

MOLINA HEALTHCARE, INC.

COMPENSATION COMMITTEE CHARTER

PURPOSE

The Compensation Committee's purpose 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) incentives 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 meet the applicable independence requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange, Inc. Members of the Compensation 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 Compensation Committee.

RESPONSIBILITIES AND DUTIES

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

The Compensation Committee shall:

1. Assist the Board of Directors in developing and evaluating potential candidates for executive positions, including the Chief Executive Officer, and oversee the development of executive succession plans.

2. 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 Chief Executive Officer's performance in light of those goals and objectives and, based upon that evaluation, shall determine and approve the Chief Executive Officer's compensation level.
3. 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.
4. Make recommendations to the Board of Directors regarding the Company's incentive compensation and other stock-based plans, including but not limited to recommendations regarding the number of shares, price per share and period and duration of stock options or stock grants under stock option 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.
5. Make recommendations to the Board of Directors regarding outside director compensation (e.g., retainers, fees, long-term incentives plans, equity plans, benefits and perquisites).
6. Prepare an annual Compensation Committee report on executive compensation to be included in the Company's proxy statement or annual report on Form 10-K file with the Securities and Exchange Commission.
7. Participate in an annual evaluation of the performance of the Compensation Committee, as directed by the Governance and Nominating Committee.

The Compensation Committee shall have 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.

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.