

MOLINA HEALTHCARE, INC.

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee's purposes include but are not limited to:

- Assisting with the Board of Directors' oversight of among other things:
 - the integrity of the Company's financial statements;
 - review of the independent auditor's qualifications and independence;
 - the performance of the Company's internal audit function;
 - the performance of the Company's independent auditor; and
 - the Company's compliance with legal and regulatory requirements
- Maintaining, through regularly scheduled meetings, a line of communication between the Board of Directors and the Company's management, internal auditors and independent auditor.
- Preparing the report of the Audit Committee to be included in the Company's annual proxy statement, as required by the rules of the SEC.

COMPOSITION AND QUALIFICATIONS

The Audit Committee shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall meet the independence requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), other applicable laws and the New York Stock Exchange, Inc. Each member of the Audit Committee shall be financially literate. In addition, at least one member of the Audit Committee shall have accounting or related financial management expertise, as each such qualification is interpreted by the Board of Directors in its business judgment, and at least one member shall be a "audit committee financial expert" as such term is defined by the SEC. Members of the Audit Committee shall be appointed by the Board of Directors upon the recommendation of the Governance and Nominating Committee. The Board of Directors may, by majority vote, remove members of the Audit Committee.

RESPONSIBILITIES AND POWERS

The Audit Committee's responsibilities and powers include but are not limited to:

1. Reviewing the annual audited financial statements with management and the independent auditor. In connection with such review, the Audit Committee will:
 - Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.
 - Review changes in accounting or auditing policies, including resolution of any significant reporting or operational issues affecting the financial statements.
 - Inquire as to the existence and substance of any significant accounting accruals, reserves or estimates made by management that had or may have a material impact on the financial statements.
 - Review with the independent auditor any problems encountered in the course of their audit, including any change in the scope of the planned audit work and any restrictions placed on the scope of such work.
 - Review with the independent auditor and the senior internal auditing executive the adequacy of the Company's internal financial and accounting controls and any significant findings and recommendations.
 - Review all reports required to be submitted by the independent auditor concerning (a) all critical accounting policies and practices used, (b) all alternative treatments of financial information within GAAP that have been discussed with management and the ramifications of such alternatives and the accounting treatment preferred by the independent auditor and (c) any other material written communications between the independent auditor and management, including all management letters and management's response to any such letter.
 - Review (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection of application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies, (b) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements

of the Company and (c) earnings press releases (paying particular attention to any use of “pro forma,” or “adjusted” non-GAAP information).

2. Discussing with management and the independent auditor the Company’s quarterly financial statements in advance of SEC filings.
3. Discussing with management and the independent auditor the Company’s disclosures under “Management’s Discussion and Analysis” prior to the filing of the Company’s quarterly and annual SEC reports.
4. Discussing the Company’s earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies. (This may be done generally by discussing the types of information to be disclosed and the type of presentation to be made. The Audit Committee need not discuss in advance each earnings release or each instance in which the Company provides earnings guidance.)
5. Overseeing the external audit coverage. The Company’s independent auditor reports to the Audit Committee, which has the sole authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor. In connection with its oversight of the external audit coverage, the Audit Committee will:
 - Have the sole authority to appoint and replace the independent auditor.
 - Have the sole authority to approve the engagement letter with, and the fees to be paid to, the independent auditor.
 - Pre-approve all non-audit services to be performed by the independent auditor and the related fees for such services (subject to the limited exceptions set forth in the Sarbanes-Oxley Act), with each such pre-approval to be reported in the Company’s next periodic report to be filed with the SEC.
 - Obtain confirmation and assurance as to the independence of the independent auditor, including ensuring that they submit on a periodic basis (not less than annually) to the Audit Committee a formal written statement delineating all relationships between such independent auditor and the Company. The Audit Committee is responsible for actively engaging in a dialogue with the independent auditor regarding any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for taking appropriate action in response to the independent auditor’s report to satisfy itself of their independence.
 - At least annually, obtain and review a report by the independent auditor describing (a) the firm’s internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer

review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues and (c) all relationships between the independent auditor and the Company. .

- Meet with the independent auditor prior to the annual audit to discuss planning and staffing of the audit.
 - Review and evaluate the performance of the independent auditor, as the basis for a decision to reappoint or replace the independent auditor.
 - Assure regular rotation of the lead audit partner, as required by the Sarbanes-Oxley Act, and consider whether rotation of the outside auditor is required to ensure independence.
6. Oversee internal audit coverage. In connection with its oversight responsibilities, the Audit Committee will:
- Review the appointment or replacement of the senior Company employee responsible for internal auditing or outside internal audit contractor.
 - Review (in consultation with management, the independent auditor and the senior Company employee responsible for internal auditing) the plan and scope of internal audit activities.
 - Review internal audit activities, budget and staffing.
 - Review significant reports to management prepared by the internal auditing department and management's responses to such reports.
7. Review with the independent auditor and the senior Company employee responsible for internal auditing the adequacy of the Company's internal controls and any significant findings and recommendations with respect to such controls.
8. Resolve any differences in financial reporting between management and the independent auditor.
9. Establish procedures for (i) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
10. Discuss policies with respect to risk assessment and risk management.

11. Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.
12. Set clear hiring policies for employees or former employees of the independent auditor.
13. Meet periodically (and not less than annually) in separate executive session with each of the chief financial officer, the senior Company employee responsible for internal auditing and the independent auditor.
14. Review and make approval decisions regarding all “related-party transactions” requiring disclosure under SEC Regulation S-K, Item 404.
15. Review periodically with the Company’s General Counsel (i) legal and regulatory matters which may have a material effect on the financial statements of the Company and (ii) the Company’s corporate compliance policies and codes of conduct.
16. The Audit Committee shall have the authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties. The Committee shall have sole authority to approve fees and engagement terms relating to any such engagement.
17. Report regularly to the Board of Directors with respect to Audit Committee activities.
18. Prepare the report of the Audit Committee required by the rules of the SEC to be included in the proxy statement for each annual meeting.19. Review and reassess annually the adequacy of this Audit Committee Charter and recommend any proposed changes to the Board of Directors.
20. Participate in an annual evaluation of the performance of the Audit Committee as directed by the Corporate Governance and Nominating Committee.

MEETINGS

The Audit Committee shall meet at least quarterly or more frequently if circumstances dictate. **Two members shall constitute a quorum so long as one of the members present is the “audit committee financial expert.”** A majority of the members present shall decide any question brought before the Audit Committee. At the discretion of the Audit Committee, the non-voting management liaison to the Audit Committee designated by the Board of Directors shall attend Audit Committee meetings.

The Audit Committee's responsibilities and powers as delegated by the Board of Directors are set forth in this Charter. The Audit Committee relies to a significant extent on information and advice provided by management and independent advisors. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor.