

MOLINA HEALTHCARE, INC.
COMPENSATION COMMITTEE CHARTER

PURPOSE

The Compensation Committee’s purposes shall include but not be limited to:

- Overseeing and assisting in the development of executive compensation strategies and policies that (1) establish compensation (which may include, for example, salary, bonus, benefits, incentive compensation, and stock-based programs) that is equitable, externally competitive, and internally consistent; (2) create a direct relationship between certain components of compensation and Company performance; (3) incentivize and reward superior individual performance; and (4) are implemented after consideration of the impact to the Company of applicable accounting, tax, securities, and employment laws or other regulatory requirements.
- Monitoring the results of such strategies and policies to assess whether executive compensation remains competitive, creates proper incentives, enhances stockholder value, and is justified by the returns available to stockholders, and to recommend such changes as the Compensation Committee deems appropriate.
- Performing such other tasks related to compensation and performance review as the Board of Directors of the Company (the “Board”) may delegate to the Compensation Committee from time to time.

COMPOSITION AND QUALIFICATIONS

The Compensation Committee shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall be an “independent” director pursuant to the requirements of the New York Stock Exchange, a “non-employee director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and any additional requirements that the Board deems appropriate. Members of the Compensation Committee shall be appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee. The Board shall designate one of the members of the Compensation Committee as its chairperson. The Board may, by majority vote, remove members of the Compensation Committee.

RESPONSIBILITIES AND DUTIES

The Compensation Committee’s responsibilities shall remain flexible to react to changing conditions. The Compensation Committee shall:

1. Review and approve the corporate goals and objectives relevant to compensation of the Chief Executive Officer. The Compensation Committee shall evaluate at least once a year the performance of the Chief Executive Officer in light of those goals and objectives and, based upon those evaluations, shall determine and approve the compensation level of the Chief Executive Officer.

2. Review and act upon changes in the compensation recommended by the Chief Executive Officer for other executive officers, taking into consideration (a) pre-established performance goals and objectives, (b) Company performance, (c) strategic leadership in furtherance of the Company's long-term strategies, (d) market comparables of an appropriate peer group, and (e) the Company's overall compensation objectives and policy.
3. Conduct periodic risk assessments and make recommendations to the Board regarding the Company's incentive compensation and stock-based plans and programs, including, but not limited to, recommendations regarding cash bonuses, performance metrics, goals and objectives, relative mix of equity-based awards of short-term and long-term compensation (or fixed and variable compensation), the number of shares for stock, performance stock units, options, or other equity-based grants, price per share, vesting conditions and any other terms for such grants under stock-based plans approved by the stockholders of the Company. The Compensation Committee shall have and exercise all the authority of the Board with respect to the administration of such plans.
4. Make recommendations to the Board regarding outside director compensation (e.g., retainers, fees, equity plans, benefits, and perquisites).
5. Review and discuss with management the Company's disclosures under its "Compensation Discussion and Analysis" (the "CD&A") as proposed for inclusion in the Company's annual proxy statement, and based on such review and discussion, make a recommendation to the Board as to whether the CD&A should be included in the Company's annual proxy statement and incorporated by reference in the Company's Form 10-K annual report.
6. Oversee the Company's compliance with the U.S. Securities and Exchange Commission's rules and regulations regarding stockholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the New York Stock Exchange rules that, with limited exceptions, stockholders approve equity compensation plans.
7. Participate in an annual evaluation of the performance of the Compensation Committee, as directed by the Corporate Governance and Nominating Committee.
8. Make regular reports to the Board.
9. Have sole authority to retain and terminate compensation consultants and such other advisors as the Compensation Committee deems necessary or appropriate to carry out its duties. The Compensation Committee shall have sole authority to approve related fees and engagement terms.
10. Have authority to form, and where legally permissible may delegate authority to, a subcommittee of the Compensation Committee.
11. Review and approve the creation or revision of any clawback policy allowing the Company to recoup incentive compensation from current or former executive officers.

12. Create, maintain, and oversee compliance with the Company's stock ownership guidelines by the Company's executive officers and non-employee directors of the Company.
13. Periodically review and revise a peer group of companies against which to assess the Company's compensation programs and practices to ensure that they are competitive and supportive of the Company's strategy and objectives.
14. Review the results of any say-on-pay votes and consider whether to make or recommend adjustments to the Company's executive compensation policies and practices as a result of such votes.
15. Have such other duties as may be delegated from time to time by the Board.

MEETINGS AND ACTION BY WRITTEN CONSENT

The Compensation Committee shall meet at least two times annually or more frequently if circumstances dictate. A majority of the members of the Compensation Committee shall constitute a quorum. A majority of the members present shall decide any question brought before the Compensation Committee. At the discretion of the Compensation Committee, the non-voting management liaison to the Compensation Committee designated by the Board shall attend Compensation Committee meetings. The Compensation Committee may act outside of meetings by unanimous written consent of its members.

OUTSIDE ADVISERS

The Compensation Committee, in its sole discretion, shall have the authority to retain or obtain the advice of one or more compensation consultants, independent legal counsel or other advisers. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such advisers retained by the Compensation Committee. In addition, the Company shall provide appropriate funding, as determined by the Compensation Committee, for the payment of reasonable compensation to such advisers retained by the Compensation Committee. When selecting a compensation adviser and as appropriate thereafter, the Compensation Committee shall, subject to any exceptions permitted under applicable law and/or the New York Stock Exchange listing standards, as applicable, consider (i) the provision of other services to the Company by the adviser's employer; (ii) the amount of fees paid to the compensation adviser as a percentage of the total revenue of the adviser's employer; (iii) the policies and procedures of the adviser's employer that are designed to prevent conflicts of interest; (iv) any business or personal relationship between the adviser and a member of the Compensation Committee; (v) any Company stock owned by the adviser; (vi) any business or personal relationships of the adviser or the adviser's employer with an executive officer of the Company; and (vii) any other factor deemed relevant to assessing the adviser's independence from management, including independence factors specified by applicable law or the New York Stock Exchange.

The Compensation Committee's responsibilities and powers as delegated by the Board are set forth in this Compensation Committee Charter. The Compensation Committee relies to a significant extent on information and advice provided by management and independent advisors.