or indirectly, to Guarantee or pledge any assets to secure the payment of any other Indebtedness of Molina or another Guarantor under any Credit Facility or incur Indebtedness under any Credit Facility, unless such Domestic Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the notes by such Domestic Subsidiary. The Note Guarantee will be (1) senior to such

Domestic Subsidiary's Guarantee of, pledge to secure or obligation to pay such other Indebtedness if such other Indebtedness is subordinated in right of payment to the notes; or (2) pari passu in right of payment with such Domestic Subsidiary's Guarantee of, pledge to secure or obligation to pay such other Indebtedness if such other Indebtedness is not subordinated in right of payment to the notes.

SEC Reports

Whether or not required by the rules and regulations of the SEC, so long as any notes are outstanding, Molina will electronically file, within the time periods specified in the SEC's rules and regulations (after giving effect to any grace period provided by Rule 12b-25 under the Exchange Act):

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if Molina were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if Molina were required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports. Each annual report on Form 10-K will include a report on Molina's consolidated financial statements by Molina's certified independent accountants.

If Molina has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of Molina and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Molina.

If the SEC will not accept Molina's filings for any reason, Molina will post the reports referred to in the preceding paragraph on its website within the time periods that would apply if Molina were required to file those reports with the SEC (after giving effect to any grace period provided by Rule 12b-25 under the Exchange Act). Molina will not take any action for the purpose of causing the SEC not to accept any such filing.

In addition, Molina and the Guarantors agree that, for so long as any notes remain outstanding, they will furnish to the holders of notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on the notes;

(2) default in payment when due (at maturity, upon redemption or otherwise) of the principal of or premium, if any, on the notes;

(3) failure by Molina or any of its Restricted Subsidiaries to comply with the provisions described under the caption "Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by Molina or any of its Restricted Subsidiaries for 30 days after notice to Molina by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding to comply with the provisions described under the captions "Repurchase at the Option of Holders—Asset Sales" or "Repurchase at the Option of Holders—Change of Control";

(5) failure by Molina for 120 days after notice to Molina by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding to comply with the provisions described under the caption "Certain Covenants—SEC Reports";

(6) failure by Molina or any of its Restricted Subsidiaries for 60 days after notice to Molina by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding to comply with any of the other agreements in the indenture or the notes;

(7) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Molina or any of its Restricted Subsidiaries (or the payment of

which is Guaranteed by Molina or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the date of the indenture, if that default:
(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness on or prior to the expiration of any grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or
(b) results in the acceleration of such Indebtedness prior to its Stated Maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregating in excess of $30.0 million;
(8) failure by Molina or any of its Restricted Subsidiaries to pay final non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $30.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;
(9) except as permitted by the indenture, any Note Guarantee by a Guarantor that is a Significant Subsidiary of Molina is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary of Molina, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee; and
(10) certain events of bankruptcy or insolvency described in the indenture with respect to Molina or any Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary.
In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Molina, any Subsidiary that would constitute a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately.
Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power.
If an Event of Default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any holders of notes unless such holders have offered to the trustee indemnity or security reasonably satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest, if any, when due, no holder of a note may pursue any remedy with respect to the indenture or the notes unless:
(1) such holder has previously given the trustee written notice that an Event of Default is continuing;
(2) holders of at least 25% in aggregate principal amount of the then outstanding notes make a written request to the trustee to pursue the remedy;
(3) such holder or holders offer to the trustee security or indemnity reasonably satisfactory to the trustee against any loss, liability or expense;
(4) the trustee does not comply with such request within 60 days after receipt of the request and the offer of security or indemnity; and
(5) during such 60-day period, holders of a majority in aggregate principal amount of the then outstanding notes do not give the trustee a direction inconsistent with such request.
The holders of at least a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the holders of all of the notes waive any existing Default or Event of Default and its consequences under the indenture, except a continuing Default or Event of Default in the payment of interest on, or the principal of, the notes. In the event of any Event of Default specified in clause (7) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of the acceleration of the notes) shall be annulled, waived and rescinded, automatically and without any action by the trustee or holders of the notes, if within 20 days after such Event of Default arose:
(a) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged;

(b) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
(c) if the default that is the basis for such Event of Default has been cured.
Molina is required to deliver to the trustee annually a statement regarding compliance with the indenture. Within 30 days of becoming aware of any Default or Event of Default, Molina is required to deliver to the trustee a statement specifying such Default or Event of Default.
No Personal Liability of Directors, Officers, Incorporators, Employees or Stockholders
No director, officer, employee, incorporator, stockholder, member, manager or partner of Molina or any Restricted Subsidiary, as such, will have any liability for any obligations of Molina or any Restricted Subsidiary under the notes, the Note Guarantees, the indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.
Legal Defeasance and Covenant Defeasance
Molina may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:
(1) the rights of holders of outstanding notes to receive payments in respect of the principal of, or interest or premium, if any, on such notes when such payments are due from the trust referred to below;
(2) Molina's obligations with respect to the notes concerning issuing temporary notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
(3) the rights, powers, trusts, duties and immunities of the trustee, and Molina's and the Guarantors' obligations in connection therewith; and
(4) the Legal Defeasance provisions of the indenture.
In addition, Molina may, at its option and at any time, elect to have the obligations of Molina and the Guarantors released with respect to certain covenants that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes.
To exercise either Legal Defeasance or Covenant Defeasance:
(1) Molina must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, Government Securities, or a combination of cash in U.S. dollars and Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding notes on the stated maturity or on the next redemption date, as the case may be, and Molina must specify whether the notes are being defeased to maturity or to such particular redemption date;
(2) in the case of Legal Defeasance, Molina has delivered to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that, subject to customary assumptions and exclusions, (a) Molina has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the issuance of the notes, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, subject to customary assumptions and exclusions, the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
(3) in the case of Covenant Defeasance, Molina has delivered to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that subject to customary assumptions and exclusions the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

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(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to make such deposit and the grant of any Lien securing such borrowing);
(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture) to which Molina or any of its Subsidiaries is a party or by which Molina or any of its Subsidiaries is bound (other than resulting from the borrowing of funds to be applied to make such deposit and the grant of any Lien securing such borrowing);
(6) Molina must deliver to the trustee an officer's certificate stating that the deposit was not made by Molina with the intent of preferring the holders of notes over the other creditors of Molina with the intent of defeating, hindering, delaying or defrauding creditors of Molina or others; and
(7) Molina must deliver to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.
Amendment, Supplement and Waiver
Except as provided in the next two succeeding paragraphs, the indenture, the notes or any Note Guarantee may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or compliance with any provision of the indenture, the notes or any Note Guarantee may be waived with the consent of the holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).
Without the consent of each holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting holder):
(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;
(2) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to the redemption or repurchase of the notes (except those provisions relating to the covenants described above under the caption "Repurchase at the Option of Holders");
(3) reduce the rate of, or change the time for, payment of interest on any note;
(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);
(5) make any note payable in money other than that stated in the notes;
(6) make any change in the provisions (including applicable definitions) of the indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of, or interest or premium, if any, on the notes;
(7) waive a redemption or repurchase payment with respect to any note (other than a payment required by the provisions described under the caption "Repurchase at the Option of Holders" above);
(8) release any Guarantor from any of its obligations under its Note Guarantee or the indenture, except in accordance with the terms of the indenture, including as provided in clauses (3), (11) and (12) of the following paragraph;
(9) make any change in the ranking of the notes in a manner adverse to the holders of the notes; or
(10) make any change in the preceding amendment and waiver provisions.
Notwithstanding the preceding, without the consent of any holder of notes, Molina, the Guarantors (except no existing Guarantor need execute a supplemental indenture with respect to clause (7) below) and the trustee may amend or supplement the indenture or the notes:
(1) to cure any ambiguity, mistake, defect or inconsistency;
(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of Molina's or a Guarantor's obligations to holders of notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of Molina's or such Guarantor's assets, as applicable;
(4) to make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights under the indenture of any such holder;
(5) to provide for or confirm the issuance of additional notes otherwise permitted to be incurred by the indenture;
(6) to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;
(7) to allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the notes;
(8) to evidence and provide the acceptance of the appointment of a successor trustee under the indenture;
(9) to mortgage, pledge, hypothecate or grant a security interest in favor of the trustee for the benefit of the holders of notes as additional security for the payment and performance of Molina's or a Guarantor's obligations;
(10) to comply with the rules of any applicable securities depositary;
(11) to release a Guarantor from its Note Guarantee pursuant to the terms of the indenture when permitted or required pursuant to the terms of the indenture; or
(12) to conform the text of the indenture, the notes or the Note Guarantees to any provision of this description to the extent that such provision in this description was intended to be a substantially verbatim recitation of a provision of the indenture, the notes or the Note Guarantees.
The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.
After an amendment under the indenture becomes effective, Molina is required to deliver to holders of the notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.
Satisfaction and Discharge
The indenture (including the Note Guarantees) will be discharged and will cease to be of further effect as to all notes issued thereunder (except for the trustee's rights to compensation and indemnity under the indenture, which shall survive), when:
(1) either:
(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to Molina, have been delivered to the trustee for cancellation; or
(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the delivery of a notice of redemption or otherwise or will become due and payable within one year, and Molina or any Subsidiary of Molina has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, Government Securities, or a combination of cash in U.S. dollars and Government Securities, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;
(2) no Default or Event of Default (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and the grant of any Lien securing such borrowing) has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than resulting from the borrowing of funds to be applied to make such deposit and the grant of any Liens securing such borrowing) to which Molina or any Subsidiary of Molina is a party or by which Molina or any Subsidiary of Molina is bound;
(3) Molina or any Subsidiary of Molina has paid or caused to be paid all sums payable by Molina under the indenture; and

