

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

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No.)*

Molina Healthcare, Inc.

(Name of Issuer)

Common Stock, par value \$0.001 per share

(Title of Class of Securities)

60855R100

(CUSIP Number)

William Dentino
3500 Douglas Blvd., Suite 160
Roseville, CA 95661
(916) 781-3532

Curtis Pedersen
6218 East 6th Street
Long Beach, CA 90803
(213) 248-1527

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

October 24, 2017

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box x.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 60855R100

1 Name of Reporting Person
Mary R. Molina Living Trust

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) o

6 Citizenship or Place of Organization
United States

Number of Shares Beneficially Owned by Each Reporting Person With
7 Sole Voting Power
3,376,792

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
3,376,792

10 Shared Dispositive Power
- 0 -

11 Aggregate Amount Beneficially Owned by Each Reporting Person
3,376,792

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
5.9% (1)

14 Type of Reporting Person
OO

(1) The percentages specified herein and in the rest of this Schedule 13D are calculated based upon 57,118,000 shares of Common Stock issued and outstanding as of July 28, 2017, as reported in the Issuer's quarterly report on Form 10-Q filed on August 2, 2017.

CUSIP No. 60855R100

1 Name of Reporting Person
Exempt Mary R. Molina Living Trust

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
United States

7 Sole Voting Power
28,258

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
28,258

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
28,258

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.0%

14 Type of Reporting Person
OO

3

CUSIP No. 60855R100

1 Name of Reporting Person
Molina Marital Trust

2 Check the Appropriate Box if a Member of a Group

(a)

(b)

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
United States

7 Sole Voting Power
4,090,360

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
4,090,360

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
4,090,360

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
7.2%

14 Type of Reporting Person
OO

4

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 609/4

2 Check the Appropriate Box if a Member of a Group

(a) x
(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) o

6 Citizenship or Place of Organization
California

7 Sole Voting Power
206,719

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
206,719

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
206,719

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares o

13 Percent of Class Represented by Amount in Row (11)
0.4%

14 Type of Reporting Person
OO

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 609/7

2 Check the Appropriate Box if a Member of a Group

(a) x
(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

7 Sole Voting Power
239,381

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
239,381

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
239,381

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.4%

14 Type of Reporting Person
OO

6

CUSIP No. 60855R100

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 1209/3

2 Check the Appropriate Box if a Member of a Group

(a)

(b)

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

Number of
Shares
Beneficially

7 Sole Voting Power
154,291

Owned by
Each
Reporting
Person With

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
154,291

10 Shared Dispositive Power
- 0 -

11 Aggregate Amount Beneficially Owned by Each Reporting Person
154,291

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.3%

14 Type of Reporting Person
OO

7

CUSIP No. 60855R100

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 1209/4

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

7 Sole Voting Power
192,705

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
192,705

10 Shared Dispositive Power
- 0 -

11 Aggregate Amount Beneficially Owned by Each Reporting Person

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.3%

14 Type of Reporting Person
OO

CUSIP No. 60855R100

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 610/4

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

7 Sole Voting Power
172,990

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
172,990

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
172,990

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.3%

14 Type of Reporting Person
OO

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 610/5

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) o

6 Citizenship or Place of Organization
California

7 Sole Voting Power
208,795

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
208,795

10 Shared Dispositive Power
- 0 -

11 Aggregate Amount Beneficially Owned by Each Reporting Person
208,795

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares o

13 Percent of Class Represented by Amount in Row (11)
0.4%

14 Type of Reporting Person
OO

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 1210/4

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

7 Sole Voting Power
295,750

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
295,750

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
295,750

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.5%

14 Type of Reporting Person
OO

CUSIP No. 60855R100

1 Name of Reporting Person
Mary R. Molina Grantor Retained Annuity Trust 811/3

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

	7	Sole Voting Power 344,906
Number of Shares Beneficially Owned by Each Reporting Person With	8	Shared Voting Power - 0 -
	9	Sole Dispositive Power 344,906
	10	Shared Dispositive Power - 0 -
	11	Aggregate Amount Beneficially Owned by Each Reporting Person 344,906
12	Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares <input type="radio"/>	
13	Percent of Class Represented by Amount in Row (11) 0.6%	
14	Type of Reporting Person OO	

12

CUSIP No. 60855R100

1	Name of Reporting Person Mary R. Molina Grantor Retained Annuity Trust 812/3	
2	Check the Appropriate Box if a Member of a Group	
	(a)	<input checked="" type="radio"/> x
	(b)	<input type="radio"/> o
3	SEC Use Only	
4	Source of Funds OO	
5	Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) <input type="radio"/>	
6	Citizenship or Place of Organization California	
	7	Sole Voting Power 254,209
Number of Shares Beneficially Owned by Each Reporting Person With	8	Shared Voting Power - 0 -
	9	Sole Dispositive Power 254,209
	10	Shared Dispositive Power - 0 -

11 Aggregate Amount Beneficially Owned by Each Reporting Person
254,209

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.4%

14 Type of Reporting Person
OO

13

CUSIP No. 60855R100

1 Name of Reporting Person
Estate of Mary R. Molina

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
California

7 Sole Voting Power
47,273

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
47,273

10 Shared Dispositive Power
- 0 -

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

11 Aggregate Amount Beneficially Owned by Each Reporting Person
47,273

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
0.1%

14 Type of Reporting Person
OO

CUSIP No. 60855R100

1		Name of Reporting Person Dentino Family Trust
<hr/>		
2		Check the Appropriate Box if a Member of a Group
	(a)	<u> x </u>
	(b)	<u> o </u>
<hr/>		
3		SEC Use Only
<hr/>		
4		Source of Funds PF
<hr/>		
5		Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) <u> o </u>
<hr/>		
6		Citizenship or Place of Organization California
<hr/>		
	7	Sole Voting Power 1,496
<hr/>		
Number of Shares Beneficially Owned by Each Reporting Person With	8	Shared Voting Power - 0 -
<hr/>		
	9	Sole Dispositive Power 1,496
<hr/>		
	10	Shared Dispositive Power - 0 -
<hr/>		
11		Aggregate Amount Beneficially Owned by Each Reporting Person 1,496
<hr/>		
12		Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares <u> o </u>
<hr/>		
13		Percent of Class Represented by Amount in Row (11) 0.0%
<hr/>		
14		Type of Reporting Person OO
<hr/>		

CUSIP No. 60855R100

1		Name of Reporting Person Curtis and Rosi Pedersen 2012 Trust
<hr/>		
2		Check the Appropriate Box if a Member of a Group
	(a)	<u> x </u>
<hr/>		

(b) o

3 SEC Use Only

4 Source of Funds
OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) o

6 Citizenship or Place of Organization
California

7 Sole Voting Power
300

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8 Shared Voting Power
- 0 -

9 Sole Dispositive Power
300

10 Shared Dispositive Power
- 0 -

11 Aggregate Amount Beneficially Owned by Each Reporting Person
300

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares o

13 Percent of Class Represented by Amount in Row (11)
0.0%

14 Type of Reporting Person
OO

CUSIP No. 60855R100

1 Name of Reporting Person
William Dentino

2 Check the Appropriate Box if a Member of a Group

(a) x

(b) o

3 SEC Use Only

4 Source of Funds
PF

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) o

6 Citizenship or Place of Organization
United States

	7	Sole Voting Power 48,769 (1)
Number of Shares Beneficially Owned by Each Reporting Person With	8	Shared Voting Power 9,565,156 (2)
	9	Sole Dispositive Power 48,769 (1)
	10	Shared Dispositive Power 9,565,156 (2)
	11	Aggregate Amount Beneficially Owned by Each Reporting Person 9,613,925
12	Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares <input type="radio"/>	
13	Percent of Class Represented by Amount in Row (11) 16.8%	
14	Type of Reporting Person IN	

- (1) Represents shares of Common Stock beneficially owned by the following Reporting Persons: (i) 1,496 shares of Common Stock beneficially owned by the Dentino Family Trust, of which Mr. Dentino is the sole trustee with respect to all shares of Common Stock held in such trust; and (ii) 47,273 shares of Common Stock beneficially owned by the estate of Mary R. Molina, of which Mr. Dentino is the sole executor. As an executor, Mr. Dentino may be deemed to beneficially own the shares of Common Stock held in the estate. Mr. Dentino has no pecuniary interest in any of the shares of Common Stock held in the estate.
- (2) Represents shares of Common Stock beneficially owned by the following Reporting Persons: (i) 3,376,792 shares of Common Stock beneficially owned by the Mary R. Molina Living Trust; (ii) 28,258 shares of Common Stock beneficially owned by the Exempt Mary R. Molina Living Trust; (iii) 4,090,360 shares of Common Stock beneficially owned by the Molina Marital Trust; (iv) 206,719 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 609/4; (v) 239,381 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 609/7; (vi) 154,291 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 1209/3; (vii) 192,705 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 1209/4; (viii) 172,990 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 610/4; (ix) 208,795 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 610.5; (x) 295,750 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 1210/4; (xi) 344,906 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 811/3; and (xii) 254,209 shares of Common Stock beneficially owned by the Mary R. Molina Grantor Retained Annuity Trust 812/3 (collectively, the "MRM Trusts"). Mr. Dentino and Mr. Pedersen are co-trustees of each of the MRM Trusts. Pursuant to the terms of the MRM Trusts, as a co-trustee, Mr. Dentino shares the power to vote and dispose (or direct the disposition) of the shares of Common Stock held in the MRM Trusts. Mr. Dentino has no pecuniary interest in any shares of Common Stock held in the MRM Trusts.

CUSIP No. 60855R100

1	Name of Reporting Person Curtis Pedersen
2	Check the Appropriate Box if a Member of a Group (a) <input checked="" type="checkbox"/> x (b) <input type="checkbox"/> o
3	SEC Use Only
4	Source of Funds OO
5	Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) <input type="radio"/>
6	Citizenship or Place of Organization United States

	7	Sole Voting Power - 0 -
Number of Shares Beneficially Owned by Each Reporting Person With	8	Shared Voting Power 9,565,456 (1)
	9	Sole Dispositive Power - 0 -
	10	Shared Dispositive Power 9,565,456 (1)
	11	Aggregate Amount Beneficially Owned by Each Reporting Person 9,565,456
12	Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares <input type="checkbox"/>	
13	Percent of Class Represented by Amount in Row (11) 16.7%	
14	Type of Reporting Person IN	

(1) Represents shares of Common Stock beneficially owned by the following Reporting Persons: (i) 300 shares of Common Stock beneficially owned by the Curtis and Rosi Pedersen 2012 Trust; and (ii) 9,565,156 shares of Common Stock in the aggregate beneficially owned by the MRM Trusts, as described above. Mr. Pedersen and his spouse are co-trustees of the Curtis and Rosi Pedersen 2012 Trust. As a co-trustee, Mr. Pedersen shares the power to vote and dispose (or direct the disposition) of the shares of Common Stock held in such trust. Mr. Pedersen and Mr. Dentino are co-trustees of each of the MRM Trusts, as described above. Pursuant to the terms of the MRM Trusts, as a co-trustee, Mr. Pedersen shares the power to vote and dispose (or direct the disposition) of the shares of Common Stock held in the MRM Trusts. Mr. Pedersen has no pecuniary interest in any shares of Common Stock held in the MRM Trusts.

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CUSIP No. 60855R100

Item 1. Security and Issuer.

This statement on Schedule 13D (this "Schedule 13D") relates to the Common Stock, par value \$0.001 per share (the "Shares"), of Molina Healthcare, Inc., a Delaware corporation (the "Issuer"). The address of the principal executive offices of the Issuer is 200 Oceangate, Suite 100, Long Beach, California 90802.

Item 2. Identity and Background.

(a) This Schedule 13D is being filed by or on behalf of the following persons:

- (i) Mary R. Molina Living Trust, a California trust ("MRM Living Trust");
- (ii) Exempt Mary M. Molina Living Trust, a California trust ("Exempt MRM Living Trust");
- (iii) Molina Marital Trust, a California trust;
- (iv) Mary R. Molina Grantor Retained Annuity Trust 609/4, a California trust ("GRAT 609/4");
- (v) Mary R. Molina Grantor Retained Annuity Trust 609/7, a California trust ("GRAT 609/7");
- (vi) Mary R. Molina Grantor Retained Annuity Trust 1209/3, a California trust ("GRAT 1209/3");
- (vii) Mary R. Molina Grantor Retained Annuity Trust 1209/4, a California trust ("GRAT 1209/4");
- (viii) Mary R. Molina Grantor Retained Annuity Trust 610/4, a California trust ("GRAT 610/4");
- (ix) Mary R. Molina Grantor Retained Annuity Trust 610/5, a California trust ("GRAT 610/5");
- (x) Mary R. Molina Grantor Retained Annuity Trust 1210/4, a California trust ("GRAT 1210/4");
- (xi) Mary R. Molina Grantor Retained Annuity Trust 811/3, a California trust ("GRAT 811/3");
- (xii) Mary R. Molina Grantor Retained Annuity Trust 812/3, a California trust ("GRAT 812/3" and, together with the MRM Living Trust, the Exempt MRM Living Trust, the Molina Marital Trust, GRAT 609/4, GRAT 609/7, GRAT 1209/3, GRAT 1209/4, GRAT 610/4, GRAT 610/5, GRAT 1210/4 and GRAT 811/3, collectively, the "MRM Trusts");
- (xiii) Estate of Mary R. Molina (the "MRM Estate");
- (xiv) Dentino Family Trust, a California trust;
- (xv) Curtis and Rosi Pedersen 2012 Trust, a California trust (the "Pedersen Trust");
- (xvi) William Dentino, who serves as the sole executor of the MRM Estate, the sole trustee of the Dentino Family Trust with respect to all Shares held in such trust and a co-trustee of each of the MRM Trusts; and
- (xvii) Curtis Pedersen, who serves as a co-trustee of the Pedersen Trust and each of the MRM

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Each of the foregoing is referred to herein, individually, as a “Reporting Person” and, collectively, as the “Reporting Persons.” The Reporting Persons comprise a group within the meaning of Section 13(d)(3) of the Act, as defined and described in Item 6. The Reporting Persons are jointly filing this Schedule 13D pursuant to that certain Joint Filing Agreement, dated as of October 24, 2017, as described in more detail in Item 6 below. In the case of the MRM Living Trust, the Molina Marital Trust and Messrs. Dentino and Pedersen, this Schedule 13D supersedes the Schedule 13G previously filed by such Reporting Person.

(b) The address of the principal office of each of MRM Living Trust, the Exempt MRM Living Trust, the Molina Marital Trust, GRAT 609/4, GRAT 609/7, GRAT 1209/3, GRAT 1209/4, GRAT 610/4, GRAT 610/5, GRAT 1210/4, GRAT 811/3, GRAT 812/3, the MRM Estate, the Dentino Family Trust and William Dentino is 3500 Douglas Blvd., Suite 160, Roseville, California 95661. The address of the principal office of each of the Pedersen Trust and Curtis Pedersen is 6218 East 6th Street, Long Beach, California 90803.

(c) The principal business of each of the MRM Trusts is holding, managing, investing and distributing the trust property and the proceeds therefrom. The MRM Trusts were created for estate planning purposes. The MRM Estate was created upon the death of Mary R. Molina on November 15, 2012. Mr. Dentino serves as the sole executor of the MRM Estate. The principal business of the Dentino Family Trust is holding, managing, investing and distributing the trust property and the proceeds therefrom. The Dentino Family Trust was created for estate planning purposes. The principal business of the Pedersen Trust is holding, managing, investing and distributing the trust property and the proceeds therefrom. The Pedersen Trust was created for estate planning purposes. The principal occupation of Mr. Dentino is serving as an attorney with the law firm of William Dentino, Inc., located at 3500 Douglas Blvd., Suite 160, Roseville, California 95661, and as a trustee and executor. Mr. Dentino serves as the sole executor of the MRM Estate, the sole trustee of the Dentino Family Trust with respect to all Shares held in such trust and a co-trustee of each of the MRM Trusts. Mr. Pedersen is retired. Mr. Pedersen serves as a co-trustee of the Pedersen Trust and each of the MRM Trusts.

(d) No Reporting Person has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) No Reporting Person has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each of the MRM Trusts is governed by the laws of California. The MRM Estate was created under the laws of the State of California upon the death of Mary R. Molina. The Dentino Family Trust is administered under the laws of California. The Pedersen Trust is administered under the laws of California. Each of Messrs. Dentino and Pedersen is a citizen of the United States.

Item 3. Source and Amount of Funds or Other Consideration.

The MRM Trusts beneficially own in the aggregate 9,565,156 Shares. Messrs. Dentino and Pedersen are co-trustees of each of the MRM Trusts. All of the Shares beneficially owned by the MRM trusts were transferred to the trusts by the trustors, C. David Molina, M.D. and Mary R. Molina, and are being held in accordance with the terms of the respective MRM Trust instruments. Accordingly, no Shares were purchased by any of the MRM Trusts.

The MRM Estate beneficially owns 47,273 Shares. The MRM Estate was created upon the death of Mary R. Molina on November 15, 2012. Mr. Dentino is the sole executor of the MRM Estate. All of the Shares beneficially owned by the MRM Estate were transferred to the estate by GRAT 1209/3, GRAT 1209/4 and GRAT 1210/4 as annuity payments. Accordingly, no Shares were purchased by the MRM Estate.

Upon the termination of the MRM Trusts and the MRM Estate, the property then held in the MRM Trusts and the MRM Estate is to be distributed to the descendants of Mary R. Molina (the “residuary beneficiaries”), either

outright or in further trust. As of the date hereof, such distributions have not been made, pending payment of all estate taxes payable and the receipt by the co-trustees of Receipts & Releases from the residuary beneficiaries with respect to the co-trustees administration of the MRM Trusts and Mr. Dentino’s administration of the MRM Estate.

The Dentino Family Trust beneficially owns 1,496 Shares. Mr. Dentino is the sole trustee of the Dentino Family Trust with respect to all Shares held in such trust. The Shares were purchased by Mr. Dentino in the Issuer’s initial public offering in July 2003 and were subsequently transferred to the Dentino Family Trust to be administered in accordance with the terms of its trust instruments. The Dentino Family Trust is a revocable trust, and therefore, the Shares retain their character as community property of Mr. Dentino and his spouse. Mr. Dentino funded the purchase of the Shares out of his personal funds.

The Pedersen Trust beneficially owns 300 Shares. Mr. Pedersen and his spouse are co-trustees of the Pedersen trust. The Shares were purchased by Mr. Pedersen in the Issuer’s initial public offering in July 2003 and were subsequently transferred to the Pedersen Trust to be administered in accordance with the terms of its trust instruments. The Pedersen Trust is a revocable trust, and therefore, the Shares retain their character as community property of Mr. Pedersen and his spouse. Mr. Pedersen funded the purchase of the Shares out of his personal funds.

Item 4. Purpose of Transaction.

The Reporting Persons acquired the Shares in the circumstances described in Item 3 above. Depending on prevailing market conditions, investment opportunities available to the Reporting Persons, the availability of Shares at prices that would make the purchase or sale of Shares desirable and, with respect to the various trusts as to which Messrs. Dentino and Pedersen are co-trustees, based on Messrs. Dentino’s and Pedersen’s determination as to whether transactions in the Shares are in the best interests of the beneficiaries of such trusts or, with respect to the MRM Estate, based on Mr. Dentino’s determination as to whether transactions in the Shares are in the best interests of the beneficiaries of the MRM Estate, the Reporting Persons may endeavor to increase or decrease their equity ownership of the Issuer through, among other things, the purchase or sale of Shares on the open market, in privately negotiated transactions or otherwise, on such terms and conditions and at such times as the Reporting Persons may deem advisable.

By letter dated October 24, 2017, MRM Living Trust, one of the Reporting Persons, submitted to the Issuer a “proxy access” proposal for inclusion in the Issuer’s proxy statement for its 2018 annual meeting of stockholders, pursuant to and in accordance with Rule 14a-8 under the Act. The October 24, 2017 letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Except as set forth in this Item 4 with respect to the proxy access proposal submitted by the MRM Living Trust to the Issuer by letter dated October 24, 2017, or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein, no Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) through (j) of Item 4 of Schedule 13D. However, the Reporting Persons reserve the right, at any time and from time to time, to take any of the actions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D (whether in a single transaction or series of related transactions).

The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Consistent with Messrs. Dentino’s and Pedersen’s fiduciary duties to the beneficiaries of the various trusts for which they serve as co-trustees and Mr. Dentino’s fiduciary duties as sole executor of the MRM Estate, and depending on various factors, including, without limitation, the Issuer’s financial condition and operating performance, the Reporting Persons’ investment strategy, the price levels and liquidity of the Shares, conditions prevailing in the securities markets generally, and general economic and industry conditions (including the healthcare regulatory environment), the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate, including, without limitation, communicating with the Board of Directors, management or other stockholders of the Issuer regarding, among other things, the Issuer’s financial performance, operating strategy, capitalization, management, corporate governance, board structure and/or composition or strategic and financial alternatives to enhance long-term value creation and/or maximize the current value of the Shares, purchasing additional Shares, selling some or all of their Shares (including, without limitation, pursuant to any Rule 10b5-1

plans), or changing the Reporting Persons’ intentions with respect to any and all matters referred to in subparagraphs (a) through (j) of Item 4 of Schedule 13D, including any actions of the types described in this Item 4 previously announced and publicly disclosed by the Reporting Persons.

Item 5. Interest in Securities of the Issuer.

(a)-(b)

1. Mary R. Molina Living Trust
 - a. Amount beneficially owned: 3,376,792
 - b. Percent of class: 5.9%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 3,376,792
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 3,376,792
 - iv. Shared power to dispose or to direct the disposition of: 0
2. Exempt Mary R. Molina Living Trust
 - a. Amount beneficially owned: 28,258

- b. Percent of class: 0.0%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 28,258
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 28,258
 - iv. Shared power to dispose or to direct the disposition of: 0
3. Molina Marital Trust
- a. Amount beneficially owned: 4,090,360
 - b. Percent of class: 7.2%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 4,090,360
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 4,090,360
 - iv. Shared power to dispose or to direct the disposition of: 0
4. Mary R. Molina Grantor Retained Annuity Trust 609/4
- a. Amount beneficially owned: 206,719
 - b. Percent of class: 0.4%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 206,719
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 206,719
 - iv. Shared power to dispose or to direct the disposition of: 0
5. Mary R. Molina Grantor Retained Annuity Trust 609/7
- a. Amount beneficially owned: 239,381
 - b. Percent of class: 0.4%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 239,381
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 239,381
 - iv. Shared power to dispose or to direct the disposition of: 0
6. Mary R. Molina Grantor Retained Annuity Trust 1209/3
- a. Amount beneficially owned: 154,291

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- b. Percent of class: 0.3%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 154,291
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 154,291
 - iv. Shared power to dispose or to direct the disposition of: 0
7. Mary R. Molina Grantor Retained Annuity Trust 1209/4
- a. Amount beneficially owned: 192,705
 - b. Percent of class: 0.3%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 192,705
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 192,705
 - iv. Shared power to dispose or to direct the disposition of: 0
8. Mary R. Molina Grantor Retained Annuity Trust 610/4
- a. Amount beneficially owned: 172,990
 - b. Percent of class: 0.3%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 172,990
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 172,990
 - iv. Shared power to dispose or to direct the disposition of: 0
9. Mary R. Molina Grantor Retained Annuity Trust 610/5
- a. Amount beneficially owned: 208,795
 - b. Percent of class: 0.4%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 208,795
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 208,795
 - iv. Shared power to dispose or to direct the disposition of: 0
10. Mary R. Molina Grantor Retained Annuity Trust 1210/4
- a. Amount beneficially owned: 295,750
 - b. Percent of class: 0.5%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 295,750
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 295,750
 - iv. Shared power to dispose or to direct the disposition of: 0
11. Mary R. Molina Grantor Retained Annuity Trust 811/3
- a. Amount beneficially owned: 344,906
 - b. Percent of class: 0.6%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 344,906
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 344,906
 - iv. Shared power to dispose or to direct the disposition of: 0
12. Mary R. Molina Grantor Retained Annuity Trust 812/3
- a. Amount beneficially owned: 254,209
 - b. Percent of class: 0.4%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 254,209

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- ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 254,209
 - iv. Shared power to dispose or to direct the disposition of: 0
13. Estate of Mary R. Molina
- a. Amount beneficially owned: 47,273
 - b. Percent of class: 0.1%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 47,273
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 47,273
 - iv. Shared power to dispose or to direct the disposition of: 0
14. Dentino Family Trust
- a. Amount beneficially owned: 1,496
 - b. Percent of class: 0.0%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 1,496
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 1,496
 - iv. Shared power to dispose or to direct the disposition of: 0
15. Curtis and Rosi Pedersen 2012 Trust
- a. Amount beneficially owned: 300
 - b. Percent of class: 0.0%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 300
 - ii. Shared power to vote or to direct the vote: 0
 - iii. Sole power to dispose or to direct the disposition of: 300
 - iv. Shared power to dispose or to direct the disposition of: 0
16. William Dentino
- a. Amount beneficially owned: 9,613,925
 - b. Percent of class: 16.8%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 48,769(1)(2)
 - ii. Shared power to vote or to direct the vote: 9,565,156(3)
 - iii. Sole power to dispose or to direct the disposition of: 48,769(1)(2)
 - iv. Shared power to dispose or to direct the disposition of: 9,565,156(3)
17. Curtis Pedersen
- a. Amount beneficially owned: 9,565,456
 - b. Percent of class: 16.7%
 - c. Number of Shares as to which the Reporting Person has:
 - i. Sole power to vote or to direct the vote: 0
 - ii. Shared power to vote or to direct the vote: 9,565,456(3)(4)
 - iii. Sole power to dispose or to direct the disposition of: 0
 - iv. Shared power to dispose or to direct the disposition of: 9,565,456(3)(4)

-
- (1) As the sole-executor of the MRM Estate, Mr. Dentino has the power to vote or to direct the vote, and the power to dispose or to direct the disposition of, the 47,273 Shares held by the Estate.
 - (2) As the sole trustee of the Dentino Family Trust with respect to all Shares held in such trust, Mr. Dentino has the power to vote or to direct the vote, and the power to dispose or to direct the disposition of, the 1,496 Shares held by the Dentino Family Trust.

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- (3) As the co-trustees of the MRM Trusts, Messrs. Dentino and Pedersen share the power to vote or to direct the vote, and the power to dispose or to direct the disposition of, the 9,565,156 Shares held by the MRM Trusts. Messrs. Dentino and Pedersen have no pecuniary interest in any Shares held in the MRM Trusts.
- (4) As the co-trustees of the Pedersen Trust, Mr. Pedersen and his spouse share the power to vote or to direct the vote, and the power to dispose or to direct the disposition of, the 300 Shares held by the Pedersen Trust.

(c) During the past sixty days, the Exempt MRM Living Trust sold in the aggregate 180,500 Shares pursuant to a Rule 10b5-1 plan, as described in more detail on [Schedule A](#) attached hereto and incorporated herein by reference. Except as set forth above, no transactions in Shares were effected by any of the Reporting Persons during the past sixty days.

Each of the Reporting Persons, as a member of a "group" with the other Reporting Persons for purposes of Rule 13d-5(b)(1) under the Act, may be deemed to beneficially own the Shares owned by the other Reporting Persons. The filing of this Schedule 13D shall not be deemed an admission that the Reporting Persons are, for purposes of Section 13(d) of the Act, the beneficial owners of any Shares that any particular Reporting Person does not directly own. Each Reporting Person (other than Messrs. Dentino and Pedersen) specifically disclaims beneficial ownership of the Shares reported herein that such Reporting Person does not directly own.

Messrs. Dentino and Pedersen are co-trustees of each of the MRM Trusts. As such, Messrs. Dentino and Pedersen share the power to vote and dispose (or direct the disposition) of the Shares held in the MRM Trusts. Neither Mr. Dentino nor Mr. Pedersen has any pecuniary interest in any of the Shares held in the MRM Trusts.

Mr. Dentino is the sole executor of the MRM Estate. As such, Mr. Dentino may be deemed to beneficially own the Shares held in the MRM Estate. Mr. Dentino has no pecuniary interest in any of the Shares held in the MRM Estate.

(d) The residuary beneficiaries of each of the MRM Trusts, the MRM Estate, the Dentino Family Trust and the Pedersen Trust have the right to receive the economic benefit of any dividends paid with respect to, or the proceeds from the sale of, the Shares held in their respective trusts. Mr. Pedersen's spouse is a co-settlor and co-trustee of the Pedersen Trust. As such, she has the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares held in the Pedersen Trust in accordance with its trust instruments. Except as set forth above, no person other than the Reporting Persons has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

On October 24, 2017, the Reporting Persons entered into a Joint Filing Agreement, pursuant to which the Reporting Persons have agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to securities of the Issuer, to the extent required by applicable law. A copy of Joint Filing Agreement is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

The trust instruments for each of the MRM Trusts confer and govern the authority of Messrs. Dentino and Pedersen, as co-trustees, to vote or to direct the vote, and the power to dispose or to direct the disposition of, any and all Shares held by the MRM Trusts. The respective trust instruments for each of the MRM Trusts are attached hereto as Exhibit 99.3 through Exhibit 99.22 and are incorporated herein by reference.

The trust instrument for the Dentino Family Trust confers and governs the authority of Mr. Dentino, as the sole trustee with respect to all Shares held in such trust, to vote or to direct the vote, and the power to dispose or to direct the disposition of, any and all Shares held by the Dentino Family Trust. The trust instrument for the Dentino Family Trust is attached hereto as Exhibit 99.23 and is incorporated herein by reference.

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The trust instrument for the Pedersen Trust confers and governs the authority of Mr. Pedersen and his spouse, as co-trustees, to vote or to direct the vote, and the power to dispose or to direct the disposition of, any and all Shares held by the Pedersen Trust. The trust instrument for the Pedersen Trust is attached hereto as Exhibit 99.24 and is incorporated herein by reference.

Other than as described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

- 99.1 Letter, dated October 24, 2017, from the Mary R. Molina Living Trust to the Issuer
- 99.2 Joint Filing Agreement, dated as of October 24, 2017
- 99.3 Third Amendment and Restatement of Declaration of the Molina Family Trust by C. David Molina, M.D., and Mary Rose Molina, dated December 6, 1996
- 99.4 Fourth Amendment and Restatement of Declaration of the Molina Family Trust by C. David Molina, M.D., and Mary Rose Molina, dated December 6, 1996
- 99.5 Removal of One Successor Trustee and Designation of Another Successor Trustee, dated December 12, 1997
- 99.6 Fifth Amendment and Restatement of Declaration of the Molina Family Trust with respect to Survivor's Trust, dated July 24, 2002
- 99.7 Acceptance of Trustee and Appointment of Successor Trustees for Molina Marital Trusts, dated November 30, 2002
- 99.8 Sixth Amendment and Restatement of Declaration of the Molina Family Trust with respect to Survivor's Trust, dated July 1, 2003
- 99.9 Seventh Amendment and Restatement of Declaration of the Molina Family Trust with respect to Survivor's Trust, dated June 15, 2010
- 99.10 Eighth Amendment and Restatement of Declaration of the Molina Family Trust with respect to Survivor's Trust, dated February 13, 2012
- 99.11 Ninth Amendment and Restatement of Declaration of the Molina Family Trust with respect to Survivor's Trust, dated August 9, 2012
- 99.12 Qualified Severance of Mary R. Molina Living Trust, dated June 30, 2015
- 99.13 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 609/4, dated June 12, 2009
- 99.14 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 609/7, dated June 12, 2009
- 99.15 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1209/3, dated December 3, 2009
- 99.16 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1209/4, dated December 3, 2009
- 99.17 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 610/4, dated June 14, 2010
- 99.18 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 610/5, dated June 14, 2010
- 99.19 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1210/4, dated December 15, 2010
- 99.20 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 811/3, dated August 15, 2011
- 99.21 Declaration of the Mary R. Molina Grantor Retained Annuity Trust 812/3, dated July 30, 2012
- 99.22 Declaration of the Sixth Amendment and Restatement of the Dentino Family Trust by William

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Dentino and Rebecca R. Dentino

- 99.23 Trust Agreement for the Curtis and Rosi Pedersen 2012 Trust, dated March 29, 2012

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CUSIP No. 60855R100

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: October 24, 2017

Mary R. Molina Living Trust

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Exempt Mary R. Molina Living Trust

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Molina Marital Trust

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen

Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 609/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

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Mary R. Molina Grantor Retained Annuity Trust 609/7

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 1209/3

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 1209/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 610/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 610/5

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

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Mary R. Molina Grantor Retained Annuity Trust 1210/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 811/3

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 812/3

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Estate of Mary R. Molina

By: /s/ William Dentino
Name: William Dentino
Title: Executor

Dentino Family Trust

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

Curtis and Rosi Pedersen 2012 Trust

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

By: /s/ Rosi Pedersen
Name: Rosi Pedersen
Title: Trustee

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William Dentino

/s/ William Dentino
William Dentino

Curtis Pedersen

/s/ Curtis Pedersen
Curtis Pedersen

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CUSIP No. 60855R100

SCHEDULE A

Transactions in Shares of Common Stock of the Issuer During the Past Sixty Days

Exempt Mary R. Molina Living Trust (1)

<u>Nature of Transaction</u>	<u>Securities Purchased/(Sold)</u>		<u>Average Price per Share</u>	<u>Date of Purchase / Sale</u>
Sale of Common Stock	(22,000)	\$	64.97	09/05/2017
Sale of Common Stock	(22,000)	\$	64.63	09/06/2017
Sale of Common Stock	(22,000)	\$	65.02	09/07/2017
Sale of Common Stock	(2,000)	\$	65.08	09/08/2017

Mary R. Molina Living Trust (1)

<u>Nature of Transaction</u>	<u>Securities Purchased/(Sold)</u>		<u>Average Price per Share</u>	<u>Date of Purchase / Sale</u>
Sale of Common Stock	(112,500)	\$	63.96	10/11/2017

(1) All sales were made pursuant to a Rule 10b5-1 plan.

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Mary R. Molina Living Trust
c/o William Dentino
3500 Douglas Blvd., Suite 160
Roseville, California 95661

October 24, 2017

VIA FEDERAL EXPRESS
AND VIA E-MAIL

Molina Healthcare, Inc.
200 Oceangate, Suite 100
Long Beach, California 90802
Attention: Jeff D. Barlow, Corporate Secretary

Re: Stockholder Proposal for 2018 Annual Meeting of Stockholders

Dear Mr. Barlow:

As trustees of Mary R. Molina Living Trust (the "Stockholder"), we hereby submit to Molina Healthcare, Inc. (the "Company") the enclosed proposal to amend the bylaws of the Company to include a "proxy access" bylaw (the "Proposal"). The Proposal is being submitted for inclusion in the Company's proxy statement for its 2018 annual meeting of stockholders (the "Annual Meeting"), pursuant to and in accordance with Rule 14a-8 under the Securities and Exchange Act of 1934, as amended.

The Stockholder's principal business address is c/o William Dentino, 3500 Douglas Blvd., Suite 160, Roseville, California 95661. The Stockholder has continuously held in excess of \$2,000 in market value of shares of Common Stock, par value \$0.001 per share, of the Company (the "Company Common Stock") for more than one year. Enclosed herewith are copies of Schedules 13G filed by the Stockholder on February 8, 2016 and February 14, 2017, respectively, confirming that the Stockholder has continuously held in excess of \$2,000 in market value of shares of Company Common Stock for more than one year.

We hereby confirm that the Stockholder intends to continue to hold at least \$2,000 in market value of shares of Company Common Stock through the date of the Annual Meeting. In addition, please be advised that the Stockholder's representative will attend the Annual Meeting to present the Proposal.

Please do not hesitate to contact the undersigned if you should have any questions in connection with this matter.

Sincerely,

MARY R. MOLINA LIVING TRUST

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Enclosures

STOCKHOLDER PROPOSAL — PROXY ACCESS

RESOLVED, that the stockholders of Molina Healthcare, Inc. (the "Company") request the Board of Directors of the Company (the "Board") to take the necessary corporate action to amend the bylaws of the Company (the "Bylaws") to establish a "proxy access" bylaw pursuant to which a Nominating Stockholder (as defined below) that has satisfied the requirements set forth below can submit to the Company for inclusion in the Company's proxy statement and on its proxy card for an annual stockholder meeting at which directors are to be elected person(s) nominated for election to the Board by such Nominating Stockholder; provided, however, that the Company should not be required to include in its proxy materials a number of such stockholder-nominated candidates that exceeds the greater of two (2) directors and 20% of the directors then serving on the Board.

A "Nominating Stockholder" should be defined as one or more stockholders that have beneficially owned in the aggregate 3% or more of the Company's outstanding common stock continuously for at least three (3) years before submitting the nomination and through the date of the stockholder meeting. The Nominating Stockholder should be required to give to the Company, within the time period specified in the Bylaws, a written notice containing the information required by the Bylaws and any applicable rules and regulations regarding (i) the nominee, including consent to being named in the Company's proxy materials and serving as director if elected, and (ii) the Nominating Stockholder, including proof that it owns the required shares (the "Disclosure"). The Nominating Stockholder may also be required to certify that it (i) will assume all liability relating to the Disclosure and (ii) will comply with all applicable laws and regulations with respect to the use of any soliciting material other than the Company's proxy materials.

The proxy access bylaw should also require the Company to include in its proxy materials a statement not exceeding 500 words submitted by the Nominating Stockholder in support of the nominee (the "Statement"). The "proxy access" bylaw should also establish procedures for (i) resolving disputes over the timeliness of a nomination or as to whether the Disclosure and the Statement satisfy the requirements of the Bylaws and applicable rules and regulations and (ii) determining the priority to be given to multiple nominations exceeding the limit set forth above.

Supporting Statement:

Stockholders' right to nominate candidates for election to the board of directors is a fundamental principle of good corporate governance. More than half of S&P 500 companies have adopted proxy access bylaws, most of which have terms similar to this proposal. We believe that proxy access is an effective mechanism for improving director accountability to stockholders, ensuring independent oversight and promoting diverse opinions.

We urge stockholders to vote FOR this proposal.

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No.)*

MOLINA HEALTHCARE, INC.

(Name of Issuer)

Common Stock, \$0.001 par value

(Title of Class of Securities)

60855R100

(CUSIP Number)

December 31, 2016

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13G

CUSIP No. 60855R100

(1) Names of Reporting Persons
Mary R. Molina Living Trust

(2) Check the Appropriate Box if a Member of a Group (See Instructions)

- (a)
- (b)

(3) SEC Use Only

(4) Citizenship or Place of Organization
United States

(5) Sole Voting Power
3,489,292

(6) Shared Voting Power
0

(7) Sole Dispositive Power
3,489,292

(8) Shared Dispositive Power
0

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With:

(9) Aggregate Amount Beneficially Owned by Each Reporting Person
3,489,292

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

(11) Percent of Class Represented by Amount in Row (9)
5.9%

(12) Type of Reporting Person (See Instructions)
IN

CUSIP No. 60855R100

Item 1(a). Name of Issuer:
MOLINA HEALTHCARE, INC.

Item 1(b). Address of Issuer's Principal Executive Offices:
200 Oceangate, Suite 100,
Long Beach, CALIFORNIA 90802

Item 2(a). Name of Persons Filing:
Mary R. Molina Living Trust

Item 2(b). Address of Principal Business Office or, if none, Residence:
3500 Douglas Blvd., Suite 160
Roseville, CA 95661

Item 2(c).	Citizenship: United States
Item 2(d).	Title of Class of Securities: Common Stock, \$0.001 par value
Item 2(e).	CUSIP Number: 60855R100

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a). Broker or dealer registered under section 15 of the Act (15 U.S.C. 780).
- (b). Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c). Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d). Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e). An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f). An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g). A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- (h). A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i). A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j). Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

CUSIP No. 60855R100

Item 4. Ownership.

- (a). Amount beneficially owned:
See the response(s) to Item 9 on the attached cover page(s).

- (b). Percent of class:
See the response(s) to Item 11 on the attached cover page(s).

- (c). Number of shares as to which such person has:
 - (i). Sole power to vote or to direct the vote:
See the response(s) to Item 5 on the attached cover page(s).

 - (ii). Shared power to vote or to direct the vote:
See the response(s) to Item 6 on the attached cover page(s).

 - (iii). Sole power to dispose or to direct the disposition of:
See the response(s) to Item 7 on the attached cover page(s).

 - (iv). Shared power to dispose or to direct the disposition of:
See the response(s) to Item 8 on the attached cover page(s).

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting persons has ceased to be the beneficial owners of more than five percent of the class of securities, check the following .

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not Applicable

Item 8. Identification and Classification of Members of the Group.

Not Applicable

Item 9. Notice of Dissolution of Group.

Not Applicable

CUSIP No. 60855R100

Item 10. Certification.

Not Applicable

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 14, 2017

By: _____ /s/ William Dentino
 Name: William Dentino
 Title: Co-Trustee

By: _____ /s/ Curtis Pedersen
 Name: Curtis Pedersen
 Title: Co-Trustee

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

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
 (Amendment No.)***

MOLINA HEALTHCARE, INC.

(Name of Issuer)

Common Stock, \$0.001 par value

(Title of Class of Securities)

60855R100

(CUSIP Number)

December 31, 2015

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13G

CUSIP No. 60855R100

(1) Names of Reporting Persons
 Mary R. Molina Living Trust

(2) Check the Appropriate Box if a Member of a Group (See Instructions)

- (a)
- (b)

(3) SEC Use Only

(4) Citizenship or Place of Organization
 United States

(5) Sole Voting Power
 3,489,292

(6) Shared Voting Power
 0

(7) Sole Dispositive Power
 3,489,292

(8) Shared Dispositive Power
 0

Number of
 Shares
 Beneficially
 Owned by
 Each
 Reporting
 Person With:

(9) Aggregate Amount Beneficially Owned by Each Reporting Person
 3,489,292

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

(11) Percent of Class Represented by Amount in Row (9)
6.2%

(12) Type of Reporting Person (See Instructions)
IN

1

CUSIP No. 60855R100

Item 1(a). Name of Issuer:
MOLINA HEALTHCARE, INC.

Item 1(b). Address of Issuer's Principal Executive Offices:
200 Oceangate, Suite 100,
Long Beach, CALIFORNIA 90802

Item 2(a). Name of Persons Filing:
Mary R. Molina Living Trust

Item 2(b). Address of Principal Business Office or, if none, Residence:
3500 Douglas Blvd., Suite 160
Roseville, CA 95661

Item 2(c). Citizenship:
United States

Item 2(d). Title of Class of Securities:
Common Stock, \$0.001 par value

Item 2(e). CUSIP Number:
60855R100

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a). Broker or dealer registered under section 15 of the Act (15 U.S.C. 780).
- (b). Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c). Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d). Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e). An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f). An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g). A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- (h). A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i). A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j). Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

2

CUSIP No. 60855R100

Item 4. Ownership.

(a). Amount beneficially owned:
See the response(s) to Item 9 on the attached cover page(s).

(b). Percent of class:
See the response(s) to Item 11 on the attached cover page(s).

(c). Number of shares as to which such person has:

(i). Sole power to vote or to direct the vote:
See the response(s) to Item 5 on the attached cover page(s).

(ii). Shared power to vote or to direct the vote:
See the response(s) to Item 6 on the attached cover page(s).

(iii). Sole power to dispose or to direct the disposition of:
See the response(s) to Item 7 on the attached cover page(s).

(iv). Shared power to dispose or to direct the disposition of:
See the response(s) to Item 8 on the attached cover page(s).

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting persons has ceased to be the beneficial owners of more than five percent of the class of securities, check the following .

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not Applicable

Item 8. Identification and Classification of Members of the Group.

Not Applicable

Item 9. Notice of Dissolution of Group.

Not Applicable

CUSIP No. 60855R100

Item 10. Certification.

Not Applicable

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 8, 2016

MARY R. MOLINA LIVING TRUST

By: _____ /s/ William Dentino
Name: William Dentino
Title: Co-Trustee

By: _____ /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Co-Trustee

JOINT FILING AGREEMENT

This JOINT FILING AGREEMENT (this "Agreement") is entered into as of October 24, 2017, by and among Mary R. Molina Living Trust, Exempt Mary M. Molina Living Trust, Molina Marital Trust, Mary R. Molina Grantor Retained Annuity Trust 609/4, Mary R. Molina Grantor Retained Annuity Trust 609/7, Mary R. Molina Grantor Retained Annuity Trust 1209/3, Mary R. Molina Grantor Retained Annuity Trust 1209/4, Mary R. Molina Grantor Retained Annuity Trust 610/4, Mary R. Molina Grantor Retained Annuity Trust 610/5, Mary R. Molina Grantor Retained Annuity Trust 1210/4, Mary R. Molina Grantor Retained Annuity Trust 811/3, Mary R. Molina Grantor Retained Annuity Trust 812/3, the Estate of Mary R. Molina, Dentino Family Trust, Curtis and Rosi Pedersen 2012 Trust, William Dentino and Curtis Pedersen (each, a "Party" and, collectively, the "Parties").

WHEREAS, certain of the Parties are holders, of record or beneficial, of shares of Common Stock, par value \$0.001 per share (the "Common Stock"), of Molina Healthcare, Inc., a Delaware corporation (the "Company"); and

WHEREAS, the Parties wish to jointly file statements on Schedule 13D with respect to the Common Stock and other securities of the Company, to the extent required by applicable law;

NOW, THEREFORE, the Parties hereby agree as follows:

1. In accordance with Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each of the Parties hereby agrees to the joint filing on behalf of each of them of statements on Schedule 13D, and any amendments thereto, with respect to the Common Stock and other securities of the Company, to the extent required by applicable law.
2. Each Party shall be responsible for the accuracy and completeness of its own disclosure set forth in any statements on Schedule 13D, and any amendments thereto, jointly filed by the Parties pursuant to this Agreement, and shall not be responsible for the accuracy and completeness of the information concerning any other Parties, unless such Party knows or has reason to know that such information is inaccurate.
3. Each of the Parties hereby agrees that this Agreement shall be filed as an exhibit to any Schedule 13D required to be filed under applicable law pursuant to Rule 13d-1(k)(1)(iii) under the Exchange Act.
4. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
5. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first above written.

Mary R. Molina Living Trust

By: /s/ William Dentino
 Name: William Dentino
 Title: Trustee

By: /s/ William Dentino
 Name: Curtis Pedersen
 Title: Trustee

Exempt Mary R. Molina Living Trust

By: /s/ William Dentino
 Name: William Dentino
 Title: Trustee

By: /s/ William Dentino
 Name: Curtis Pedersen
 Title: Trustee

Molina Marital Trust

By: /s/ William Dentino
 Name: William Dentino
 Title: Trustee

By: /s/ Curtis Pedersen
 Name: Curtis Pedersen
 Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 609/4

By: /s/ William Dentino
 Name: William Dentino
 Title: Trustee

By: /s/ Curtis Pedersen
 Name: Curtis Pedersen
 Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 609/7

By: /s/ William Dentino
 Name: William Dentino
 Title: Trustee

By: /s/ Curtis Pedersen
 Name: Curtis Pedersen
 Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 1209/3

By: /s/ William Dentino
 Name: William Dentino
 Title: Trustee

By: /s/ Curtis Pedersen
 Name: Curtis Pedersen

Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 1209/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 610/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 610/5

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 1210/4

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 811/3

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Mary R. Molina Grantor Retained Annuity Trust 812/3

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

Estate of Mary R. Molina

By: /s/ William Dentino
Name: William Dentino
Title: Executor

Dentino Family Trust

By: /s/ William Dentino
Name: William Dentino
Title: Trustee

Curtis and Rosi Pedersen 2012 Trust

By: /s/ Curtis Pedersen
Name: Curtis Pedersen
Title: Trustee

By: /s/ Rosi Pedersen
Name: Rosi Pedersen
Title: Trustee

William Dentino

/s/ William Dentino
William Dentino

Curtis Pedersen

/s/ Curtis Pedersen
Curtis Pedersen



**THIRD AMENDMENT AND RESTATEMENT OF
DECLARATION OF THE MOLINA FAMILY TRUST
BY
C. DAVID MOLINA, M.D., AND MARY ROSE MOLINA**

C. DAVID MOLINA, M.D., and MARY ROSE MOLINA, as trustees, hereby amend and restate in its entirety that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, as previously "clarified" by that certain Clarification of Section 1.04(b), dated November 4, 1990, and as previously amended by that certain First Amendment to the Molina Family Trust, dated November 1991, and that certain Second Amendment to the Molina Family Trust, dated December 19, 1994. References herein to "this Declaration" shall refer to this document. This Declaration shall supersede entirely all previously executed instruments establishing or modifying the Molina Family Trust.

ARTICLE I. FAMILY

The trustees have five children now living whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA MOLINA, M.D., JOHN C. MOLINA, JANET MARIE WATT and JOSEPHINE M. MOLINA.

ARTICLE II. TRUST PRINCIPAL

The principal of the trust shall consist of the properties described in Schedule A and all other properties transferred to the trust by either trustor by inter vivos gift, testamentary disposition, designation as beneficiary or other means. All community property transferred to the trust and its proceeds shall retain its character as community property during the trustors' joint lives, and shall herein be referred to as the "community estate" or "community property." Any separate property transferred to the trust and its proceeds shall retain its character as separate property of the transferring trustor during the trustors' joint lives, and shall herein be referred to

as that trustor's "separate estate" or "separate property." No amendment or revocation of this Declaration shall change the character of any property held by the trustee, and property returned to the trustors shall retain its character as it was within the trust, unless clear and specific provision for the change is made in the document amending or revoking this Declaration.

ARTICLE III. DISTRIBUTIONS DURING TRUSTORS' JOINT LIVES

3.01. Income. While both trustors are living, the trustee shall pay to the trustors or apply for their benefit as much of the net income of the trust as either trustor may request from time to time; provided, however, that only the trustor who has transferred separate property to the trust may request the income from that trustor's separate estate. The trustee shall also pay to or apply for the benefit of the trustors any sums from the net income of the trust that the trustee considers necessary for the trustors' health, education, support, maintenance, comfort, welfare and happiness. Any income not paid to or applied for the trustors during a calendar year shall be added to the trust principal as of the end of the year.

3.02. Principal. The trustee shall pay to the trustors or apply for their benefit any amounts from the principal of the trust, first from the community estate, and then from the separate estates of both trustors, in equal shares to the extent possible, that the trustee considers necessary for the trustors' health, education, support, maintenance, comfort, welfare, or happiness. The trustee shall also distribute any asset of the community estate requested in writing by either trustor and any asset of a trustor's separate estate that is requested in writing by that trustor. If the item requested is the trustors' community property, it shall be distributed to the trustors as community property. If the item requested is the separate

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property of one of the trustors, it shall be distributed to that trustor as separate property.

3.03. Incapacity. If at any time, as certified in writing by one licensed physician not related by blood or marriage to either trustor or any beneficiary of the trust, either trustor has become physically or mentally incapacitated, whether or not a court of competent jurisdiction has declared the trustor incompetent or mentally ill or has appointed a conservator, the trustee shall pay to the nonincapacitated trustor or apply for either trustor's benefit, first from the community estate, and then from the separate estates of both trustors, in equal shares to the extent possible, the amounts of net income and principal necessary in the trustee's discretion for the health, education, support, maintenance, comfort, welfare, or happiness of both trustors, in accordance with their accustomed manner of living at the date of this Declaration, until the incapacitated trustor, as certified by one licensed physician not related by blood or marriage to either trustor or to any beneficiary of the trust, is again able to manage his or her own affairs or until the earlier death of either trustor. The nonincapacitated trustor may also withdraw, from time to time, accumulated trust income and principal of community property and of separate property contributed by that trustor. Income and principal from community property so paid or withdrawn shall be held and administered as community property by the nonincapacitated trustor. Any income in excess of the amount distributed or applied for the benefit of the trustors shall be accumulated and added to principal of the community or the separate estate, as the case may be. If a conservator of the person or estate is appointed for either trustor, the trustee shall take into account any payments made for either trustor's benefit by such conservator.

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ARTICLE IV. DIVISION AFTER FIRST DEATH

4.01. Applicability of Article; "Decedent" and "Survivor." Following the death of the first trustor to die, the trustee shall administer and distribute the trust principal, including any additions made to the trust as a result of the deceased trustor's death such as from the decedent's will or life insurance policies, in accordance with the provisions of this Article IV. The first trustor to die shall herein be referred to as the "decedent," and the surviving trustor shall herein be referred to as the "survivor."

4.02. Debts and Expenses. The trustee may, in the trustee's reasonable discretion, pay from the trust principal the decedent's debts, last illness and funeral costs, and expenses of administration for this trust and the decedent's probate estate. The trustee may allocate the payment of the decedent's debts to the decedent's interest in the community estate and the decedent's separate estate as the trustee determines in the trustee's reasonable discretion. However, the trustee shall further allocate community debts between the decedent's and the survivor's interests in the trust in accordance with California law in effect at the decedent's date of death.

4.03. Residences. The trustee shall allocate to the Survivor's Property Trust all of the decedent's interest in any residences occupied by the trustors, subject to any encumbrances thereon, together with all household furniture and furnishings therein.

4.04. Residue. The trustee shall divide the residue of the trust principal into the following three separate trusts:

A. Survivor's Trust. The trustee shall allocate to the Survivor's Trust all of the assets of the trust that have retained the character of the survivor's separate property and the survivor's interest in community property, and all accrued and undistributed income thereon. The trustee shall also allocate to the Survivor's Trust from the community estate and the decedent's separate estate all of the decedent's interest in

4

any jewelry, clothing, personal automobiles, books and other tangible articles of a household or personal nature not otherwise specifically distributed under the provisions of this Declaration, together with the decedent's interest in any separate insurance policy on such property and subject to any encumbrances thereon. The trustee shall hold, administer and distribute the assets allocated to the Survivor's Trust in accordance with the provisions of Article V, Survivor's Trust.

B. Family Bypass Trust. From the decedent's remaining interest in the community estate and the decedent's separate estate, the trustee shall allocate to the Family Bypass Trust a pecuniary amount equal to the maximum amount that can be allocated to a trust that does: not qualify for the federal estate tax marital or charitable deduction to any extent, without producing any federal estate tax, after taking into account all factors relevant to this estate tax objective, including but not limited to the following:

(1) All deductions claimed or allowed in determining the estate tax payable by reason of the decedent's death.

(2) The net value of all other property included in the decedent's gross estate, whether or not it is given under this Declaration and whether it passes at the time of the decedent's death or has passed before the decedent's death to or in trust for any person or entity, so that it is included in the decedent's gross estate and does not qualify for the federal estate tax marital deduction. If the survivor disclaims any property that would otherwise qualify for the federal estate tax marital deduction, this disclaimer shall be disregarded.

(3) All credits allowed for federal estate tax purposes other than any credit allowable under Internal Revenue Code section 2011, unless and to the extent

that death tax would be payable to the state or states regardless of the federal credit, as long as no credit that results in disallowance of the marital deduction is taken into account in determining the size of the marital trust.

(4) If the aggregate value of all property specifically allocated to the Family Bypass Trust under this Declaration and all property payable to the Family Bypass Trust from any other source is greater than the amount of the foregoing property, the Family Bypass Trust shall consist of all such property.

(5) The trustee shall satisfy the maximum pecuniary amount constituting the Family Bypass Trust and so determined in cash or in kind, or partly in each, and shall allocate to the Family Bypass Trust any assets that are not eligible for the federal estate tax marital deduction. No assets for which a credit for foreign death taxes is allowed under the federal estate tax law applicable to the decedent's estate shall be allocated to the Marital Trust, unless there is insufficient other property to fully fund the Marital Trust.

(6) Assets allocated in kind shall be considered to satisfy this amount on the basis of their net fair market values as finally determined for federal estate tax purposes. The trustee shall select property to satisfy this amount so that any appreciation or depreciation that has occurred in the value of trust property between the applicable valuation date and the date of allocation shall be fairly representative between the Marital Trust and the Family Bypass Trust.

The trustee shall hold, administer and distribute the assets allocated to the Family Bypass Trust in accordance with the provisions of Article VII, Family Bypass Trust.

C. Marital Trust. The trustee shall allocate to the Marital Trust the balance of the trust principal remaining after the allocations to the Survivor's Trust and the Family Bypass Trust; provided, however, that the Marital Trust may be divided into one or more separate Marital Trusts in accordance with paragraph 6.05, Marital Deduction Intention and Election, and paragraph 10.06, Marital Deduction Trusts. The trustee shall hold, administer and distribute the assets allocated to the Marital Trust in accordance with the provisions of Article VI, Marital Trust.

4.05. Allocation Guidelines. In dividing the decedent's interest in the community estate and the decedent's separate estate between the Marital Trust and the Family Bypass Trust, the trustee shall consider, when other assets are available, not allocating to the Marital Trust:

- A. Assets that do not qualify for the marital deduction;
- B. Assets that are subject, by reason of the decedent's death, to any estate, inheritance, legacy or succession tax, or any other death duty in any foreign country or political subdivision thereof;
- C. Shares of stock that would otherwise qualify for redemption under Internal Revenue Code Section 303, except to the extent they exceed the maximum number of shares that would so qualify for redemption under that Section;
- D. Assets characterized as income in respect of a decedent under Internal Revenue Code Section 691;
- E. United States Treasury Bonds eligible for redemption at par as payment of federal estate taxes; and
- F. Unmatured life insurance policies.

4.06. Unclaimed Administration Expenses. All unclaimed administration expenses attributable in whole or in part to the Marital Trust shall be paid from the Family Bypass Trust (regardless of any other clause in this instrument or applicable

law allocating administration expenses). The term "unclaimed administration expenses" means administration expenses, described in Internal Revenue Code sections 2053(a) (2) and 2053(b), or any successor provisions, that are eligible for deduction on the federal estate tax return but that are not allowed on that return because they are claimed as income tax deductions or otherwise.

4.07. Disclaimer By Survivor. If the survivor effectively disclaims an interest in any property or any portion of property that, but for such disclaimer, would pass to the survivor as an outright gift or for the benefit of the Survivor under the Marital Trust, such interest shall be added to the Family Bypass Trust and shall be held, administered and distributed in accordance with the provisions of this Declaration relating to that trust.

4.08. Decedent's Death Taxes. The trustee shall charge and collect all inheritance, estate or other death taxes, and any interest or penalties on such taxes, that may be payable because of the decedent's death, whether or not the tax is attributable to assets passing under this Declaration, from those persons sharing in the decedent's taxable estate in accordance with the California Probate Code provisions for death tax apportionment and allocation. However, as three exceptions, the trustee shall pay from the assets allocated to the Family Bypass Trust, without apportionment among the beneficiaries, (1) all federal death taxes chargeable to any assets passing under or outside this Declaration or the decedent's will constituting federal estate tax marital deduction gifts; (2) all federal death taxes chargeable to any family allowance; and (3) all federal death taxes chargeable to any gift under this Declaration or the decedent's will designated as "free of all death taxes." Notwithstanding the above, if the survivor disclaims any property given to the survivor outright or in trust, the amount of any increase in federal or state death taxes that results from such disclaimer shall be paid out of the disclaimed property.

ARTICLE V. SURVIVOR'S TRUST

5.01. Principal and Income. The trustee shall pay to the survivor or apply for the survivor's benefit as much of the net income of the Survivor's Trust as the survivor may request from time to time. The trustee shall also pay to or apply for the benefit of the survivor any sums from the net income or principal of the Survivor's Trust that the trustee, in the trustee's discretion, considers necessary for the survivor's health, education, support, maintenance, comfort, welfare, or happiness. In addition, the trustee shall distribute any asset of the trust requested in writing by the survivor.

5.02. Debts and Expenses. After the survivor's death, the trustee may, in the trustee's reasonable discretion, pay from the trust principal the survivor's debts, last illness and funeral costs, and expenses of administration for the trust and the survivor's probate estate.

5.03. Survivor's Death Taxes. The trustee shall charge and collect all inheritance, estate or other death taxes, and any interest or penalties on such taxes, that may be payable because of the survivor's death, whether or not the tax is attributable to assets passing under this Declaration, from those persons sharing in the survivor's federal taxable estate in accordance with the California Probate Code provisions for death tax apportionment and allocation. Further, the trustee shall charge and collect all state death taxes in the same manner as the federal death taxes and not as probate administration expenses. These tax directions shall not apply to any gifts passing under the survivor's will or under this Declaration designated as "free of all death taxes," and the trustee shall pay all such death taxes from the remainder of the trust estate without apportionment among beneficiaries.

5.04. Survivor's Power of Appointment. After the death of the survivor, the trustee shall distribute any remaining balance of the Survivor's Trust, including principal and accrued

or undistributed income, to one or more persons or entities, including the survivor's own estate, and on any terms and conditions and in any proportions that the survivor shall appoint by will or codicil specifically referring to and exercising this power of appointment.

5.05. Residue. After the survivor's death, the trustee shall hold, administer and distribute any undistributed income and principal of the Survivor's Trust not paid out under paragraphs 5.01 through 5.04 in accordance with the provisions of Article VIII, Division After Survivor's Death.

ARTICLE VI. MARITAL TRUST

6.01. Distributions During Survivor's Lifetime. The trustee shall pay to or apply for the benefit of the survivor all net income of the Marital Trust in convenient installments but not less often than quarterly. In addition to the net income, and subject to paragraph 7.02 regarding the order of distribution of principal from the trusts, the trustee shall also pay to or apply for the benefit of the survivor all sums from principal of the Marital Trust as the trustee, in the trustee's discretion, considers necessary for the survivor's health, education, support and maintenance after taking into account other resources of the survivor known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources.

6.02. Survivor's General and Special Powers.

A. Survivor's Lifetime General Power of Appointment - \$5,000 or 5% Limitation. At any time during the survivor's life, the survivor may request that the trustee distribute to the survivor such amounts from principal not exceeding in any calendar year the greater of FIVE THOUSAND AND 00/100THS DOLLARS (\$5,000.00) or five percent (5%) of the principal of the Marital Trust, determined as of the end of the calendar year. The survivor shall request such a distribution by an acknowledged

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document that specifically refers to this power of appointment. This right of withdrawal is noncumulative, so that if the survivor does not withdraw, during any calendar year, the full amount permitted, the right to withdraw the amount not withdrawn shall lapse at the end of that calendar year.

B. Survivor's Testamentary Special Power of Appointment. On the death of the survivor, the trustee shall distribute the balance then remaining of the trust, excluding accrued and undistributed income, to one or more of the trustors' issue on such terms and conditions, either outright, in trust or by creating further powers of appointment as the survivor shall appoint by a valid will or inter vivos document, executed after the decedent's death, that specifically refers to this power of appointment.

6.03. Tax Payment to Survivor's Estate. On the demand of the appropriate fiduciary representing the survivor's estate, the trustee of the Marital Trust shall distribute to that fiduciary an amount equal to (1) the amount of any federal estate tax that such fiduciary is entitled to recover under the provisions of Internal Revenue Code Section 2207A, with respect to the federal estate tax imposed upon or with respect to the property held in the trust at the time of the survivor's death, and (2) the amount of any increase in the California estate tax and/or any other estate, legacy or succession tax that results from the inclusion of such property in the gross estate of the survivor pursuant to Internal Revenue Code Section 2044. If no such fiduciary exists at the time otherwise required for the payment of any such taxes, the trustee may pay directly to the taxing authorities any such taxes.

6.04. Distributions Upon Death of Survivor. Upon the survivor's death, the trustee shall distribute any accrued and undistributed income of the Marital Trust to the survivor's estate. Unless otherwise appointed by the survivor pursuant to paragraph 6.02, any remaining principal of the Marital Trust

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shall be held, administered and distributed by the trustee in accordance with the provisions of Article VIII, Division After Survivor's Death.

6.05. Marital Deduction Intention and Election. The trustors intend that the Marital Trust qualify for the marital deduction provisions of the Internal Revenue Code to the extent the decedent's executor makes the election provided by Internal Revenue Code Section 2056(b)(7)(B)(v) to treat all or a specific portion of the trust as qualified terminable interest property. The trustors authorize the decedent's executor, in the executor's sole discretion, to make or not make the election provided by Internal Revenue Code Section 2056(b)(7)(B)(v) to treat all or a specific portion of the Marital Trust as qualified terminable interest property for the purpose of qualifying all or a specific portion of the trust for the federal estate tax marital deduction, recognizing that, to the extent the executor does not make such an election, the Marital Trust will not qualify for the marital deduction. The trustors direct that, notwithstanding any other provision herein to the contrary, the executor and trustee shall not take any action or exercise any Power that will impair the marital deduction if and to the extent such an election is made. Further, the trustors specifically direct that the following provisions shall apply to the Marital Trust if the election is made notwithstanding any contrary provision in this Declaration:

A. If a valid, election is made to qualify less than all of the Marital Trust for the marital deduction under Internal Revenue Code Section 2056(b)(7), then the executor shall divide the Marital Trust into two (2) separate trusts designated as the Qualified Marital Trust and the Non-Qualified Marital Trust. The Qualified Marital Trust shall consist of that portion of the Marital Trust qualifying for the marital deduction under Internal Revenue Code Section 2056(b)(7); the Non-Qualified Marital Trust shall consist of the balance of the Marital Trust. Each such

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separate trust shall have the same provisions as the original Marital Trust from which it is established and references in this Declaration to the Marital Trust shall refer to the separate trusts derived from it.

B. The survivor, by written instrument delivered to the trustee, shall have the right to direct the trustee to convert any non-income producing property, including life insurance policies, to income producing property, and the trustee shall comply with any such direction within a reasonable time after its receipt.

C. For all bonds purchased at a discount, the trustee shall, at least annually, accumulate and pay each discount as interest if necessary from principal or the sale or redemption proceeds.

D. The survivor shall have the right to continue to occupy any real property free of rent in which the trust holds an interest and which the trustors were using regularly or occasionally as a residence or vacation home at the time of the decedent's death. The survivor, in the survivor's discretion, may direct the trustee to sell any such property and replace it with another residence of comparable or lower value selected by the survivor. The trustee shall pay such portion of the mortgage or trust deed payments, property taxes, assessments, insurance, maintenance and ordinary repairs on all such property as is proportional to the interest in such property held in the trust. Such payments may be made out of the principal or income of the trust as the trustee determines.

ARTICLE VII. FAMILY BYPASS TRUST

7.01. Distributions During Survivor's Lifetime. The trustee shall pay to or apply for the benefit of the survivor all net income of the Family Bypass Trust in convenient installments but not less often than quarterly. In addition to the net income, and subject to paragraph 7.02 regarding the order of

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distribution of principal from the trusts, the trustee shall also pay to or apply for the benefit of the survivor all sums from principal of the Family Bypass Trust as the trustee, in the trustee's discretion, considers necessary for the survivor's health, education, support and maintenance after taking into account other resources of the survivor known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources.

7.02. Order of Invasion of Principal. Discretionary distributions of principal of the trusts pursuant to paragraphs 5.01, 6.01 or 7.01 to or for the benefit of the survivor shall be made first from the Survivor's Trust until it is exhausted, then from the Marital Trust until it is exhausted, and thereafter from the Family Bypass Trust.

