

## **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 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 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 and any additional requirements that the Board deems appropriate. Members of the Compensation Committee shall be appointed by the Board of Directors upon the recommendation of the Corporate Governance and Nominating Committee. The Board of Directors 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 each of the Chief Executive Officer and the Chief Financial Officer. The Compensation Committee shall evaluate at least once a year the performance of each of the Chief Executive Officer and the Chief Financial Officer in light of those goals and objectives and, based upon those evaluations, shall determine and approve the compensation level of each of the Chief Executive Officer and the Chief Financial 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. Make recommendations to the Board of Directors regarding the Company's incentive compensation and stock-based plans, including, but not limited to, recommendations regarding cash bonuses, the number of shares for stock or option grants, price per share, and period and duration of stock grants or stock options under stock-based plans approved by stockholders of the Company. The Compensation Committee shall have and exercise all the authority of the Board of Directors with respect to the administration of such plans.
4. Make recommendations to the Board of Directors regarding outside director compensation (e.g., retainers, fees, long-term incentives plans, 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. The Compensation Committee shall 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.

The Compensation Committee shall make regular reports to the Board.

The Compensation Committee shall have sole authority to retain and terminate compensation consultants and such other advisors as the Compensation Committee deems necessary to carry out its duties. The Compensation Committee shall have sole authority to approve related fees and engagement terms.

## **MEETINGS**

The Compensation Committee shall meet at least two times annually or more frequently if circumstances dictate. Two members 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 of Directors shall attend Compensation Committee meetings.

## **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 of Directors are set forth in this Charter. The Compensation Committee relies to a significant extent on information and advice provided by management and independent advisors.*