(4) Molina has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, Molina must deliver an officer's certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the trustee becomes a creditor of Molina or any Guarantor, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest, as defined in the indenture, it must (i) eliminate such conflict within 90 days, (ii) apply to the SEC for permission to continue or (iii) resign.

The holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care that a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder has offered to the trustee security and indemnity satisfactory to it against any loss, cost, liability or expense.

Governing Law

The laws of the State of New York will govern the indenture and will govern the notes without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Interest" means all additional interest then owing pursuant to the Registration Rights Agreement.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Applicable Premium" means, with respect to any note on any redemption date, the greater of:

(1) 1.0% of the then outstanding principal amount of the note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the principal amount at maturity of the note being redeemed plus (ii) all required interest payments due on the note through August 15, 2022 (three months prior to the maturity of the notes) (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the then outstanding principal amount of the note.

Molina will calculate or cause the Applicable Premium to be calculated. The Trustee shall have no duty to calculate or verify the calculations of the Applicable Premium.

"Asset Sale" means the sale, lease, transfer, conveyance or other disposition of any assets or rights (including the issuance or sale of Equity Interests of any Restricted Subsidiary of Molina), other than sales, leases, transfers, conveyances or other dispositions of products, services, accounts receivable or inventory in the ordinary course of business; provided that the sale, conveyance or other disposition of all or substantially all of the assets of Molina and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption "Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "Repurchase at the Option of Holders—Asset Sales".

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of (a) $50.0 million and (b) 1.0% of Consolidated Total Assets;

(2) a sale, lease, transfer, conveyance or other disposition of assets between or among Molina and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to Molina or to another Restricted Subsidiary;

(4) a sale, lease, transfer, conveyance or other disposition effected in compliance with the provisions described under the caption "Certain Covenants—Merger, Consolidation or Sale of Assets";

(5) a Restricted Payment or Permitted Investment that does not violate the covenant described above under the caption "Certain Covenants—Restricted Payments";

(6) the disposition of Equity Interests in Permitted Joint Ventures;

(7) a transfer of property or assets that are obsolete, damaged or worn out equipment and that are no longer useful in the conduct of Molina or its Subsidiaries' business and that is disposed of in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of Molina, no longer economically practicable to maintain or useful in the conduct of the business of Molina and its Restricted Subsidiaries taken as a whole);

(8) a Sale/Leaseback Transaction entered into within 180 days after the acquisition of the property to which such Sale/Leaseback Transaction relates, provided that at least 75% of the consideration paid to Molina or the Restricted Subsidiary for such Sale/Leaseback Transaction consists of cash received at closing;

(9) any Asset Swap;

(10) the unwinding of any Hedging Obligations;

(11) the termination, surrender or sublease of leases (as lessee), licenses (as licensee), subleases (as sublessee) and sublicenses (as sublicensee) in the ordinary course of business;

(12) the sale or other disposition of cash or Cash Equivalents;

(13) transfers, conveyances or other dispositions of any real property resulting from any condemnation or eminent domain;

(14) the settlement or write-off of accounts receivable in the ordinary course of business;

(15) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(16) the granting of Liens not prohibited by the covenant described above under the caption "Certain Covenants—Liens"; and

(17) the lease, sublease or license or sublicense in the ordinary course of business of real or personal property, including patents, trademarks and other intellectual property rights that do not materially interfere with the business of Molina or any of its Restricted Subsidiaries (as determined in good faith by an officer of Molina).

"Asset Swap" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange of any properties or assets or interests used or useful in a Permitted Business between Molina or any of its Restricted Subsidiaries and another Person; provided, that any cash received from such purchase and sale or exchange must be applied in accordance with "Repurchase at the Option of Holders—Asset Sales".