7.03. Distributions Upon Death of Survivor. Upon the survivor's death, the trustee shall hold, administer and distribute any undistributed income and principal of the Family Bypass Trust in accordance with the provisions of Article VIII, Division After Survivor's Death.

ARTICLE VIII. DIVISION AFTER SURVIVOR'S DEATH

8.01. Applicability of Article. Following the death of the survivor, the trustee shall hold, administer and distribute in accordance with the provisions of this Article, any principal and income of the Survivor's Trust, Marital Trust and Family Bypass Trust that is not otherwise distributed under other provisions of this Declaration, and any additions made to the trusts as a result of the survivor's death under, for example, the survivor's will or life insurance policies. Such principal, income and additions shall be collectively referred to herein as the "trust estate."

8.02. Personal Property Gift. The trustee shall distribute from the trust estate, in equal shares and free of all

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death taxes, all items of jewelry, clothing, household furniture and furnishings, personal automobiles, books and other tangible articles of a household or personal nature not otherwise specifically distributed under the provisions of this Declaration, together with any insurance policies on such property and subject to any encumbrances thereon, (i) as specified on Exhibit B attached hereto to the individuals named therein, if then living, and (ii) as to any items not disposed of under the preceding clause (i), to those children of the trustors who survive the survivor as they shall agree, and if they do not agree, then in substantially equal shares as the trustee shall determine.

8.03. Division of Trust Estate. The trustee shall hold, administer and distribute the trust estate not distributed under paragraph 8.02 as provided in this paragraph 8.03. The trustee shall divide the trust estate into as many equal shares as there are children of the trustors then living and children of the trustors then deceased leaving issue then living. The trustee shall allocate one such equal share to each living child and one such equal share to each group composed of the living issue of a deceased child.

A. Children. Each share allocated to a living child of the trustors shall be distributed or further held in trust as follows:

(1) Until the child attains age twenty-five (25), the trustee shall pay to or apply for the benefit of the child as much of the net income and principal of the trust as the trustee, in the trustee's discretion, considers necessary for the child's health, education, support and maintenance, after taking into consideration any other income or resources of the child known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources, and any income not paid or applied shall be accumulated and added to principal.

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(2) Commencing when the child attains age twenty-five (25), the trustee shall pay to or apply for the benefit of the child (i) all of the net income of the child's trust at least annually, and (ii) as much of the principal of the child's trust as the trustee in the trustee's discretion considers necessary for the child's health, education, support and maintenance, after taking into consideration any other income or resources of the child known to the trustee and reasonably available for such purposes to the end that distributions of principal from the trust shall be supplemental to the other sources.

(3) When the child attains age thirty (30), the trustee shall distribute to the child one-third (1/3) of the principal of the trust; when the child attains age thirty-five (35), the trustee shall distribute to the child one-half (1/2) of the remaining principal of the trust; and when the child attains age forty (40), the trust shall terminate and the trustee shall distribute to the child the remaining principal of the trust. If the child has already attained age thirty (30), thirty-five (35) or forty (40) at the time the trust estate is divided into separate shares pursuant to this paragraph 8.03, the trustee shall, upon making the division, distribute outright to the child the portion of the trust that would be due the child at that age.

(4) If the child dies before becoming entitled to receive the distribution of his entire trust, and the child has issue then living, the residue of the deceased child's trust shall be retained in trust for the benefit of his then living issue to be held, administered and distributed in accordance with the provisions of paragraph 8.03B. If the child dies before becoming entitled to receive distribution of his entire trust and does not have issue then living, the trustee shall distribute the undistributed balance of that child's trust, free of trust, among the trustors' then living issue, by right of representation, and if there are no issue of the trustors then living, then as set forth in paragraph 8.04; provided, however, that any property

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that would otherwise be distributed to a person for whose benefit. A trust is then being or would be administered under this Declaration shall instead be added to that trust and administered in accordance with its terms, except that any addition to a partially distributed trust shall augment proportionally the distributed and undistributed portions of the trust.

B. Grandchildren and Further Descendants. Each share allocated to a group composed of the living issue of a deceased child of the trustors shall be retained in separate trust and shall be held and administered as follows:

(1) As long as any beneficiary who is a child of the trustors' deceased child is under age thirty-five (35), the trustee shall pay to or apply for the benefit of the deceased child's issue, including those who are age thirty-five (35) or older, as much of the net income and principal of the trust as the trustee considers necessary for their health, education, support and maintenance, after taking into consideration any other income or resources of the issue known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources. Any net income not paid or applied shall be accumulated and added to principal. The trustee may pay more to or apply more for some beneficiaries than others and may make payments to or application of benefits for some beneficiaries to the exclusion of others. Any payment or application of benefits pursuant to the preceding provisions of this paragraph (1) shall be charged against the trust as a whole rather than against the ultimate distributive share of the beneficiary to whom or for whose benefit the payment or application is made.

(2) When all beneficiaries who are children of the trustors' deceased child are age thirty-five (35) or older, or at such time that there are no children of that deceased child then living, the trust shall terminate and the trustee shall distribute the principal of the trust among the issue then living

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of the deceased child, by right of representation, or if there are none, to the trustors' then living issue, by right of representation, and if there are no issue of the trustors then living, then as set forth in paragraph 8.04; provided, however, that any property that would otherwise be distributed to a person for whose benefit a trust is then being or would be administered under this Declaration shall instead be added to that trust and administered in accordance with its terms, except that any addition to a partially distributed trust shall augment proportionally the distributed and undistributed portions of the trust.

C. Discretionary Distributions for Weddings, Businesses Etc. Notwithstanding any other provision of this paragraph 8.03 to the contrary, the trustee may in the trustee's sole discretion, lend without interest or distribute to any of the trustors' issue who have attained the age of twenty-one (21) a reasonable amount from the trust estate for the issue's use in making a down-payment on a personal residence, paying the expenses of the issue's wedding, investing in a business or other similar worthwhile investment or establishing a professional practice that the trustee believes is more likely to succeed than fail if in the trustee's opinion there is a valid reason for making the loan or distribution and if the remaining principal and income of the trust estate will be adequate to provide for the proper health, education, support and maintenance of the trustors' issue then entitled to either mandatory or discretionary distributions of net income. All such loans (if not previously repaid) and distributions shall be charged against the issue's share of the trust estate when it is divided into separate shares or distributed.

D. Termination of Small Trust. If the trust share held for any beneficiary or beneficiaries has a total value at the end of any calendar year of less than that amount which the trustee considers practical to administer, the trustee in the

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trustee's discretion may terminate that trust and distribute the entire trust share to the beneficiary or beneficiaries on the principal of representation.

8.04. Alternate Distribution. If at the time of the survivor's death, or at any later time before full distribution of the trust estate, all the trustors' issue are deceased and no other disposition of the property is directed by this Declaration, the trust estate or the portion of the trust estate then remaining shall be distributed as follows:

A. One-half (1/2) thereof shall be distributed to those persons who would have been the heirs of C. DAVID MOLINA, M.D., if he had then died, their identities and their respective shares to be determined according to the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

B. One-half (1/2) thereof shall be distributed to those persons who would have been the heirs of MARY ROSE MOLINA if she had then died, their identities and their respective shares to be determined according to the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE IX. ALLOCATION PROVISIONS

9.01. General. Except as otherwise specifically provided in this Declaration, the determination of all matters with respect to what is principal and income and the apportionment and allocation of receipts and expenses between these accounts shall be governed by the provisions of the California Revised Uniform Principal and Income Act from time to time existing. The trustee in the trustee's discretion shall determine any matter not provided for either in this Declaration or in the California Revised Uniform Principal and Income Act. Notwithstanding any other provision of this Declaration or of the California Revised Uniform Principal and Income Act, the trustee

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need not establish any reserve for depreciation or make any charge for depreciation against all or any portion of the income of the trust (including any income realized through use of any portion of the trust employed in the conduct of a business by the trust); provided, however, that the trustee shall have the power, exercisable in the trustee's discretion, to determine whether to establish such a reserve and, if so, to fund the same by appropriate charges against income of the trust. The reserve and charges are to be established on the assumptions and in the amounts the trustee in the trustee's discretion determines. In exercising the discretion conferred on the trustee, the trustee shall consider that the trustors intend to benefit primarily income beneficiaries.

9.02. Accrued or Unpaid Income. Income accrued or unpaid on trust property when received into the trust shall be treated as any other income.

9.03. Accrued Taxes and Expenses. Among successive beneficiaries of this trust, all taxes and other current expenses shall be deemed to have been paid and charged to the period in which they first became due and payable.

ARTICLE X. GENERATION-SKIPPING TRANSFER TAX PROVISIONS

10.01. Definitions. For purposes of this Article, the following terms shall have the following meanings:

- A. "Code" refers to the Internal Revenue Code of 1986, as amended from time to time, and any successor law. "Section" refers to a Section of the Code and any amended or successor provision. References to Code or Section shall also refer to any comparable state law provision.
- B. "Generation-skipping tax" refers to the tax imposed under Chapter 13 of the Code.
- C. "Exempt" refers to property or a trust that has a generation-skipping inclusion ratio of zero. "Nonexempt" refers to property or a trust that is not exempt.

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D. "Trust" refers to one trust or the separate shares of a trust if the shares will be "substantially separate and independent shares of different beneficiaries" entitled to be treated as separate trusts for generation-skipping purposes under Section 2654(b).

E. "Generation-skipping exemption," "inclusion ratio," "skip persons" and "non-skip persons" refer to those same terms as defined in Chapter 13 of the Code.

10.02. Dividing Trusts. For each trust to which any generation-skipping exemption is allocated, unless the trust has a generation-skipping inclusion ratio of zero, the trustee may in the trustee's discretion divide the trust into two shares or trusts having the same provisions as the original trust with the trust for the exempt portion having a generation-skipping inclusion ratio of zero and the trust for the nonexempt portion having an inclusion ratio of one. The trustee shall divide the trust by allocating to the nonexempt trust the minimum amount of property necessary to establish that trust with an inclusion ratio of one, while leaving the exempt trust with an inclusion ratio of zero.

10.03. Combining Trusts. When property is to be added to a trust or when separate trusts are to be combined, the trustee may in the trustee's discretion preserve the exempt or nonexempt generation-skipping character of the property of the trust, even if this requires the establishment of additional separate trusts with the same terms.

10.04. Exercising Discretion To Divide and Combine Trusts. In exercising discretion to divide and combine trusts, the trustee may take into account efficiencies of administration, generation-skipping and other transfer tax considerations affecting the trusts and the beneficiaries, S elections for any corporations the stock of which is held in a trust and other considerations the trustee deems appropriate.

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10.05. Coordination Decisions. It is the trustors' intention to encourage the trustee to administer the trusts in ways that use available tax advantages such as generation-skipping exemptions to the maximum extent reasonably possible and that reduce unnecessary income and transfer taxation among the trusts and the beneficiaries. In order to carry out these objectives, the trustee of any trust may consult with other trustees and may coordinate decisions and actions with those of the trustee of other trusts established by the trustors or by others for the benefit of the beneficiaries. In administering trusts for the benefit of a particular beneficiary or group of beneficiaries, the trustee is specifically authorized to adopt different investment patterns and objectives for different trusts based on the generation-skipping inclusion ratios and to prefer making distributions from exempt trusts to persons who are skip persons and to prefer making distributions from nonexempt trusts to persons who are non-skip persons.

10.06. Marital Deduction Trusts. The trustee shall divide that portion of the trust residue that passes under paragraph 4.04C to the Marital Trust in accordance with the following provisions:

A. If the value of the Marital Trust (or the value of the Qualified Marital Trust if the trustee elects to qualify only a portion of the Marital Trust for the marital deduction under Section 2056(b)(7)), exceeds the amount of the decedent's generation-skipping exemption available at the decedent's death and not otherwise allocated, then the trustee shall divide the Marital Trust (or the Qualified Marital Trust) into two (2) separate trusts, one of which is exempt (the "Exempt Trust") and the other nonexempt (the "Non-Exempt Trust"). The Exempt Trust shall consist of the minimum fractional share of the Marital Trust (or Qualified Marital Trust) that will be equal in value to the amount of the decedent's generation-skipping exemption not otherwise allocated and available at the decedent's death for

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allocation to the Exempt Trust; the Non-Exempt Trust shall consist of the balance of the Marital Trust (or Qualified Marital Trust). Each such separate trust shall have the same provisions as the original Marital Trust from which it is established and references in this Declaration to the Marital Trust shall collectively refer to the separate trusts derived from it. The trustee shall allocate assets of the Marital Trust to the Exempt and Non-Exempt Trusts on a fractional share basis; provided, however, that the trustee shall have the power to allocate in kind certain assets entirely to one trust as long as offsetting allocations are made to the other trust and appreciation and depreciation is fairly apportioned between or among the Trusts.

B. The trustee shall advise the decedent's executor to make the election under Section 2652(a)(3) to treat the Exempt Trust, for purposes of Chapter 13 of the Code, as if the election under Section 2056(b)(7) had not been made so that the decedent will be treated as the generation-skipping transferor of the Exempt Trust. If the executor makes a similar Section 2652(a)(3) election with respect to all or a portion of the Non-Exempt Trust, the trustee shall have the power to further divide the Non-Exempt Trust into separate trusts to the extent the trustee and executor deem such division necessary to effectuate a Section 2652(a)(3) election with respect to a portion of the Non-Exempt Trust.

C. Any estate tax or other transfer tax that would otherwise later be recoverable from the Exempt Trust under Section 2207A or otherwise shall instead be charged to the maximum extent possible to the Non-Exempt Trust. Moreover, if the Non-Exempt Trust has been further divided to effectuate a Section 2652(a)(3) election with respect to a portion of the Non-Exempt Trust, such estate or transfer tax shall be charged first to the Non-Exempt Trust of which the decedent is the generation-skipping transferor, and only if that trust is

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insufficient, then to the Non-Exempt Trust of which the survivor is the generation-skipping transferor.

D. Notwithstanding any of the foregoing provisions of this paragraph 10.06, the trustee need establish separate trusts only to the extent the trustee deems within the trustee's sole discretion it advantageous from the standpoint of saving taxes without creating undue administrative burdens.

10.07. Contingent Power of Appointment. Notwithstanding paragraphs 8.03A(4) or 8.03B(2), if a child or grandchild of the trustors is survived by descendants, the trustee shall distribute the trust estate of the child's non-exempt trust or the grandchild's non-exempt trust to or for the benefit of such one or more persons and entities, including the child's estate or the grandchild's estate, on the terms and conditions, either outright or in trust, as the child or the grandchild may appoint by a will or a codicil thereto, specifically referring to and exercising this general testamentary power of appointment.

10.08. Good-Faith Exercise. No trustee shall be liable for any good faith exercise (or nonexercise) of the powers granted in this Article X.

ARTICLE XI. S CORPORATION PROVISIONS

11.01. Establishment of Separate Trust. If any trust established under this Declaration receives or will receive stock in a corporation having in effect an election under Internal Revenue Code Section 1362 to be an "S Corporation," or a comparable election under California law, and such trust is not a permitted shareholder under Internal Revenue Code Section 1361(c)(2)(A) or under California law, then a separate trust shall be established to hold such stock. The separate trust shall be governed by the applicable provisions in this Declaration, as modified by this Article XI. Notwithstanding the preceding provisions of this paragraph 11.01, should the trustee determine within the trustee's discretion that establishing a

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separate trust would not be in the best interests of the income beneficiary or would be unnecessary under the tax laws at that time, then no such separate trust shall be established and the remainder of this Article XI shall have no force or effect. Should such corporation cease to have in existence an election as described above or should the trustee determine within the trustee's discretion that a separate trust no longer need be maintained, the trustee may combine a separate trust established under this Article XI with another trust for the same income beneficiary established under this Declaration.

11.02. Election. The trustee shall take such steps as are necessary to allow the beneficiary (or the parent or guardian of a minor beneficiary) to make an election under Internal Revenue Code Section 1361(d) and a comparable election under California law to have the trust treated as a qualified Subchapter S trust.

11.03. Dispositive Provisions.

- A. During the life of the current income beneficiary, there shall be only one income beneficiary of the trust.
- B. Any corpus distributed during the life of the current income beneficiary may be distributed only to such beneficiary.
- C. The income interest of the current income beneficiary in the trust shall terminate on the earlier of such beneficiary's death or the termination of the trust.
- D. Upon the termination of the trust during the life of the current income beneficiary, the trust shall distribute all of its assets to such beneficiary.
- E. All of the income (within the meaning of Internal Revenue Code Section 643(b)) shall be distributed at least quarterly to one individual who is a citizen or resident of the United States; provided, however, that in the case of a beneficiary under age twenty-five (25), the income shall be distributed pursuant to the California Uniform Transfers to

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Minors Act to the custodian designated by the trustee for such beneficiary.

- F. Should Internal Revenue Code Section 1361(d)(3) be amended or interpreted so as to require different provisions than those contained in paragraphs 11.03A through E, then such different provisions shall be applicable in the place of those contained above.
- G. Should the trust cease to own stock in an S Corporation and the trustee elects within the trustee's discretion not to combine the trust with another trust established under this Declaration, the trust shall continue in existence under the provisions of this Declaration excluding this Article XI.

11.04. Administrative Provisions.

A. No person named as a trustee under this Declaration shall serve as a trustee or co-trustee of a trust established under this Article XI for the benefit of a person whom such trustee is obligated to support or maintain. In any such case, the successor trustee provided for herein shall serve as trustee of such trust.

B. The trustee of any other trust established under this Declaration shall take into account distributions made to or for the beneficiary or payments made by the custodian to or for the beneficiary in making discretionary distributions to or for the beneficiary under such other trust.

11.05. Intent. Each separate trust established under this Article XI is intended to be a "Qualified Subchapter S Trust" as defined by Internal Revenue Code Section 1361(d)(3). Consequently, the provisions of this Article XI shall be interpreted so as to comply and be consistent with the provisions of Internal Revenue Code Section 1361(d) and the Treasury Regulations and other applicable authority promulgated thereunder. Any provision of this Article XI that cannot be so interpreted shall be void.

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11.06. Good Faith Exercise. No trustee shall be liable for any good faith exercise (or nonexercise) of the powers granted in this Article XI.

ARTICLE XII. OFFICE OF TRUSTEE

12.01. Nomination of Trustee and Special Trustee.

A. Trustee. The trustors hereby designate themselves as the co-trustees of all trusts created by or to be created pursuant to this Declaration. Should either C. DAVID MOLINA, M.D., or MARY ROSE MOLINA become unable because of death, incompetency or other cause to serve as a co-trustee, or should either of them resign as co-trustee, before the natural termination of all trusts provided for in this Declaration, then (i) if C. DAVID MOLINA, M.D., is the continuing trustee, then he shall serve as sole trustee, (ii) if MARY ROSE MOLINA is the continuing trustee, then she shall serve as co-trustee with BANK OF AMERICA as co-trustee, (iii) if C. DAVID MOLINA, M.D., ceases to serve as sole trustee, BANK OF AMERICA shall serve as successor sole trustee, and (iv) if MARY ROSE MOLINA ceases to serve as co-trustee with BANK OF AMERICA, then BANK OF AMERICA shall serve as successor sole trustee. Notwithstanding the preceding provisions of this paragraph, (i) C. DAVID MOLINA, M.D., shall have the power, exercisable from time to time, to remove any successor trustee or co-trustee, other than MARY ROSE MOLINA, and designate himself and/or one or more institutional trustees licensed by the State of California, such as a bank or trust company, as successor sole trustee or co-trustee, and (ii) MARY ROSE MOLINA shall have the power, exercisable from time to time, to remove any successor trustee or co-trustee, other than C. DAVID MOLINA, M.D., and designate one or more institutional trustees licensed by the State of California, such as a bank or trust company, as successor sole trustee or co-trustee. Removal and replacement of the acting trustee shall be made in writing and delivered to the acting trustee and become

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effective on the designated successor trustee's written acceptance of the trust and the delivery of the acceptance to the person exercising the power and/or all adult income beneficiaries of the trust. After acceptance by the successor trustee, the substituted trustee shall promptly transfer all trust assets in his/her/its possession to the successor trustee and, within ninety (90) days thereafter, an accounting for all acts affecting the trust since the date of any prior accounting.

B. Special Trustee. The trustors hereby designate BANK OF AMERICA to serve as Special Trustee with respect to life insurance policies as provided in paragraph 12.04. The provisions of this Article XII applicable to the trustee shall also apply to the Special Trustee, except that the Special Trustee shall have no obligation to render accountings pursuant to paragraph 12.09.

12.02. Resignation. Any trustee then in office may resign as trustee at any time and appoint a successor trustee if no further replacement trustee is named herein. A person may not be appointed to serve as a successor trustee if such appointment could cause adverse income, estate, gift or generation-skipping transfer tax consequences. Resignation shall be exercised or relinquished by a written instrument delivered to each adult income beneficiary and the parent or guardian of each minor income beneficiary of the trust.

12.03. Compensation. Each trustee shall receive reasonable compensation from the trust during each calendar year for all ordinary services and reasonable additional compensation from the trust for any extraordinary services, all without court order. If a trustee shall serve for a part of a calendar year, the annual compensation shall be prorated.

12.04. Life Insurance Policies. Notwithstanding any provision to the contrary in this Article, all incidents of ownership in any policy of insurance on the life of the survivor that are held in any trust created by this Declaration shall be

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vested in and exercisable solely by the Special Trustee. The Special Trustee shall designate the trust holding the insurance policy as the beneficiary of the policy, and the survivor shall, on the request of the insurer under any such policy, execute any documents required to implement the actions taken by the Special Trustee. The trustee shall pay all premiums on such policies only as directed by the Special Trustee. The premiums shall be paid from either the income or principal of the trust, or in part from each, as the Special Trustee may, in the Special Trustee's discretion, determine. If the survivor, while a trustee, has any invasion powers or any special powers of appointment pursuant to the terms of the trust, those powers shall not be exercised as to any policies under the direction of the Special Trustee. In the event a Special Trustee must be appointed, the new Special Trustee shall not be the survivor and shall not be any person who shall cause any incidents of ownership over the insurance policies attributed to the survivor.

12.05. Waiver of Liability for Acts of Predecessor. Any successor trustee may accept as correct any accounting of trust assets made by any predecessor trustee, and no successor trustee shall be under any obligation to institute any action or proceeding for the settlement of the account of any predecessor trustee or for any actions or omissions of any predecessor trustee.

12.06. Employment of Consultants. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and any other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust.