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee or managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP as in effect on the date of the indenture. In the event of a change under GAAP (or the application thereof) requiring all leases to be capitalized, only those leases that would result or would have resulted in Capital Lease Obligations on the date of the indenture (assuming for purposes hereof that they were in existence on the date of the indenture) shall be considered Capital Lease Obligations and all calculations and deliverables under the indenture shall be made in accordance therewith.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than 24 months from the date of acquisition;

(3) certificates of deposit and Eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $250.0 million;

(4) repurchase obligations with a term of not more than thirty days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least A-1 by S&P or at least P-1 by Moody’s (or reasonably equivalent ratings of another internationally recognized ratings agency) and in each case maturing within 12 months after the date of acquisition;

(6) readily marketable direct obligations issued by any state of the United States or any political subdivision with a rating of AA- or higher from S&P or Aa3 or higher from Moody’s (or reasonably equivalent ratings of another internationally recognized ratings agency) with maturities of 24 months or less from the date of acquisition;

(7) Indebtedness issued by Persons with a rating of A or higher from S&P or A-2 or higher from Moody's (or reasonably equivalent ratings of another internationally recognized ratings agency) in each case with maturities not exceeding 24 months from the date of acquisition; and
(8) money market funds substantially all of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition.
"Change of Control" means the occurrence of any of the following:
(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Molina and its Restricted Subsidiaries, taken as a whole, to any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act);
(2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Molina, measured by voting power rather than number of shares; or
(3) the approval by the holders of Capital Stock of Molina of any plan or proposal for the liquidation or dissolution of Molina (whether or not otherwise in compliance with the provisions of the indenture).
Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) Molina becomes a direct or indirect wholly-owned Subsidiary of a holding company and (ii) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Molina's Voting Stock immediately prior to that transaction.
"Consolidated Adjusted EBITDA" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:
(1) provision for taxes or assessments based on income (and excluding, for the avoidance of doubt, any amounts under the line item "premium tax expenses" but including, for the avoidance of doubt, income taxes based on reimbursement amounts attributable to the Health Insurer Fee), plus franchise or similar taxes, of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
(2) Consolidated Interest Expense, plus amounts excluded from Consolidated Interest Expense pursuant to clause (1) of the definition thereof, to the extent such expense was deducted in computing Consolidated Net Income; plus
(3) any fees, expenses or charges related to any Equity Offering, Permitted Investment, Hedging Obligation, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by the indenture (including a refinancing thereof) (whether or not successful), including such fees, expenses and charges relating to the offering of the notes (and the use of proceeds thereof), in each case, to the extent that such fees, expenses or charges were deducted in computing Consolidated Net Income; plus
(4) depreciation, depletion, amortization and write-downs of goodwill and other non-cash charges or expenses (excluding any cash payment made during the period with respect to any non-cash charge in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, depletion, amortization, write-downs of goodwill and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; plus
(5) non-cash charges associated with stock-based compensation expenses pursuant to the financial reporting guidance of the Financial Accounting Standards Board concerning stock-based compensation as in effect from time to time, to the extent such charges or expenses were deducted in computing Consolidated Net Income; plus
(6) any extraordinary, non-recurring or unusual items (excluding any cash payment made during the period with respect to any extraordinary, non-recurring or unusual item in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such extraordinary, non-recurring or unusual items were deducted in computing such Consolidated Net Income; minus
(7) non-cash gains and all non-cash items of income increasing such Consolidated Net Income for such period (provided that, to the extent previously subtracted from Consolidated Adjusted EBITDA for the purposes of the indenture, any cash payment received during such period in respect of any non-cash gains or non-cash items of income in a prior period shall be added in computing Consolidated Adjusted EBITDA during the period in which such cash payment is received), in each case, on a consolidated basis and determined in accordance with GAAP.

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"Consolidated Interest Expense" means, with respect to any Person for any period, the sum, without duplication, of:
(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (including amortization of original issue discount and bond premium, the interest component of Capital Lease Obligations, and net payments and receipts (if any) pursuant to interest rate Hedging Obligations (provided, however, that if interest rate Hedging Obligations result in net benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Expense unless, pursuant to GAAP, such net benefits are otherwise reflected in Consolidated Net Income) and excluding amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and expensing of any financing fees); plus
(2) consolidated capitalized interest of such Person and the Restricted Subsidiaries for such period, whether paid or accrued; minus
(3) interest income for such period; minus
(4) any amortization of deferred charges resulting from the application of Accounting Principles Board Opinion No. APB 14-1-Accountin