12.07. Waiver of Bond. No bond shall be required of any person named as trustee in this Declaration, or of any person appointed as trustee in the manner specified herein.

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12.08. General Powers of Trustee. To carry out the purposes of any trust created under this Declaration and subject to any limitations stated elsewhere in this Declaration, the trustee is vested with the following powers with respect to the trusts created under this Declaration, in addition to those powers now or hereafter conferred by law:

A. To invest and reinvest funds in every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not limited to, corporate obligations of every kind; preferred or common stocks; shares of investment trusts, investment companies, mutual funds and mortgage participations, which investors of skill, prudence and diligence acting in a similar capacity and familiar with those matters would acquire for their own account, provided the overall return on trust investments from time to time shall be reasonable under the circumstances then prevailing (specifically including, but not limited to, the general economic conditions and the anticipated needs of the trust and its beneficiaries).

B. To continue to hold any property and to operate at the risk of the trust principal any business that the trustee receives or acquires under the trust as long as the trustee, in the trustee's discretion, considers advisable.

C. To retain, purchase or otherwise acquire unproductive property.

D. To abandon any property or interest in property belonging to the trust when, in the trustee's discretion, the abandonment is in the best interest of the trust and its beneficiaries.

E. To have all the rights, powers and privileges of an owner of the securities held in the trust, including, but not limited to, the powers to vote, give proxies and pay assessments; to participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations, and, in connection therewith, to deposit securities

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with and transfer title and delegate discretions to any protective or other committee as the trustee may deem advisable; and to exercise or sell stock options, stock subscriptions or conversion rights.

F. To keep any stock, securities or other property belonging to the trust registered or recorded in the name of the trust or in the name of a nominee or in other form without disclosure of the trust, and to hold securities unregistered in such condition that ownership will pass by delivery.

G. To manage, control, grant options on, sell (for cash or on deferred payments), convey, exchange, partition, divide, improve and repair trust property.

H. To lease trust property for terms within or beyond the term of the trust for any purpose, including exploration for and removal of gas, oil and other minerals; and to enter into community oil leases and pooling and unitization agreements.

I. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, for the debts of the trust or the joint debts of the trust and a co-owner of the property in which the trust has an interest.

J. To pay or contest any claim; to settle a claim by or against the trust by compromise, arbitration or otherwise; to release, in whole or in part, any claim belonging to the trust to the extent that the claim is uncollectible; and to institute, compromise and defend actions and proceedings relating to the trust or any property of the trust the trustee deems advisable.

K. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust assets and the trustee personally against any hazard.

L. To personally lend or advance money to the trust, with interest at current rates, for the protection of the trust and for all expenses, losses and liabilities sustained in the administration of the trust or because of the holding or

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ownership of any trust assets, for which advances, with*^p1896X any interest, the trustee shall have a lien on the trust assets, prior to the rights of any beneficiary.

M. To pay taxes, assessments, compensation of the trustee and other expenses incurred in the collection, care, administration and protection of the trust.

N. To continue or participate in any business or other enterprise and to effect incorporation, dissolution or other change in the form or organization of the business or enterprise.

O. To partition, allot or distribute in cash, in undivided interest or in kind or partly in each at valuations determined by the trustee and to sell such property as the trustee may deem necessary to make divisions for distributions.

P. To make payments to a minor or other beneficiary under disability by making payments to the guardian of his person or to any suitable person with whom he resides, to apply payments directly for the benefit of the beneficiary, or to make payments directly to a minor, if in the trustee's judgment he is of sufficient age and maturity to spend the money properly.

Q. To lend money to any person or entity, provided that any such loan shall bear a reasonable rate of interest.

R. To purchase property at its fair market value, as determined by the trustee in the trustee's discretion, from either trustor's probate estate.

S. To withhold from distribution, without the payment of interest, all or any part of the property that is to be distributed, as long as the trustee shall determine in the trustee's discretion that such property may be subject to conflicting claims, to tax deficiencies, or to liabilities, contingent or otherwise.

T. To pay from the trust, and to allocate between income and principal, any inheritance, estate or other death taxes other than any additional tax imposed by Internal Revenue

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Code Section 2032A, occasioned by the death of any beneficiary of the trust to the extent that such taxes are attributable to the trust principal or any part of it (calculated at the average marginal rates applicable to such taxes); provided, however, that any trust property that would otherwise be exempt from federal estate tax under the provisions of Internal Revenue Code Section 2042, shall not be subject to the payment of any such death taxes.

U. To permit any person having an interest in the income of the trust to occupy any real property owned by the trust on such terms as the trustee shall deem proper, whether rent free or in consideration of payment of taxes, insurance, maintenance and ordinary repairs or otherwise.

V. To disclaim, release or restrict the scope of any power held in connection with any trust created under this Declaration, including any administrative power, whether such power is expressly granted in this Declaration or implied by law, by a written instrument specifying the power to be disclaimed, released or restricted and the nature of any such restriction. Any power disclaimed or released by the trustee shall be extinguished except to the extent this Declaration expressly provides that such power pass to another.

W. To make any election which will minimize the tax liabilities of the trust and the beneficiaries; provided that, except as otherwise provided in this Declaration, the trustee shall make adjustments in the rights of any beneficiaries, or between income and principal amounts, to adjust for any tax election or any investment or administrative decision that has the effect of preferring one beneficiary over another.

X. To make such elections and take such actions as the trustee deems advisable in order to preserve or elect S corporation status under federal or state law for any stock in corporations held by the trustee, if the trustee deems such status desirable.

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Y. To buy, sell or trade, including short sales and on margin, securities of any nature, maintain and operate margin accounts with brokers and pledge any securities held or purchased by the trustee with such brokers as security for loans and advances made to the trustee.

Z. To merge any trust created under this Declaration for the benefit of any beneficiary or beneficiaries with any trust created by either trustor or any other person under any will, declaration of trust or trust agreement for such beneficiary or beneficiaries, if, as determined by the trustee, the terms of such other trust are substantially identical to the terms of the trust created under this Declaration and such merger can be accomplished without substantial adverse consequences, tax or otherwise, to any trust created under this Declaration. In the event of any such merger, the trustee under this Declaration may thereafter resign as trustee or serve as a co-trustee with the trustee of the other trust, as the trustee shall determine.

12.09. Accountings. The trustee shall annually render an accounting regarding the transactions of any trust created by this Declaration. Accountings shall also be rendered by any trustee within sixty (60) days after the trustee's resignation or removal by a court of competent jurisdiction. Accountings shall be made by delivering a written accounting to each adult beneficiary entitled to current income distributions or, if there are no current adult income beneficiaries, to each parent or guardian of each beneficiary entitled to current distributions from income or principal in the trustee's discretion. If any person entitled to receive an accounting is disabled, the accounting shall be delivered to the guardian or conservator of his or her person. Unless any beneficiary, including parents, guardians or conservators of beneficiaries shall deliver a written objection to the trustee within ninety (90) days after receipt of the trustee's accounting, the accounting shall be final and conclusive for transactions disclosed in the account

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concerning all beneficiaries of the trust, including unborn, unascertained and contingent beneficiaries. After settlement of the accounting by agreement of the parties objecting to it or by expiration of the ninety (90)-day period, the trustee shall no longer be liable to any beneficiary of the trust, including unborn, unascertained and contingent beneficiaries, for transactions disclosed in the account, except for the trustee's intentional wrongdoing or fraud.

12.10. Segregation of Trusts. If more than one trust is held under this Declaration, there need be no physical segregation or division of the various trusts except as segregation or division may be required by the termination of any of the trusts; provided, however, the trustee shall keep separate accounts for the different undivided interests.

12.11. Notice of Events. Unless the trustee receives written notice of the occurrence of an event affecting the beneficial interests of any trust created under this Declaration, the trustee shall not be liable to any beneficiary for any distributions made or other actions taken by the trustee in good faith.

ARTICLE XIII. AMENDMENT AND REVOCATION

13.01. During Trustors' Lives. As long as both trustors are living, this Declaration may be amended or revoked as follows:

- A. Either trustor acting alone may revoke this Declaration.
- B. This Declaration may be amended only by written agreement of both trustors.

13.02. During the Survivor's Life. Following the death of the first trustor, the survivor may amend, revoke or terminate the Survivor's Property Trust; however, neither the Family Bypass Trust nor the Marital Trust may be amended, revoked or terminated. On the survivor's death, none of the trusts created

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by this Declaration may be amended, revoked or terminated, except as otherwise specifically provided in this Declaration.

13.03. Agents. Notwithstanding paragraphs 13.01B and 13.02, the agent of a trustor may amend this Declaration at such times and in such ways as the trustor could amend this Declaration; provided that such agent is acting under the power and authority granted by the trustor to such agent in a valid durable power of attorney.

13.04. Method of Revocation or Amendment. Any revocation or amendment of this Declaration may be made only by a written instrument delivered to the trustee.

ARTICLE XIV. GENERAL PROVISIONS

14.01. Perpetuities. Unless sooner terminated in accordance with other provisions of this Declaration, the trusts created under this Declaration shall in all events terminate on the expiration of twenty-one (21) years from and after the death of the last survivor of the trustors and those of the trustors' issue who are living on the date of death of the first trustor to die. All principal and undistributed income of any trust so terminated shall be distributed to the then income beneficiaries of that trust in the proportions in which they are, at the time of termination, entitled to receive the income; provided, however, that if the rights to income are not then fixed by the terms of the trust, distributions under this paragraph shall be made, by right of representation, to such issue of the trustors as are then entitled or authorized in the trustee's discretion to receive income payments or, if there are no such issue, in equal shares to those beneficiaries who are then entitled or authorized to receive income payments.

14.02. No Contest Clause. Except as otherwise provided, the trustors have intentionally and with full knowledge omitted to provide for their heirs. If any beneficiary under any trust created under this Declaration in any manner, directly or

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indirectly, contests or attacks this Declaration or any of its provisions, then that beneficiary's right to take any interest given to him or her by this Declaration shall be determined as it would have been determined if the person had predeceased the execution of this Declaration without surviving issue.

14.03. Exercise of Discretion. Where under the provisions of this Declaration a trustee is granted sole discretion, the trustee's discretion shall be sole and absolute, and any action taken or refrained from by the trustee in good faith shall be binding and conclusive on all persons interested herein.

14.04. Definition of Issue and Children. As used in this Declaration, (i) the term "issue" refers to lineal descendants of all degrees, (ii) the term "child," "children" and "issue" shall include adopted persons, (iii) the phrases "trustors' issue" or "issue of the trustors" refers to issue who have both trustors as ancestors, and (iv) the phrases "trustors' child," "trustors' children," "child of the trustors" and "children of the trustors" refers to a child or children who parents are the trustors.

14.05. Education. Whenever the provision is made in this Declaration for payment for the "education" of a beneficiary, the term "education" shall be construed to include vocational and trade schools and college and postgraduate study, so long as pursued to advantage by the beneficiary, at an institution of the beneficiary's choice; and in determining payment to be made for such education, the trustee shall take into consideration the beneficiary's related living expenses to the extent that they are reasonable.

14.06. Spendthrift Clause. No beneficiary of any trust created under this Declaration shall have any right, power or authority to sell, assign, pledge, mortgage or in any other manner to encumber, alienate or impair all or any part of his or her interest in the trust or in the principal or income of the trust. The beneficial and legal interest in, and the principal

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and income of, the trust and every part of it shall be free from interference or control of any creditor of any beneficiary of the trust, and shall neither be subject to the claim of any such creditor nor liable to attachment, execution, bankruptcy or other process of law.

14.07. Gender and Number. As used in this Declaration, the masculine, feminine or neuter gender and the singular or plural number each include the others whenever the context so indicates.

14.08. Severability. If any provision of this Declaration is unenforceable, the remaining provisions shall nevertheless be carried into effect.

14.09. Headings. The headings, titles and subtitles are inserted solely for convenient reference and shall be ignored in any construction of this Declaration.

14.10. Statutes. All references to specific statutes, codes or regulations shall include any successor provisions.

14.11. Choice of Law. California law shall govern the validity, construction, interpretation and administration of all trusts created under this Declaration.

14.12. Trust Name. While both trustors are living, the trust shall be known as the MOLINA FAMILY TRUST.

DATED: Dec 6, 1996.

/s/ C. David Molina, M.D.
C. DAVID MOLINA, M.D., Trustor

/s/ Mary R. Molina
MARY ROSE MOLINA, Trustor

Acceptance by Trustees

We accept the transfers of the properties described in the attached Schedule A and acknowledge that we will hold and distribute the assets of the trust in accordance with the provisions of this Second Amendment and Restatement of the Declaration of the Molina Family Trust.

DATED: Dec 6, 1996.

/s/ C. David Molina, M.D.
C. DAVID MOLINA, M.D., Trustee

/s/ Mary R. Molina
MARY ROSE MOLINA, Trustee

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On DECEMBER 6, 1996, before me, LYDIA LEYN, the undersigned notary public, personally appeared C. DAVID MOLINA, M.D., and MARY ROSE MOLINA, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

/s/ Lydia Leyn



SCHEDULE A

THE MOLINA FAMILY TRUST

All assets described in that certain General Transfer, dated Dec 19, 1994, executed by C. DAVID MOLINA, M.D., and MARY ROSE MOLINA, as trustors and trustees, and all assets previously transferred to the MOLINA FAMILY TRUST.

EXHIBIT B

MOLINA FAMILY TRUST

Personal Property Gifts

[NONE]

**FOURTH AMENDMENT TO
DECLARATION OF THE MOLINA FAMILY TRUST
BY
C. DAVID MOLINA, M.D., AND MARY ROSE MOLINA**

C. DAVID MOLINA, M.D., and MARY ROSE MOLINA, as trustors, hereby amend that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, as previously "clarified" by that certain Clarification of Section 1.04(b), dated November 4, 1990, and as previously amended by that certain First Amendment to the Molina Family Trust, dated November 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, and that certain Third Amendment and Restatement of Declaration of The Molina Family Trust, dated December 6, 1996.

1. Paragraph 12.01A is amended in its entirety to read as follows:

"A. Trustee. The trustors hereby designate themselves as the co-trustees of all trusts created by or to be created pursuant to this Declaration. Should either C. DAVID MOLINA, M.D., or MARY ROSE MOLINA become unable because of death, incompetency or other cause to serve as a co-trustee, or should either of them resign as co-trustee, before the natural termination of all trusts provided for in this Declaration, then the other one of them shall serve as sole trustee. Should such other one of them cease to serve as sole trustee, then BANK OF AMERICA shall serve as successor sole trustee. Notwithstanding the preceding provisions of this paragraph, (i) C. DAVID MOLINA, M.D., shall have the power, exercisable from time to time, to remove any successor trustee or co-trustee, other than MARY ROSE MOLINA, and designate

himself and/or one or more persons as successor sole trustee or co-trustee, and to designate successor trustees, and (ii) MARY ROSE MOLINA shall have the power, exercisable from time to time, to add a co-trustee or remove any successor trustee or co-trustee, other than C. DAVID MOLINA, M.D., and designate herself and/or one or more persons as successor sole trustee or co-trustee, and to designate successor trustees. Removal and replacement of the acting trustee shall be made in writing and delivered to the acting trustee and become effective on the designated successor trustee's written acceptance of the trust and the delivery of the acceptance to the person exercising the power and/or all adult income beneficiaries of the trust. After acceptance by the successor trustee, the substituted trustee shall promptly transfer all trust assets in his/her/its possession to the successor trustee and, within ninety (90) days thereafter, an accounting for all acts affecting the trust since the date of any prior accounting."

2. In all other respects, the Third Amendment and Restatement of Declaration of The Molina Family Trust shall remain in full force and effect.

DATED: December 6, 1996.

/s/ C. David Molina, M.D.

C. DAVID MOLINA, M.D., Trustor and Trustee

/s/ Mary R. Molina

MARY ROSE MOLINA, Trustor and Trustee

REMOVAL OF ONE SUCCESSOR TRUSTEE
AND DESIGNATION OF ANOTHER
SUCCESSOR TRUSTEE

I, MARY R. MOLINA, am trustee pursuant to that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, as previously "clarified" by that certain Clarification of Section 1.04(b), dated November 4, 1990, and as previously amended by that certain First Amendment to the Molina Family Trust, dated November , 1991, that certain. Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of Declaration of the Molina Family Trust, dated December 6, 1996, and that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996.

Pursuant to paragraph 12.01A of the Molina Family Trust, as amended, I hereby (i) remove BANK OF AMERICA as a successor trustee of all such trusts, and (ii) designate WILLIAM DENTINO as successor trustee of all such trust, to serve if I become unable or unwilling to serve as trustee of all such trusts.

Dated: 12/12, 1997.

/s/ Mary R. Molina
MARY R. MOLINA

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On DECEMBER 12, 1997, before me, LYDIA LEYN, the undersigned notary public, personally appeared MARY R. MOLINA, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

/s/ Lydia Leyn _____



MOLINA FAMILY TRUST
REMOVAL OF ONE SUCCESSOR TRUSTEE
AND DESIGNATION OF ANOTHER
SUCCESSOR TRUSTEE

FIFTH AMENDMENT TO
DECLARATION OF THE MOLINA FAMILY TRUST
WITH RESPECT TO SURVIVOR'S TRUST

MARY R. MOLINA hereby declares as follows:

1. Background.

A. C. DAVID MOLINA, M.D., and I, under the name MARY ROSE MOLINA, executed that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, and amended such Declaration of Trust pursuant to that certain Clarification of Section 1.04(b), dated November 4, 1990, that certain First Amendment to the Molina Family Trust, dated November , 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996, and that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996 (collectively "Declaration").

B. Pursuant to paragraph 4.04A of the Declaration, the "Survivor's Trust" was established following the death of C. DAVID MOLINA, M.D. Such trust is also known as the "MARY R. MOLINA LIVING TRUST."

C. I executed that certain Removal of One Successor Trustee and Designation of Another Successor Trustee, dated December 12, 1997 ("Designation"), pursuant to which I removed BANK OF AMERICA as successor trustee of all trusts established pursuant to the Declaration and designated WILLIAM DENTINO as successor trustee of all such trusts, to serve if I become unable or unwilling to serve as trustee of all such trusts.

D. Pursuant to paragraph 13.02 of the Declaration, I have the ability to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST.

Fifth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

E. By this document, I wish to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST, to change the trustee.

2. Revocation of Designation of Successor Trustee. I hereby revoke the designation of WILLIAM DENTINO as successor trustee of the Survivor's Trust made by me pursuant to the Designation.

3. Amendment to Survivor's Trust. Paragraph 12.01A of the Declaration, as previously amended, is hereby revoked solely with respect to or as applicable to the Survivor's Trust, and in its place is hereby substituted the following:

"A. CURTIS PEDERSEN and WILLIAM DENTINO are hereby appointed as co-trustees of the Survivor's Trust, also known as the Mary R. Molina Living Trust, to become effective upon the date on which they both have accepted such appointment. Notwithstanding the preceding provisions of this paragraph, MARY ROSE MOLINA shall have the power, exercisable from time to time, to add a co-trustee or remove any successor trustee or co-trustee of the Survivor's Trust and designate herself and/or one or more persons as successor sole trustee or co-trustee, and to designate successor trustees. Removal and replacement of the acting trustee shall be made in writing and delivered to the acting trustee and become effective on the designated successor trustee's written acceptance of the trust and the delivery of the acceptance to MARY ROSE MOLINA. After acceptance by the successor trustee, the substituted trustee shall promptly transfer all trust assets in his/her/its possession to the successor trustee and, within ninety (90) days thereafter, an accounting for all acts affecting the trust since the date of any prior accounting."

4. In all other respects, the Declaration shall remain unchanged and in full force and effect.

5. This Fifth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust and the Acceptance by Co-Trustees set forth below may be

Fifth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

executed in counterparts and shall be deemed fully executed when each party has executed a counterpart.

Dated: July 24, 2002.

/s/ Mary R. Molina
MARY ROSE MOLINA,
ALSO KNOWN AS MARY R. MOLINA

BY: /s/ Joseph M Molina, M.D.
JOSEPH MARION MOLINA, M.D.,
ATTORNEY-IN-FACT FOR MARY R. MOLINA

Acceptance by Co-Trustees

I hereby accept appointment as co-trustee of the Survivor's Trust, which trust is also known as the Mary R. Molina Living Trust, established pursuant to that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996, as amended.

Dated: 7/26, 2002.

/s/ Curtis Pedersen
CURTIS PEDERSEN

I hereby accept appointment as co-trustee of the Survivor's Trust, which trust is also known as the Mary R. Molina Living Trust, established pursuant to that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996, as amended.

Dated: July 26, 2002.

/s/ William Dentino
WILLIAM DENTINO

Fifth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

COUNTY OF Los Angeles) ss.
)

On July 24, 2002, before me, Lydia Leyn, the undersigned Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

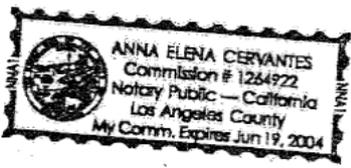


/s/ Lydia Leyn _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF Los Angeles)

On July 24, 2002, before me, Anna Elena Cervantes, the undersigned Notary Public, personally appeared CURTIS PEDERSEN, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



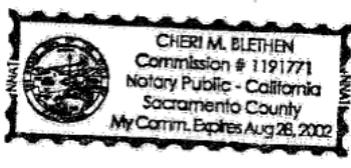
/s/ Anna Elena Cervantes _____

Fifth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

STATE OF CALIFORNIA)
) ss.
COUNTY OF Sacramento)

On July 26, 2002, before me, Cheri M. Blethen, the undersigned Notary Public, personally appeared WILLIAM DENTINO, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



/s/ Cheri M. Blethen _____

Fifth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

ACCEPTANCE OF TRUSTEE
AND
APPOINTMENT OF SUCCESSOR TRUSTEES
FOR.
MOLINA MARITAL TRUSTS

I, William Dentino, hereby declare as follows:

- 1. The Molina Marital Trust, dated December 8, 1996 ("Molina Marital Trust"), the Exempt Molina Marital Trust, dated December 8, 1996 ("Exempt Molina Marital Trust"), and the Molina Marital Trust, dated December 8, 1996 ("Non-Exempt Molina Marital Trust"), all, were established pursuant to that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust by C. David Molina, M.D., and Mary Rose Molina [also known as Mary R. Molina], dated December 6, 1996 ("Declaration").
2. Pursuant to that certain Removal of One Successor Trustee and Designation of Another Successor Trustee, dated December 12, 1997, a copy of which is attached hereto as Exhibit A ("Designation"), Mary R. Molina designated William Dentino as successor trustee of all trusts established pursuant to the Declaration to serve if Mary R. Molina is unable or unwilling to serve as trustee of such trusts.
3. Pursuant to that certain Order Removing Trustee, filed in the Superior Court of California, County of Los Angeles, on November 12, 2002, in the Matter of the Marital Trusts and the Children's Trusts of the Molina Family Trust, case number NP009758, a copy of which is attached hereto as Exhibit B ("Order"), Mary R. Molina was removed by court order as trustee of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust.
4. As a result of the removal of Mary R. Molina as trustee of each of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust pursuant to the Order, a vacancy exists in the office of trustee of each such trust. Pursuant to the Designation, William Dentino is designated as successor trustee to fill such vacancy of each such trust.

- 5. William Dentino hereby accepts appointment pursuant to the Designation as trustee of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust.
6. Pursuant to paragraph 12.02 of the Declaration, the trustee in office of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust may resign as trustee and appoint a successor trustee if no further replacement trustee is named in the Declaration. No further replacement trustee is so named.
7. Pursuant to paragraph 12.02 of the Declaration, William Dentino hereby resigns as trustee of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust and hereby (i) appoints Curtis Pedersen and William Dentino as successor co-trustees of the Molina Marital Trust, of the Exempt Molina Marital Trust and of the Non-Exempt Molina Marital Trust, and (ii) if Curtis Pedersen or William Dentino becomes unable or unwilling to serve as a co-trustee of any of the Molina Marital Trust, the Exempt Molina Marital Trust and/or the Non-Exempt Molina Marital Trust, or is removed as co-trustee of any of such trusts, appoints the other one of Curtis Pedersen or William Dentino as successor sole trustee of such trust.

Dated: Nov 30, 2002

/s/ William Dentino
William Dentino, Individually and as Trustee of the Molina Marital Trust, dated December 8, 1996

/s/ William Dentino
William Dentino, Individually and as Trustee of the Non-Exempt Molina Marital Trust, dated December 8, 1996

/s/ William Dentino
William Dentino, Individually and as Trustee of the Exempt Molina Marital Trust, dated December 8, 1996

Acceptance by Co-Trustee

I hereby accept appointment as co-trustee of the Molina Marital Trust, dated December 8, 1996, of the Exempt Molina Marital Trust, dated December 8, 1996, and of the Non-Exempt Molina Marital Trust, dated December 8, 1996.

Dated: Nov 27, 2002

/s/ Curtis Pedersen
Curtis Pedersen

Acceptance by Co-Trustee

I hereby accept appointment as co-trustee of the Molina Marital Trust, dated December 8, 1996, of the Exempt Molina Marital Trust, dated December 8, 1996, and of the Non-Exempt Molina Marital Trust, dated December 8, 1996.

Dated: Nov 30, 2002

/s/ William Dentino
William Dentino

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

On December 2, 2002, before me, Cheri M. Blethen, the undersigned notary public, personally appeared WILLIAM DENTINO, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and Official seal.



/s/ Cheri M. Blethen

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On November 27, 2002, before me, Mona Rene Scott, Notary Public, the undersigned notary public, personally appeared CURTIS PEDERSEN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



/s/ Mona Rene Scott

EXHIBIT A

Removal of One Successor Trustee and Designation of Another Successor Trustee

REMOVAL OF ONE SUCCESSOR TRUSTEE AND DESIGNATION OF ANOTHER SUCCESSOR TRUSTEE

I, MARY R. MOLINA, am trustee pursuant to that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, as previously "clarified" by that certain Clarification of Section 1.04(b), dated November 4, 1990, and as previously amended by that certain First Amendment to the Molina Family Trust, dated November 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of Declaration of the Molina Family Trust, dated December 6, 1996, and that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996.

Pursuant to paragraph 12.01A of the Molina Family Trust, as amended, I hereby (i) remove BANK OF AMERICA as a successor trustee of all such trusts, and (ii) designate. WILLIAM DENTINO as successor trustee of all such trusts, to serve if I become unable or unwilling to serve as trustee of all such trusts.

Dated: 12/12, 1997.

/s/ Mary R. Molina
MARY R. MOLINA

STATE OF CALIFORNIA)
)
COUNTY OF Los Angeles) ss.

On December 12 1997, before me, Lydia Leyn, the undersigned notary public, personally appeared MARY R. MOLINA, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



/s/ Lydia Leyn

**MOLINA FAMILY TRUST
REMOVAL OF ONE SUCCESSOR TRUSTEE
AND DESIGNATION OF ANOTHER
SUCCESSOR TRUSTEE**

EXHIBIT B

Order Removing Trustee

**BOUTIN, DENTINO, GIBSON, DI GIUSTO,
HODELL & WEST**
A Professional Corporation
WILLIAM DENTINO, SBN 063333
KELLIE A. COOK, SBN 213490
555 Capitol Mall, Suite 1500
Sacramento, CA 95814-4603
(916) 321-4444

Attorneys for Petitioner

FILED
LOS ANGELES SUPERIOR COURT

NOV 12 2002

JOHN A. CLARKE, EXECUTIVE OFFICER/CLERK

BY /s/ J. Ballesteros
J. BALLESTEROS, DEPUTY

SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

In the Matter of the)
)
) **Case No: NP009758**
)
) **ORDER REMOVING TRUSTEE**
)
)
)
)
)
)
)
)

The Petition by Beneficiary to Remove Trustee, filed on September 16, 2002, by John C. Molina, came on regularly for hearing on November 4, 2002, at 9:00 a.m. in Department "S" of the Long Beach Superior Court, the Honorable James. L. Wright, Judge, presiding.

William Dentino appeared on behalf of the Petitioner. Gregory J. Burnight specially appeared as associated counsel with William Dentino.

After examining the Petition and other pleadings filed herein, the Court finds as follows:

1. That notice of the hearing has been given as required by law.

2. That Mary R. Molina, the trustee of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust, all dated December 8, 1996, the Molina Children's Trust for Mary Martha Molina, M.D., dated September 7, 1997, the

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ORDER REMOVING TRUSTEE

Molina Children's Trust for John C. Molina, dated September 7, 1997, the Molina Children's Trust for Janet M. Watt, dated September 7, 1997, and the Molina Children's Trust for Josephine M. Molina, dated September 7, 1997 ("Trusts"), does not have the mental capacity to act as trustee of the Trusts, and is therefore unfit to administer the Trusts, and is failing to act as trustee of the Trusts, all of which are grounds for removal of the trustee pursuant to California Probate Code sections 15642(b)(2), 15642(b)(4) and 15200(b)(10).

3. That a guardian ad litem has been appointed to represent certain remainder beneficiaries of the Trusts, pursuant to that certain Petition and Order for Appointment of Guardian ad Litem under Probate Code, dated September 19, 2002.

4. That such guardian ad litem has reviewed the Petition and knows the contents thereof.

5. That such guardian ad litem is represented by an attorney with respect to this matter

6. That such guardian ad litem approves of the relief sought in the Petition and approves of the order granted herein.

7. That such attorney representing such guardian ad litem has approved of the actions taken by such guardian.

8. That no bond is required of the successor trustee.

The Court having reviewed the Petition and for good cause orders as follows:

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Mary R. Molina, trustee of the Molina Marital Trust, the Exempt Molina Marital Trust and the Non-Exempt Molina Marital Trust, all dated December 8, 1996, the Molina Children's Trust for Mary Martha Molina, M.D., dated September 7, 1997, the Molina Children's Trust for John C. Molina, dated September 7, 1997, the Molina Children's Trust for Janet M. Watt, dated September 7, 1997, and the Molina Children's Trust for

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ORDER REMOVING TRUSTEE

Josephine M. Molina, dated September 7, 1997, is hereby removed as trustee of each such trust.

DATED: NOV 12 2002.

/s/ James L. Wright
JAMES L. WRIGHT,
JUDGE OF THE SUPERIOR COURT

[#50777]



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ORDER REMOVING TRUSTEE

**SIXTH AMENDMENT TO
DECLARATION OF THE MOLINA FAMILY TRUST
WITH RESPECT TO SURVIVOR'S TRUST**

MARY R. MOLINA hereby declares as follows:

1. Background.

A. C. DAVID MOLINA, M.D., and I, under the name MARY ROSE MOLINA, executed that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, and amended such Declaration of Trust pursuant to that certain Clarification of Section 1.04(b), dated November 4, 1990, that certain First Amendment to the Molina Family Trust, dated November , 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996 and that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996, and I executed that certain Fifth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust (collectively "Declaration").

B. Pursuant to paragraph 4.04A of the Declaration, the "Survivor's Trust" was established following the death of C. DAVID MOLINA, M.D. such trust is also known as the "MARY. R. MOLINA LIVING TRUST."

C. Pursuant to paragraph 13.02 of the Declaration, I have the ability to amend the Survivor's Trust, i.e., the MARY R MOLINA LIVING TRUST.

D. By this document, I wish to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST, to add a certain power for the trustee.

2. Amendment to Survivor's Trust. Paragraph 12.08 of the Declaration is hereby amended to add the following:

"AA. To execute and deliver guarantees, on such terms and conditions as the trustee within the trustee's discretion deems appropriate,

Sixth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

of the obligations of Molina Health Care, Inc., a Delaware corporation ("MHI"), owed to its non-employee directors pursuant to indemnification agreements entered into by MHI and such directors, to perform all obligations required under such guarantees, and to take such actions related to the foregoing as deemed appropriate within the discretion of the trustee."

3. In all other respects, the Declaration shall remain unchanged and in full force and effect.

4. This Sixth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust and the Acceptance by Co-Trustees set forth below may be executed in counterparts and shall be deemed fully executed when each party has executed a counterpart.

Dated: July 1, 2003.

/s/ Mary Rose Molina

MARY ROSE MOLINA
ALSO KNOWN AS MARY R. MOLINA

BY: /s/ Joseph M. Molina, M.D.

JOSEPH MARION MOLINA, M.D.,
ATTORNEY-IN-FACT FOR MARY R. MOLINA

Acceptance by Co-Trustees

I hereby accept the foregoing Sixth Amendment to the Declaration of the Molina Family Trust With Respect to Survivor's Trust.

Dated: 7/1, 2003.

/s/ Curtis Pedersen

CURTIS PEDERSEN, Co-Trustee

Sixth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

I hereby accept the foregoing Sixth Amendment to the Declaration of the Molina Family Trust With Respect to Survivor's Trust.

Dated: July 1, 2003.

/s/ William Dentino

WILLIAM DENTINO, Co-Trustee

Sixth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

SEVENTH AMENDMENT TO DECLARATION OF THE MOLINA FAMILY TRUST WITH RESPECT TO SURVIVOR'S TRUST

MARY R. MOLINA hereby declares as follows:

1. Background.

A. C. DAVID MOLINA, M.D., and I, under the name MARY ROSE MOLINA, executed that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, and amended such Declaration of Trust pursuant to that certain Clarification of Section 1.04(b), dated November 4, 1990, that certain First Amendment to the Molina Family Trust, dated November 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996, and that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996 (collectively "Declaration").

B. Pursuant to paragraph 4.04A of the Declaration, the "Survivor's Trust" was established following the death of C. DAVID MOLINA, M.D. Such trust is also known as the "MARY R. MOLINA LIVING TRUST."

C. After the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST, was established, I amended such trust pursuant to that certain Fifth Amendment to Declaration of the Molina Family Trust with Respect to Survivor's Trust and pursuant to that certain Sixth Amendment to Declaration of the Molina Family Trust with Respect to Survivor's Trust.

D. Pursuant to paragraph 13.02 of the Declaration, I have the ability to further amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST.

E. By this document, I wish to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST, as provided herein.

2. Amendment to Survivor's Trust. Paragraph 5.03 of the Declaration is hereby modified as follows: I have established a number of grantor retained annuity

Seventh Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust

trusts, and I will likely establish more of such trusts (each such prior and future trust a "GRAT"). No estate tax or other death-related taxes related to my interest (including that of my estate) in any GRAT shall be charged to such GRAT or to the Annuity Amounts (as defined in such GRAT) payable from such GRAT to me (or my estate), and I hereby waive any right of my estate and/or the trustee to recover estate taxes or other death-related taxes from such GRAT or from such Annuity Amounts under Internal Revenue Code Section 2207B, under the California Probate Code or under any other applicable law.

3. In all other respects, the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST, as previously amended, shall remain unchanged and in full force and effect.

4. This Seventh Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust and the Acceptance by Co-Trustees set forth below may be executed in counterparts and shall be deemed fully executed when each party has executed a counterpart, and may be delivered by electronic transmission.

Date: June 15, 2010.

/s/ Mary R. Molina
MARY ROSE MOLINA,
ALSO KNOWN AS MARY R. MOLINA

By: /s/ Joseph M. Molina, M.D.
JOSEPH MARION MOLINA, M.D.,
ATTORNEY-IN-FACT FOR
MARY R. MOLINA

Seventh Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust

Acceptance by Co-Trustees

I hereby accept the foregoing Seventh Amendment to the Declaration of the Molina Family Trust with Respect to Survivor's Trust.

Date: June 15, 2010.

/s/ Curtis Pedersen
CURTIS PEDERSEN, Trustee

I hereby accept the foregoing Seventh Amendment to the Declaration of the Molina Family Trust with Respect to Survivor's Trust.

Date: June 15, 2010.

/s/ William Dentino
WILLIAM DENTINO, Trustee

Seventh Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

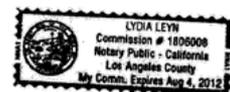
On June 15, 2010, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn

[Seal]

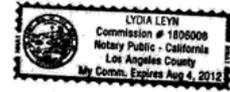


STATE OF CALIFORNIA)
) ss.

On June 18, 2010, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.



/s/ Lydia Leyn

[Seal]

Seventh Amendment to Declaration of the
Molina Family Trust With Respect to Survivor's Trust
Acknowledgements

STATE OF CALIFORNIA)

)

ss.

COUNTY OF PLACER)

)

On June 15, 2010, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.



/s/ Susan J. Stewart

[Seal]

Seventh Amendment to Declaration of the
Molina Family Trust With Respect to Survivor's Trust
Acknowledgements

**EIGHTH AMENDMENT TO
DECLARATION OF THE MOLINA FAMILY TRUST
WITH RESPECT TO SURVIVOR'S TRUST**

MARY R. MOLINA hereby declares as follows:

1. Background.

A. C. DAVID MOLINA, M.D., and I, under the name MARY ROSE MOLINA, executed that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, and amended such Declaration of Trust pursuant to that certain Clarification of Section 1.04(b), dated November 4, 1990, that certain First Amendment to the Molina Family Trust, dated November , 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996, that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996, that certain Fifth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust, dated July 24, 2002, that certain Sixth Amendment to the Declaration of the Molina Family Trust with Respect to the Survivor's Trust, dated July 1, 2003, and that certain Seventh Amendment to the Declaration of the Molina Family Trust with Respect to the Survivor's Trust, dated June 15, 2010 ("Seventh Amendment") (all of the above collectively "Declaration").

B. Pursuant to paragraph 4.04A of the Declaration, the "Survivor's Trust" was established following the death of C. DAVID MOLINA, M.D. Such trust is also known as the "MARY R. MOLINA LIVING TRUST."

C. Pursuant to paragraph 13.02 of the Declaration, I have the ability to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST.

D. By this document, I wish to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST.

Eighth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

2. Amendments to Survivor's Trust.

A. I hereby revoke the Seventh Amendment.

B. Paragraph 5.03 of the Declaration is hereby amended to add at the end of such paragraph the following:

"Notwithstanding (i) the preceding provisions of this paragraph 5.03, (ii) Subchapter C of Chapter 11 of Subtitle B of the Internal Revenue Code of 1986, as amended, including but not limited to Section 2207B of such Code, (iii) Division 10 of the California Probate Code, including but not limited to Section 20110(a) of such Code, and (iv) any applicable law, no estate tax or other death-related taxes shall be charged to any grantor retained annuity trust established by the survivor, before or after the date of execution of this instrument, and the survivor hereby waives all rights of recovery against such trust, until all annuity amounts payable by such trust have been paid to the survivor (or this trust) or the survivor's estate. Thereafter the trustee (or the survivor's executor) may recover such amounts as are allowed by law from such trust."

3. Except as provided herein, the Declaration shall remain unchanged and in full force and effect.

4. This Eighth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust and the Acceptance by Co-Trustees set forth below may be executed in counterparts and shall be deemed fully executed when each party has executed a counterpart.

Dated: Feb 13, 2012.

/s/ Mary R. Molina

MARY ROSE MOLINA,
ALSO KNOWN AS MARY R. MOLINA

By: /s/ Joseph M. Molina, M.D.

Joseph Marion Molina, M.D.,
Attorney-in-Fact for Mary R. Molina

Eighth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

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Acceptance by Co-Trustees

I hereby accept the foregoing Eighth Amendment to the Declaration of the Molina Family Trust With Respect to Survivor's Trust.

Dated: Feb 14, 2012.

/s/ William Dentino

WILLIAM DENTINO, Co-Trustee

I hereby accept the foregoing Eighth Amendment to the Declaration of the Molina Family Trust With Respect to Survivor's Trust.

Dated: 2/13, 2012.

/s/ Curtis Pedersen

CURTIS PEDERSEN, Co-Trustee

Eighth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

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**NINTH AMENDMENT TO
DECLARATION OF THE MOLINA FAMILY TRUST
WITH RESPECT TO SURVIVOR'S TRUST**

MARY R. MOLINA hereby declares as follows:

1. Background.

A. C. DAVID MOLINA, M.D., and I, under the name MARY ROSE MOLINA, executed that certain Declaration of Trust of the Molina Family Trust, dated September 19, 1990, and amended such Declaration of Trust pursuant to that certain Clarification of Section 1.04(b), dated November 4, 1990, that certain First Amendment to the Molina Family Trust, dated November , 1991, that certain Second Amendment to the Molina Family Trust, dated December 19, 1994, that certain Third Amendment and Restatement of the Declaration of the Molina Family Trust, dated December 6, 1996, that certain Fourth Amendment to Declaration of the Molina Family Trust, dated December 6, 1996, that certain Fifth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust, dated July 24, 2002, that certain Sixth Amendment to the Declaration of the Molina Family Trust with Respect to the Survivor's Trust, dated July 1, 2003, that certain Seventh Amendment to the Declaration of the Molina Family Trust with Respect to the Survivor's Trust, dated June 15, 2010, and that certain Eighth Amendment to the Declaration of the Molina Family Trust with Respect to Survivor's Trust, dated February 13 and 14, 2012 (all of the above applicable to the Survivor's Trust collectively the "Declaration").

B. Pursuant to paragraph 4.04A of the Declaration, the "Survivor's Trust" was established following the death of C. DAVID MOLINA, M.D. Such trust is also known as the "MARY R. MOLINA LIVING TRUST."

C. Pursuant to paragraph 13.02 of the Declaration, I have the ability to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST.

D. By this document, I wish to amend the Survivor's Trust, i.e., the MARY R. MOLINA LIVING TRUST.

E. References in this document to the "trustor" refer to me.

2. Amendment to Paragraph 8.03 of the Survivor's Trust. Paragraph 8.03 of the Declaration is hereby deleted and in its place is substituted the following:

"8.03. Division of Trust Estate. The trustee shall hold, administer and distribute the trust estate not distributed under paragraph 8.02 as provided in this paragraph 8.03.

Ninth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

A. Specific Bequests to Offset Unequal GRAT Distributions.

(1) In General. The trustor established on August 6, 2012, a grantor retained annuity trust, and the trustor may establish additional, grantor retained annuity trusts thereafter. The August 2012 grantor retained annuity trust and such additional grantor retained annuity trusts are referred to in this Declaration individually as a "GRAT" and collectively as the "GRATs." The provisions of this paragraph A shall apply to each GRAT that terminates at a time when a child of the trustor is not living, but (i) such child has issue living at the termination of such GRAT or born after the termination of such GRAT and (ii) one or more of such issue survive the trustor (each such GRAT an "Unequal Division GRAT"). A GRAT shall be deemed to terminate on the last day of the "GRAT Term," as that term is defined in the declaration establishing such GRAT. Notwithstanding the remaining provisions of this paragraph A, there shall be no specific bequest pursuant to this paragraph A with respect to an Unequal Division GRAT if there is no Remainder Property (as defined below) in such GRAT.

(2) Terminology.

(a) Remainder Property. Upon termination of each Unequal Division GRAT, if there remains property to be distributed to the remainder beneficiaries after the payment of all annuity amounts to the trustor or the trustor's estate, such remaining property is referred to herein as the "Remainder Property."

(b) Unequal Division Amount. The value of the Remainder Property of each Unequal Division GRAT shall be determined as of the termination of such Unequal Division GRAT. Such value shall be divided by the number of children of the trustor who survive the termination of such Unequal Division GRAT, with the quotient referred to herein as the "Unequal Division Amount."

(c) Adjusted Unequal Division Amount. With respect to each Unequal Division GRAT, the Unequal Division Amount shall be increased or decreased for any change in the CPI Index (defined below) from the CPI Index published for the date closest to the termination of such Unequal Division GRAT to the CPI Index published for the date closest to the date of death of the trustor ("Adjusted Unequal Division Amount"). If there are two dates equally close to the date of termination of such Unequal Division GRAT, or there are two dates equally close to the date of death of the trustor, for which the CPI Index is published, the CPI Index for the earlier

Ninth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

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date shall be used, as the case may be. The "CPI Index" means the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor for Los Angeles (or nearest metropolitan area), All Items (1982 - 84 = 100), or any successor substitute index if such index is no longer published and a successor index is substituted. If such index is no longer published and no successor substitute index is designated by the Bureau of Labor Statistics, the trustee shall select a comparable index to measure changes in inflation or deflation from the termination of such Unequal Division GRAT to the date of the death of the trustor.

(3) Bequest With Respect to Unequal Division GRAT.

(a) Trustor Survives Term of Unequal Division GRAT. As to each Unequal Division GRAT with respect to which the trustor survives the term of such GRAT, the trustee shall allocate property of the trust estate equal in value, determined as of the date of death of the trustor, to the Adjusted Unequal Division Amount determined with respect to such Unequal Division GRAT to the issue of each child of the trustor who does not survive the term of such Unequal Division GRAT, but who has issue who survive the trustor, to be held in trust for such issue and distributed in accordance with paragraph 8.03B(3). The bequest(s) pursuant to this paragraph (a) shall be made free of all death taxes. If the trust estate includes shares of capital stock in MOLINA HEALTHCARE, INC., a Delaware corporation, or its successor entity ("MHI Shares"), the trustee shall first use MHI Shares equal in number to the number of MHI Shares allocated to each child from the Remainder Property of such Unequal Division GRAT for purposes of satisfying the bequest pursuant to this paragraph (a); provided, however that the number of MHI Shares allocated pursuant to this sentence shall not exceed in value, as of the date of death of the trustor, such Adjusted Unequal Division Amount. The balance of such property, if any, shall be comprised of other assets selected by the trustee, in cash or in kind within the trustee's discretion. If the trust estate does not include MHI Shares, then the trustee shall select, in cash or in kind within the trustee's discretion, other property to satisfy the bequest pursuant to this paragraph (a). No interest shall be paid with respect to the bequest pursuant to this paragraph (a).

(b) Trustor Does Not Survive Term of Unequal Division GRAT. As to each Unequal Division GRAT with respect to which the trustor does not survive the term of such GRAT, the trustee shall allocate property of the trust estate equal in value to the Unequal Division Amount (not equal in value to the Adjusted Unequal Division Amount),

Ninth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

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determined as of the date of allocation, to the issue then living of each child of the trustor who was not living on the termination of such GRAT, to be held in trust for such issue and distributed in accordance with paragraph 8.03B(3). To the extent such Unequal Division Amount passes free of all death taxes to the children of the trustor, the bequest pursuant to this paragraph (b) with respect to such Unequal Division GRAT shall be made free of all death taxes. If the trust estate includes MHI Shares, the trustee shall first use MHI Shares equal in number to the number of MHI Shares allocated to each child from the Remainder Property of such Unequal Division GRAT for purposes of satisfying the bequest pursuant to this paragraph (b) with respect to such Unequal Division GRAT; provided, however that the number of MHI Shares allocated pursuant to this sentence shall not exceed in value such Adjusted Unequal Division Amount. The balance of such property, if any, shall be comprised of other

assets selected by the trustee in cash or in kind, within the trustee's discretion. If the trust estate does not include MHI Shares, then the trustee shall select, in cash or in kind within the trustee's discretion, other property to satisfy the bequest pursuant to this paragraph (b). No interest shall be paid with respect to the bequest pursuant to this paragraph (b). The trustee understands that a specific bequest pursuant to this paragraph (b) may prolong the administration of the trust and the final distribution of the trust estate; however, the additional time is necessary in order to offset, at least to a reasonable extent, the effect of a deceased child's issue not sharing in the remainder of an Unequal Division GRAT. The trustee may make one or more partial specific bequests under this paragraph A and/or distributions of the residue under paragraph B below prior to the specific bequest pursuant to this paragraph (b), as the trustee shall determine appropriate within the trustee's discretion.

B. Allocation of Residue. The residue of the trust estate to be distributed in accordance with this paragraph 8.03, after the specific bequests pursuant to paragraph A. above, if any, shall be allocated as follows:

(1) Division of Residue. The trustee shall divide the residue of the trust estate into as many equal shares as there are children of the trustors then living (i.e., children of the trustors who survive the trustors) and children of the trustors then deceased (i.e., children of the trustors who did not survive the trustors) leaving issue then living. The trustee shall allocate one such equal share to each living child and one such equal share to each group composed of the living issue of a deceased child.

(2) Children. Each share allocated to a living child of the trustors shall be distributed or further held in trust as follows:

Ninth Amendment to Declaration of the
Molina Family Trust
With Respect to Survivor's Trust

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(a) Until the child attains age twenty-five (25), the trustee shall pay to or apply for the benefit of the child as much of the net income and principal of the trust as the trustee, in the trustee's discretion, considers necessary for the child's health, education, support and maintenance, after taking into consideration any other income or resources of the child known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources, and any income not paid or applied shall be accumulated and added to principal.

(b) Commencing when the child attains age twenty-five (25), the trustee shall pay to or apply for the benefit of the child (i) all of the net income of the child's trust at least annually, and (ii) as much of the principal of the child's trust as the trustee in the trustee's discretion considers necessary for the child's health, education, support and maintenance, after taking into consideration any other income or resources of the child known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources.

(c) When the child attains age thirty (30), the trustee shall distribute to the child one-third (1/3) of the principal of the trust; when the child attains age thirty-five (35), the trustee shall distribute to the child one-half (1/2) of the remaining principal of the trust; and when the child attains age forty (40), the trust shall terminate and the trustee shall distribute to the child the remaining principal of the trust. If the child has already attained age thirty (30), thirty-five (35) or forty (40) at the time the trust estate is divided into separate shares pursuant to this paragraph 8.03B, the trustee shall, upon making the division, distribute outright to the child the portion of the trust that would be due the child at that age.

(d) If the child dies before becoming entitled to receive the distribution of the child's entire trust, and the child has issue then living, the residue of the deceased child's trust shall be retained in trust for the benefit of the child's then living issue to be held, administered and distributed in accordance with the provisions of paragraph 8.03B(3). If the child dies before becoming entitled to receive distribution of the child's entire trust and does not have issue then living, the trustee shall distribute the undistributed balance of that child's trust, free of trust, among the trustors' then living issue, by right of representation, and if there are no issue of the trustors then living, then as set forth in paragraph 8.04; provided, however, that any property that would otherwise be distributed to a person for whose benefit a trust is then being or would be administered under this Declaration

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shall instead be added to that trust and administered in accordance with its terms, except that any addition to a partially distributed trust shall augment proportionally the distributed and undistributed portions of the trust.

(3) Grandchildren and Further Descendants. Each share allocated to a group composed of the living issue of a deceased child of the trustors shall be retained in separate trust for such issue and shall be distributed as follows:

(a) As long as any beneficiary who is a child of the trustors' deceased child is under age thirty-five (35), the trustee shall pay to or apply for the benefit of the deceased child's issue, including those who are age thirty-five (35) or older, as much of the net income and principal of the trust as the trustee considers necessary for their health, education, support and maintenance, after taking into consideration any other income or resources of the issue known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources. Any net income not paid or applied shall be accumulated and added to principal. The trustee may pay more to or apply more for some beneficiaries than others and may make payments or application of benefits for some beneficiaries to the exclusion of others. Any payment or application of benefits pursuant to the preceding provisions of this paragraph (1) shall be charged against the trust as a whole rather than against the ultimate distributive share of the beneficiary to whom or for whose benefit the payment or application is made.

(b) When all beneficiaries who are children of the trustors' deceased child are age thirty-five (35) or older, or at such time that there are no children of that deceased child then living, the trust shall terminate and the trustee shall distribute the principal of the trust among the issue then living of the deceased child, by right of representation, or if there are none, to the trustors' then living issue, by right of representation, and if there are no issue of the trustors then living, then as set forth in paragraph 8.04; provided, however, that any property that would otherwise be distributed to a person for whose benefit a trust is then being or would be administered under this Declaration shall instead be added to that trust and administered in accordance with its terms, except that any addition to a partially distributed trust shall augment proportionally the distributed and undistributed portions of the trust.

C. Discretionary Distributions for Weddings, Businesses, Etc. Notwithstanding any provision of paragraph 8.03B(3) to the contrary, with respect to each trust under paragraph 8.03B(3) for the issue of a

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deceased child of the trustors the trustee may in the trustee's sole discretion, lend without interest or distribute to any of the issue of the deceased child of the trustors who have attained the age of twenty-one (21) a reasonable amount from the trust estate for the issue's use in making a down-payment on a personal residence, paying the expenses of the issue's wedding, investing in a business or other similar worthwhile investment or establishing a professional practice that the trustee believes is more likely to succeed than fail if in the trustee's opinion there is a valid reason for making the loan or distribution and if the remaining principal and income of the trust estate will be adequate to provide for the proper health, education, support and maintenance of the issue of the deceased child then entitled to either mandatory or discretionary distributions of net income. All such loans (if not previously repaid) and distributions shall be charged against the issue's share of the trust estate when it is distributed.

D. Termination of Small Trust. If the trust share held for any beneficiary or beneficiaries has a total value at the end of any calendar year of less than that amount which the trustee considers practical to administer, the trustee in the trustee's discretion may terminate that trust and distribute the entire trust share to the beneficiary or beneficiaries on the principal of representation."

3. Amendment to Paragraph 12.01A of the Survivor's Trust. Paragraph 12.01A of the Declaration is hereby amended by adding after the first sentence thereof (without changing the balance thereof) the following:

"If CURTIS PEDERSEN or WILLIAM DENTINO becomes unable because of death, incompetency or other cause to serve as co-trustee of the Survivor's Trust, the other one of them shall serve as sole trustee of the Survivor's Trust."

4. Addition of Paragraph 12.12 to the Survivor's Trust. A new paragraph 12.12 is added to the Declaration, as follows:

"12.12. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 12.12A shall temporarily or permanently, as the case may be, cease to serve as a trustee of the Survivor's Trust as provided in paragraph 12.12B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) a licensed physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such

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individual is or is not temporarily or permanently incapacitated or if any two of such individual's spouse and adult children declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 12.12A shall be paid from the Survivor's Trust.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all current beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of the Survivor's Trust upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed

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serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, agrees (i) to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 12.12, (ii) to waive the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 12.12 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) that his or her obligation to comply with the provisions of this paragraph 12.12 is specifically enforceable."

5. Except as provided herein, the Declaration shall remain unchanged and in full force and effect.

6. This Ninth Amendment to Declaration of the Molina Family Trust With Respect to Survivor's Trust and the Acceptance by Co-Trustees set forth below may be executed in counterparts and shall be deemed fully executed when each party has executed a counterpart.

Dated: August 9, 2012.

/s/ Mary R. Molina
MARY R. MOLINA, also known as
MARY ROSE MOLINA

By: /s/ Joseph M. Molina, M.D.
Joseph Marion Molina, M.D.,
Attorney-in-Fact for Mary R. Molina

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Acceptance by Co-Trustees

I hereby accept the foregoing Ninth Amendment to the Declaration of the Molina Family Trust With Respect to Survivor's Trust.

Dated: August 10, 2012.

/s/ William Dentino
WILLIAM DENTINO, Co-Trustee

I hereby accept the foregoing Ninth Amendment to the Declaration of the Molina Family Trust With Respect to Survivor's Trust.

Dated: 8/15, 2012.

/s/ Curtis Pedersen
CURTIS PEDERSEN, Co-Trustee

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**QUALIFIED SEVERANCE
OF
MARY R. MOLINA LIVING TRUST**

William Dentino and Curtis Pedersen, co-trustees ("Trustees") of the Mary R. Molina Living Trust ("MRMLT"), hereby declare as follows:

1. Background.

- A. The MRMLT was established on December 8, 1996, pursuant to the Molina Family Trust, dated September 19, 1990, as the Survivor's Trust and subsequently renamed the Mary R. Molina Living Trust.
- B. Pursuant to the terms of the MRMLT, the Trustees are authorized to perform a qualified severance of the MRMLT, as defined in Section 2642(a)(3) of the Internal Revenue Code of 1986, as amended, and Treasury Regulations Section 26.2642-6 ("Section 26.2642-6").
- C. Pursuant to this document, the Trustees are completing such qualified severance, effective on June 30, 2015 ("Severance Date").
- D. The assets of the MRMLT are comprised of the following:
- (i) 3,717,550 shares of common stock in Molina Healthcare, Inc., a Delaware corporation ("MHI Shares");
 - (ii) Cash and securities located at Merrill Lynch of approximately \$3.4 million ("ML Accounts");
 - (iii) Cash and securities located at Morgan Stanley of approximately \$7.3 million ("MS Accounts");
 - (iv) Promissory Notes receivable from John C. Molina of approximately \$4 million in principal amount, plus accrued interest as of the Severance Date ("Notes Receivable");
 - (v) Amounts receivable for amounts paid on behalf of any MRM GRAT ("GRATs Receivables"); and
 - (vi) The right to receive assets from the Estate of Mary R. Molina, unknown in amount ("Estate Receivable").
- E. The liabilities of the MRMLT are comprised of the following:
- (i) A portion of the unpaid Federal estate tax payable due to the death of Mary R. Molina ("MRM"), with such portion for the MRMLT being determined

Qualified Severance of Mary R. Molina Living Trust

under the California Probate Code and the Internal Revenue Code of 1986, as amended ("Estate Tax Liability");

- (ii) Amounts payable for professional services and trustee services performed on or before the Severance Date ("Payables"); and
- (iii) Unknown liabilities arising or accruing due to facts in existence or events occurring on or before the Severance Date ("Contingent Liabilities").

F. Based on the Federal estate tax return, Form 706, filed with respect to the death of MRM, the inclusion ratio ("Inclusion Ratio") of the MRMLT is 93.86% and the applicable fraction ("Applicable Fraction") for the MRMLT is 6.14%.

2. Severance. By this document, Trustees hereby divide the MRMLT on a fractional basis described below into two separate trusts, the Exempt Mary R. Molina Living Trust ("Exempt LT") and the Non-Exempt Mary R. Molina Living Trust ("Non-Exempt LT").

A. The Exempt LT shall consist of a fractional share of the total fair market value of all assets of the MRMLT as of the Severance Date equal to the Applicable Fraction thereof and the Non-Exempt LT shall consist of a fractional share of the total value of the MRMLT as of the Severance Date equal to the Inclusion Ratio thereof; provided, however, that if the applicable fraction and inclusion ratio for the MRMLT are adjusted after the Severance Date by an amended Form 706 or an audit by the Internal Revenue Service, then Trustees shall cause assets to be transferred between the Exempt LT and the Non-Exempt LT so that on a net basis the proper fractional share of the MRMLT ends up in the Exempt LT and in the Non-Exempt LT. References below to the Applicable Fraction and Inclusion Ratio shall mean those amounts as finally determined for Federal tax purposes.

B. The Exempt LT shall be funded with a fractional share of the MHI Shares, Notes Receivable, GRATs Receivables and Estate Receivable equal to the Applicable Fraction thereof and the Non-Exempt LT shall be funded with a fractional share of the MHI Shares, Notes Receivable and Estate Receivable equal to the Inclusion Ratio thereof

C. With respect to the MS Accounts, the Exempt LT and the Non-Exempt LT shall be funded on a non-prorata basis based on a fractional share of the total fair market value of the MS Accounts, excluding any MHI shares, as of the Severance Date, with the Applicable Fraction used for the portion thereof allocated to the Exempt LT and the Inclusion Ratio used for the portion thereof allocated to the Non-Exempt LT.

D. With respect to the ML Accounts, the Exempt LT and the Non-Exempt LT shall be funded on a non-prorata basis based on a fractional share of the

Qualified Severance of Mary R. Molina Living Trust

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total fair market value of the ML Accounts as of the Severance Date, with the Applicable Fraction used for the portion thereof allocated to the Exempt LT and the Inclusion Ratio used for the portion thereof allocated to the Non-Exempt LT.

E. The Exempt LT shall receive its share of the assets of the MRMLT subject to, and the Exempt LT hereby assumes and shall be liable for, a fractional share of the Estate Tax Liability, Payables and Contingent Liabilities equal to the Applicable Fraction thereof. The Non-Exempt LT shall receive its share of the assets of the MRMLT subject to, and the Non-Exempt LT hereby assumes and shall be liable for, a fractional share of the Estate Tax Liability, Payables and Contingent Liabilities equal to the Inclusion Ratio thereof

F. Trustees shall cause the assets of the MRMLT allocated to the Exempt LT to be conveyed to the Exempt LT promptly after the Severance Date, and within the time allowed by Section 26.2642-6. The remaining assets of the MRMLT shall become the Non-Exempt LT.

3. Inclusion Ratios for Resulting Trusts. The inclusion ratio for the Exempt LT shall be zero and the inclusion ratio for the Non-Exempt LT shall be one.

4. Separate Trusts; Terms. The Exempt LT and the Non-Exempt LT are separate trusts as of the Severance Date, and thereafter. Each trust shall have the same terms as the MRMLT, except that if any specific bequest is to be made pursuant to paragraph 8.03A(3)(b) of the MRMLT, such specific bequest shall be made first from the Exempt LT and then, if necessary to complete such specific bequest, from the Non-Exempt LT, and if more than one specific bequest is to be made pursuant to such paragraph, such specific bequests shall be made equally first from the Exempt LT and then, if necessary to complete such specific bequests, equally from the Non-Exempt LT.

5. Intent to Comply with Regulation. Trustees intend to comply with all requirements for a qualified severance under Section 26.2642-6. Any provision of this document that is inconsistent with Section 26.2642-6 shall be void *ab initio* and of no force or effect. Any requirement of Section 26.2642-6 that is not included within this document above is hereby incorporated herein by reference.

Date: June 30, 2015

MARY R. MOLINA LIVING TRUST

By: /s/ William Dentino
William Dentino, Trustee

By: /s/ Curtis Pedersen
Curtis Pedersen, Trustee

Qualified Severance of Mary R. Molina Living Trust

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Approval and Acceptance

The undersigned hereby approve of the foregoing Qualified Severance and accept the terms thereof

Date: June 30, 2015

EXEMPT MARY R. MOLINA LIVING TRUST

By: /s/ William Dentino
William Dentino, Trustee

By: /s/ Curtis Pedersen
Curtis Pedersen, Trustee

NON-EXEMPT MARY R. MOLINA LIVING TRUST

By: /s/ William Dentino
William Dentino, Trustee

By: /s/ Curtis Pedersen
Curtis Pedersen, Trustee

Qualified Severance of Mary R. Molina Living Trust

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**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 609/4**

MARY R. MOLINA ("trustor") declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN ("trustee"), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 609/4 ("Declaration").

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor ("GRAT" or "trust") may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 609/4 or as the MRM GRAT 609/4.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. BATTISTE.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code ("Code") Section 2702 and the Treasury Regulations ("Regs") thereunder, and to retain a "qualified interest" in the trust within the meaning of Code Section 2702(b)(1) and a "qualified annuity interest" within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor's intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an instrument creating such a qualified annuity interest, such provision shall be void and of

no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the "trust estate" and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates four (4) years after that date, or the earliest later date as is necessary in order for the trustor to have retained a "qualified annuity interest" within the meaning of Regs. Section 25.2702-2(a)(7). The period before termination is referred to as the "GRAT Term." The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V ("Annuity Amounts"). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The trustor's right to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the trust (i.e., due and payable on

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the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for federal gift tax purposes, of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for federal gift tax purposes, shall equal the greater of the following amounts: (1) zero and twenty-five thousandths percent (0.025%) of the fair market value of the property contributed to the trust by the trustor (or if it is not mathematically possible for the remainder interest to equal exactly such amount, then that percentage that can be mathematically determined which is closest to, but not less than, zero and twenty-five thousandths percent (0.025%)), or (2) the smallest amount such that the Annuity Amounts payable to the trustor (or the trustor's estate) will constitute a "qualified interest" under Code Section 2702(b)(1) and a "qualified annuity interest" under Regs. Section 25.2702-3(b)(1). The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the GRAT Term is required to exceed four (4) years, as provided in Article IV, then (i) the Annuity Amount for the fifth year of the GRAT Term and each succeeding year shall be increased by twenty percent (20%) of the Annuity Amount for the immediately preceding year and (ii) the increased length of the GRAT Term and increased number of the Annuity Payments shall be taken into account in the first sentence of this paragraph 5.02 in determining the value of the remainder interest. If the initial value of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for federal tax purposes, the trustee

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shall pay to the trustor or the trustor's estate (in the case of undervaluation), or the trustor or the trustor's estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor's estate if the correct value were used and the amount actually paid to the trustor or the trustor's estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and shall be paid within the time allowed under Internal Revenue Code Section 2702 and the related Treasury Regulations.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee's ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor's estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

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5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor's estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor's estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor's estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor's estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "annuity due date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the

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"Undistributed Annuity Amount"), then, at the end of the annuity due date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate under this paragraph. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the annuity due date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the annuity due date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

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ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. Children Who Survive GRAT Term. Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

(1) Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOSEPH MARION MOLINA, M.D., REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(2) Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the MARY MARTHA BERNADETT, M.D., REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(3) John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOHN C. MOLINA REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(4) Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the JANET M. WATT REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(5) Josephine M. Battiste. If JOSEPHINE M. BATTISTE survives the GRAT Term, the share allocated to her shall be distributed to the trustee of

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the JOSEPHINE M. BATTISTE REMAINDER TRUST 123113, to be distributed in accordance with such trust.

B. Children Who Do Not Survive GRAT Term. Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. Alternate Distribution. If before full distribution of the trust estate, all of the trustor's issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

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B. Annuity Amounts Payable Annually. The Annuity Amounts are payable annually to the trustor (or the trustor's estate). See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.27023(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the trust (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions are permitted to any person other than the trustor (or the trustor's estate)

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during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)(6)(i)). The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

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8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of

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facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or

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parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

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8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is

not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named

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or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege.

Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her

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obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

- A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.
- B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.
- C. Lease Trust Property. To lease trust property.
- D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.
- E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.
- F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.
- G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion.

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H. Tax Elections and Allocations. The trustee may make all tax elections and allocations the trustee may consider appropriate; however, this authority shall be exercised only in a fiduciary capacity and may not be used to enlarge or shift any beneficial interest except as an incidental consequence of the discharge of fiduciary duties. All tax elections and allocations made by the trustee in good faith shall not require equitable adjustments.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

- A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.
- B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.
- C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.
- D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or

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negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of

completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal of the trust and the duty of impartiality with respect to trust beneficiaries at all times while this power of substitution is in effect. The foregoing grant of a power of reinvestment and imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under

this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act, dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act, dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated to hold this power as Substitutor be the trustor or any beneficiary. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the annuity term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply

regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 609/4, which may be executed in counterparts which together shall constitute one instrument

and may be delivered by facsimile or electronic transmission, is made effective on the date on which the property described on Schedule A is transferred to the trust.

Trustor:

Date June 12, 2009

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M Molina M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date June 16, 2009

/s/ William Dentino
WILLIAM DENTINO

Date 6/16/09

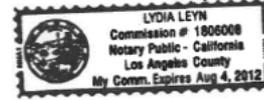
/s/ Curtis Pedersen
CURTIS PEDERSEN

STATE OF CALIFORNIA)
)
COUNTY OF Los Angeles) ss.

On June 12, 2009, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.



/s/ Lydia Leyn _____

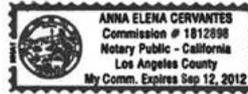
DECLARATION OF THE MARY R. MOLINA GRAT 609/4
ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On June 16, 2009, before me, Anna Elena Cervantes, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.



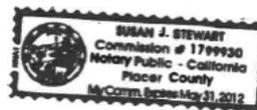
/s/ Anna Elena Cervantes _____

STATE OF CALIFORNIA)
)
COUNTY OF PLACER) ss.

On June 16, 2009, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.



/s/ Susan J. Stewart _____

DECLARATION OF THE MARY R. MOLINA GRAT 609/4
ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 609/4

Property Transferred and Delivered to the Trustee

400,000 Shares of Stock in

MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:

June 16, 2009

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 609/7**

MARY R. MOLINA (“trustor”) declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN (“trustee”), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 609/7 (“Declaration”).

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor (“GRAT” or “trust”) may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 609/7 or as the MRM GRAT 609/7.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. BATTISTE.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code (“Code”) Section 2702 and the Treasury Regulations (“Regs”) thereunder, and to retain a “qualified interest” in the trust within the meaning of Code Section 2702(b)(1) and a “qualified annuity interest” within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor’s intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an instrument creating such a qualified annuity interest, such provision shall be void and of

no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the “trust estate” and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates seven (7) years after that date, or the earliest later date as is necessary in order for the trustor to have retained a “qualified annuity interest” within the meaning of Regs. Section 25.2702-2(a)(7). The period before termination is referred to as the “GRAT Term.” The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V (“Annuity Amounts”). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The trustor’s right to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the trust (i.e., due and payable on

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the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for federal gift tax purposes, of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for federal gift tax purposes, shall equal the greater of the following amounts: (1) zero and twenty-five thousandths percent (0.025%) of the fair market value of the property contributed to the trust by the trustor (or if it is not mathematically possible for the remainder interest to equal exactly such amount, then that percentage that can be mathematically determined which is closest to, but not less than, zero and twenty-five thousandths percent (0.025%)), or (2) the smallest amount such that the Annuity Amounts payable to the trustor (or the trustor’s estate) will constitute a “qualified interest” under Code Section 2702(b)(1) and a “qualified annuity interest” under Regs. Section 25.2702-3(b)(1). The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the GRAT Term is required to exceed seven (7) years, as provided in Article IV, then (i) the Annuity Amount for the eighth year of the GRAT Term and each succeeding year shall be increased by twenty percent (20%) of the Annuity Amount for the immediately preceding year and (ii) the increased length of the GRAT Term and increased number of the Annuity Payments shall be taken into account in the first sentence of this paragraph 5.02 in determining the value of the remainder interest. If the initial value of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for federal tax purposes, the trustee

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shall pay to the trustor or the trustor’s estate (in the case of undervaluation), or the trustor or the trustor’s estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor’s estate if the correct value were used and the amount actually paid to the trustor or the trustor’s estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and shall be paid within the time allowed under Internal Revenue Code Section 2702 and the related Treasury Regulations.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution to any person other than the trustor (or the trustor’s estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee’s ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor’s estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

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5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor’s estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor’s estate) (whether, Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor’s estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor’s estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "annuity due date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the

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"Undistributed Annuity Amount"), then, at the end of the annuity due date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate under this paragraph. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the annuity due date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the annuity due date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

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ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into, as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. Children Who Survive GRAT Term. Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

(1) Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOSEPH MARION MOLINA, M.D., REMAINDER TRUST 123116, to be distributed in accordance with such trust.

(2) Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the MARY MARTHA BERNADETT, M.D., REMAINDER TRUST 123116, to be distributed in accordance with such trust.

(3) John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOHN C. MOLINA REMAINDER TRUST 123116, to be distributed in accordance with such trust.

(4) Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the JANET M. WATT REMAINDER TRUST 123116, to be distributed in accordance with such trust.

(5) Josephine M. Battiste. If JOSEPHINE M. BATTISTE survives the GRAT Term, the share allocated to her shall be distributed to the trustee of

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the JOSEPHINE M. BATTISTE REMAINDER TRUST 123116, to be distributed in accordance with such trust.

B. Children Who Do Not Survive GRAT Term. Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. Alternate Distribution. If before full distribution of the trust estate, all of the trustor's issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

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B. Annuity Amounts Payable Annually. The Annuity Amounts are payable annually to the trustor (or the trustor's estate). See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the trust (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions are permitted to any person other than the trustor (or the trustor's estate)

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during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)(6)(i)). The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

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8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of

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facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or

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parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

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8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is

not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named

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or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her

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obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

- A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.
- B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.
- C. Lease Trust Property. To lease trust property.
- D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.
- E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.
- F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.
- G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion.

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H. Tax Elections and Allocations. The trustee may make all tax elections and allocations the trustee may consider appropriate; however, this authority shall be exercised only in a fiduciary capacity and may not be used to enlarge or shift any beneficial interest except as an incidental consequence of the discharge of fiduciary duties. All tax elections and allocations made by the trustee in good faith shall not require equitable adjustments.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

- A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.
- B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.
- C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.
- D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or

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negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal

this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act, dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act, dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated to hold this power as Substitutor be the trustor or any beneficiary. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the annuity term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply

regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 609/7, which may be executed in counterparts which together shall constitute one instrument

and may be delivered by facsimile or electronic transmission, is made effective on the date on which the property described on Schedule A is transferred to the trust.

Trustor:

Date June 12, 2009

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph Marion Molina, M.D.,
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date June 16, 2009

/s/ William Dentino
WILLIAM DENTINO

Date 6/16/09

/s/ Curtis Pedersen
CURTIS PEDERSEN

COUNTY OF Los Angeles) ss.
)

On June 12, 2009, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn _____



STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELE)

On June 16, 2009, before me, Anna Elena Cervantes, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Anna Elena Cervantes _____



STATE OF CALIFORNIA)
) ss.
COUNTY OF PLACER)

On June 16, 2009, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart _____



SCHEDULE A

MRM GRAT 609/7

Property Transferred and Delivered to the Trustee

300,000 Shares of Stock in

MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:

June 16, 2009

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 1209/3**

MARY R. MOLINA ("trustor") declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN ("trustee"), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1209/3 ("Declaration").

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor ("GRAT" or "trust") may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 1209/3 or as the MRM GRAT 1209/3.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. BATTISTE.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code ("Code") Section 2702 and the Treasury Regulations ("Regs") thereunder, and to retain a "qualified interest" in the trust within the meaning of Code Section 2702(b)(1) and a "qualified annuity interest" within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor's intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an instrument creating such a qualified annuity interest, such provision shall be void and of

no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the "trust estate" and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates three (3) years after that date, or the earliest later date as is necessary in order for the trustor to have retained a "qualified annuity interest" within the meaning of Regs. Section 25.2702-2(a)(7). The period before termination is referred to as the "GRAT Term." The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V ("Annuity Amounts"). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The trustor's right to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the trust (i.e., due and payable on

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the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for federal gift tax purposes, of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for federal gift tax purposes, shall equal the greater of the following amounts: (1) zero and one tenth percent (0.1%) of the fair market value of the property contributed to the trust by the trustor (or if it is not mathematically possible for the remainder interest to equal exactly such amount, then that percentage that can be mathematically determined which is closest to, but not less than, zero and one tenth percent (0.1%)), or (2) the smallest amount such that the Annuity Amounts payable to the trustor (or the trustor's estate) will constitute a "qualified interest" under Code Section 2702(b)(1) and a "qualified annuity interest" under Regs. Section 25.2702-3(b)(1). The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the GRAT Term is required to exceed three (3) years, as provided in Article IV, then (i) the Annuity Amount for the fourth year of the GRAT Term and each succeeding year shall be increased by twenty percent (20%) of the Annuity Amount for the immediately preceding year and (ii) the increased length of the GRAT Term and increased number of the Annuity Payments shall be taken into account in the first sentence of this paragraph 5.02 in determining the value of the remainder interest. If the initial value of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for federal tax purposes, the trustee shall pay to the trustor or

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the trustor's estate (in the case of undervaluation), or the trustor or the trustor's estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor's estate if the correct value were used and the amount actually paid to the trustor or the trustor's estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and shall be paid within the time allowed under Internal Revenue Code Section 2702 and the related Treasury Regulations.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee's ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor's estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

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5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor's estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor's estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor's estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor's estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "annuity due date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the

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"Undistributed Annuity Amount"), then, at the end of the annuity due date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the annuity due date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the annuity due date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

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ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. Children Who Survive GRAT Term. Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

(1) Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOSEPH MARION MOLINA, M.D., REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(2) Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the MARY MARTHA BERNADETT, M.D., REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(3) John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOHN C. MOLINA REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(4) Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the JANET M. WATT REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(5) Josephine M. Battiste. If JOSEPHINE M. BATTISTE survives the GRAT Term, the share allocated to her shall be distributed to the trustee of

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the JOSEPHINE M. BATTISTE REMAINDER TRUST 123113, to be distributed in accordance with such trust.

B. Children Who Do Not Survive GRAT Term. Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. Alternate Distribution. If before full distribution of the trust estate, all of the trustor's issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

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B. Annuity Amounts Payable Annually. The Annuity Amounts are payable annually to the trustor (or the trustor's estate). See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the trust (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions are permitted to any person other than the trustor (or the trustor's estate)

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during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)4). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)5). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)6(i)). The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

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8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of

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facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or

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parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

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8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is

not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named

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or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her

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obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

- A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.
- B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.
- C. Lease Trust Property. To lease trust property.
- D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.
- E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.
- F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.
- G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion.

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H. Tax Elections and Allocations. The trustee may make all tax elections and allocations the trustee may consider appropriate; however, this authority shall be exercised only in a fiduciary capacity and may not be used to enlarge or shift any beneficial interest except as an incidental consequence of the discharge of fiduciary duties. All tax elections and allocations made by the trustee in good faith shall not require equitable adjustments.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

- A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.
- B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.
- C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.
- D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or

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negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a

imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both or them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this

Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of

conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1209/3, which may be executed in counterparts which together shall constitute one instrument

and may be delivered by facsimile or electronic transmission, is made effective on the date on which the property described on Schedule A is transferred to the trust.

Trustor:

Date 12-3-09

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina, M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date 12/7/09

/s/ William Dentino
WILLIAM DENTINO

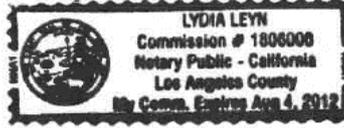
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On December 3, 2009, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



DECLARATION OF THE MARY R. MOLINA GRAT 1209/3
ACKNOWLEDGEMENT

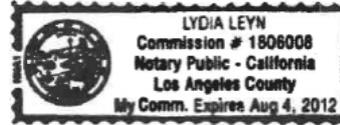
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On December 4, 2009, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



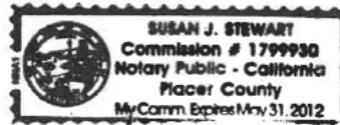
STATE OF CALIFORNIA)
)
COUNTY OF PLACER) ss.

On December 7, 2009, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



DECLARATION OF THE MARY R. MOLINA GRAT 1209/3
ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 1209/3

Property Transferred and Delivered to the Trustee

300,000 Shares of Stock in
MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
December 10, 2009

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 1209/4**

MARY R. MOLINA ("trustor") declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN ("trustee"), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1209/4 ("Declaration").

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor ("GRAT" or "trust") may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 1209/4 or as the MRM GRAT 1209/4.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. BATTISTE.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code ("Code") Section 2702 and the Treasury Regulations ("Regs") thereunder, and to retain a "qualified interest" in the trust within the meaning of Code Section 2702(b)(1) and a "qualified annuity interest" within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor's intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an instrument creating such a qualified annuity interest, such provision shall be void and of

no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the "trust estate" and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates four (4) years after that date, or the earliest later date as is necessary in order for the trustor to have retained a "qualified annuity interest" within the meaning of Regs. Section 25.2702-2(a)(7). The period before termination is referred to as the "GRAT Term." The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V ("Annuity Amounts"). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The trustor's right to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the trust (i.e., due and payable on

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the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for federal gift tax purposes, of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for federal gift tax purposes, shall equal the greater of the following amounts: (1) zero and one tenth percent (0.1%) of the fair market value of the property contributed to the trust by the trustor (or if it is not mathematically possible for the remainder interest to equal exactly such amount, then that percentage that can be mathematically determined which is closest to, but not less than, zero and one tenth percent (0.1%)), or (2) the smallest amount such that the Annuity Amounts payable to the trustor (or the trustor's estate) will constitute a "qualified interest" under Code Section 2702(b)(1) and a "qualified annuity interest" under Regs. Section 25.2702-3(b)(1). The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the GRAT Term is required to exceed four (4) years, as provided in Article IV, then (i) the Annuity Amount for the fifth year of the GRAT Term and each succeeding year shall be increased by twenty percent (20%) of the Annuity Amount for the immediately preceding year and (ii) the increased length of the GRAT Term and increased number of the Annuity Payments shall be taken into account in the first sentence of this paragraph 5.02 in determining the value of the remainder interest. If the initial value of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for federal tax purposes, the trustee shall pay to the trustor or

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the trustor's estate (in the case of undervaluation), or the trustor or the trustor's estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor's estate if the correct value were used and the amount actually paid to the trustor or the trustor's estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and shall be paid within the time allowed under Internal Revenue Code Section 2702 and the related Treasury Regulations.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee's ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor's estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

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5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor's estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor's estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor's estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor's estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "annuity due date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the

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"Undistributed Annuity Amount"), then, at the end of the annuity due date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the annuity due date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the annuity due date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

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ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. Children Who Survive GRAT Term. Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

(1) Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOSEPH MARION MOLINA, M.D., REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(2) Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the MARY MARTHA BERNADETT, M.D., REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(3) John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed to the trustee of the JOHN C. MOLINA REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(4) Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed to the trustee of the JANET M. WATT REMAINDER TRUST 123113, to be distributed in accordance with such trust.

(5) Josephine M. Battiste. If JOSEPHINE M. BATTISTE survives the GRAT Term, the share allocated to her shall be distributed to the trustee of

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the JOSEPHINE M. BATTISTE REMAINDER TRUST 123113, to be distributed in accordance with such trust.

B. Children Who Do Not Survive GRAT Term. Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. Alternate Distribution. If before full distribution of the trust estate, all of the trustor's issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

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B. Annuity Amounts Payable Annually. The Annuity Amounts are payable annually to the trustor (or the trustor's estate). See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the trust (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions are permitted to any person other than the trustor (or the trustor's estate)

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during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)(6)(i)). The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

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8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of

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facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or

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parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

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8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is

not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named

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or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her

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obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

- A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.
- B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.
- C. Lease Trust Property. To lease trust property.
- D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.
- E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.
- F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.
- G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion.

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H. Tax Elections and Allocations. The trustee may make all tax elections and allocations the trustee may consider appropriate; however, this authority shall be exercised only in a fiduciary capacity and may not be used to enlarge or shift any beneficial interest except as an incidental consequence of the discharge of fiduciary duties. All tax elections and allocations made by the trustee in good faith shall not require equitable adjustments.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

- A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.
- B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.
- C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.
- D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or

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negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a

imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both or them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this

Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of

conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1209/4, which may be executed in counterparts which together shall constitute one instrument

and may be delivered by facsimile or electronic transmission, is made effective on the date on which the property described on Schedule A is transferred to the trust.

Trustor:

Date 12-3-09

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina, M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date 12/7/09

/s/ William Dentino
WILLIAM DENTINO

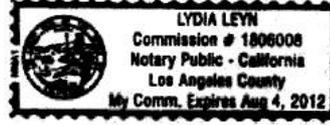
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On December 3, 2009, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn _____



DECLARATION OF THE MARY R. MOLINA GRAT 1209/4
ACKNOWLEDGEMENT

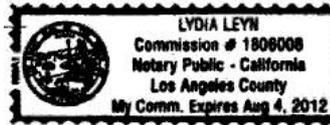
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On December 4, 2009, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn _____



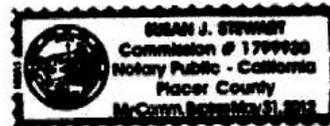
STATE OF CALIFORNIA)
)
COUNTY OF PLACER) ss.

On December 7, 2009, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart _____



DECLARATION OF THE MARY R. MOLINA GRAT 1209/4
ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 1209/4

Property Transferred and Delivered to the Trustee

300,000 Shares of Stock in
MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
December 10, 2009

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 610/4**

MARY R. MOLINA (“trustor”) declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN (“trustee”), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 610/4 (“Declaration”).

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor (“GRAT” or “trust”) may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 610/4 or as the MRM GRAT 610/4.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. MOLINA.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code (“Code”) Section 2702 and the Treasury Regulations (“Regs”) thereunder, and to retain a “qualified interest” in the trust within the meaning of Code Section 2702(b)(1) and a “qualified annuity interest” within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor’s intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an

instrument creating such a qualified annuity interest, such provision shall be void and of no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the “trust estate” and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates four (4) years after that date. The period before termination is referred to as the “GRAT Term.” The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V (“Annuity Amounts”). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The right of the trustor (or the trustor’s estate) to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the

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trust (i.e., due and payable on the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for Federal gift tax purposes of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for Federal gift tax purposes, equals the amount that can be mathematically determined that is as close to zero as is possible, but not zero or less than zero. The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the initial value of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for Federal tax purposes, the trustee shall pay to the trustor or the trustor’s estate (in the case of undervaluation), or the trustor or the trustor’s estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor’s estate if the correct value were used and the amount actually paid to the trustor or the trustor’s estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year,

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multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and shall be paid within the time allowed under Internal Revenue Code Section 2702 and the related Treasury Regulations.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution or payment to any person other than the trustor (or the trustor’s estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee’s ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor’s estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee

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pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor’s estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor’s estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor’s estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor’s estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor’s estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor’s estate, as the case may be, by the end of the last day (the “Annuity

Due Date”) on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the “Undistributed Annuity Amount”), then, at the end of the Annuity Due Date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor’s estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee’s capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property notwithstanding any provision of applicable law or this Declaration to the contrary. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor’s estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor’s estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor’s estate, as the case may be, with the same authority as the trustor or the trustor’s estate, as the case may be, could individually. The

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trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor’s estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor’s subsequent death, vest in the trustor’s estate. For purposes of this paragraph, the term “Annuity Property” means that portion of the trust estate (i) having a fair market value as finally determined for Federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee’s capacity as trustee, at the end of the Annuity Due Date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for Federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the Annuity Due Date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. Children Who Survive GRAT Term. Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee’s rights and duties pursuant to paragraph 5.02

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(regarding incorrect valuation of the property initially contributed to the trust), as follows:

- (1) Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (2) Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (3) John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (4) Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (5) Josephine M. Molina. If JOSEPHINE M. MOLINA survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.

B. Children Who Do Not Survive GRAT Term. Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee’s rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. Alternate Distribution. If before full distribution of the trust estate, all of the trustor’s issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be

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determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor’s reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor’s estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

B. Annuity Amounts Payable Annually. The Annuity Amounts are payable annually to the trustor (or the trustor’s estate). See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for Federal tax purposes the trustee is required to pay to the trustor (or the trustor’s estate) (in the case of an undervaluation) or the trustor (or the trustor’s estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of

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the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the GRAT (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor’s estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions or payments are permitted to any person other than the trustor (or the trustor’s estate) during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor’s estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor’s estate) is prohibited.

other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove

provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is

serving as trustee finds that such individual is or is not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to

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occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.

B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.

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C. Lease Trust Property. To lease trust property.

D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.

E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.

F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.

G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion. The trustee may delay the final distribution of the trust estate under Article VI until any estate taxes due with respect to the trust estate due to the death of the trustor, or any other tax obligations with respect to the trust estate, have been paid or adequately provided for, as reasonably determined by the trustee.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at

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the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.

B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.

C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.

D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

9.04. Tax Elections. No trustee shall participate in any decision with respect to any tax election or option, under Federal, state or local law that could directly or indirectly enlarge, diminish or shift his or her beneficial interest hereunder from or to the beneficial interest hereunder of another person. Any such tax election or option shall be made only by a trustee who does not have a beneficial interest hereunder or whose beneficial interest could not be enlarged, diminished or shifted by the election or option.

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If the only trustee or trustees who otherwise could exercise such tax election or option hold beneficial interests hereunder that could be so enlarged, diminished or shifted, then another individual or a bank or trust company (but not an individual, bank or trust company that is related or subordinate within the meaning of Code Sec. 672(c) to any acting fiduciary hereunder) shall be appointed by the trustee or trustees by an acknowledged instrument delivered to the person so appointed and the fiduciary so appointed shall alone exercise any such election or option.

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a

manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal of the trust and the duty of impartiality with respect to trust beneficiaries at all times while this power of substitution is in effect. The foregoing grant of a power of reinvestment and

imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both or them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for Federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for Federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last

survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 610/4, which may be executed in counterparts which together shall constitute one instrument and may be delivered by facsimile or electronic transmission.

Trustor:

Date 6-14-10

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina, M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date 6-15-10

/s/ William Dentino
WILLIAM DENTINO

Date 6/15/10

/s/ Curtis Pedersen
CURTIS PEDERSEN

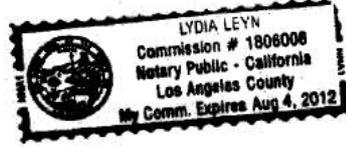
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On June 14, 2010, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



DECLARATION OF THE MARY R. MOLINA GRAT 610/4
ACKNOWLEDGEMENT

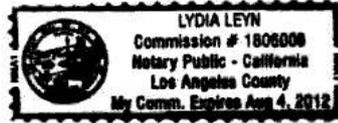
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On June 18, 2010, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



STATE OF CALIFORNIA)
)
COUNTY OF PLACER) ss.

On June 15, 2010, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



DECLARATION OF THE MARY R. MOLINA GRAT 610/4
ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 610/4

Property Transferred and Delivered to the Trustee

300,000 Shares of Stock in
MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
June 15, 2010

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 610/5**

MARY R. MOLINA (“trustor”) declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN (“trustee”), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 610/5 (“Declaration”).

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor (“GRAT” or “trust”) may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 610/5 or as the MRM GRAT 610/5.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. MOLINA.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code (“Code”) Section 2702 and the Treasury Regulations (“Regs”) thereunder, and to retain a “qualified interest” in the trust within the meaning of Code Section 2702(b)(1) and a “qualified annuity interest” within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor’s intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an

instrument creating such a qualified annuity interest, such provision shall be void and of no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the “trust estate” and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates five (5) years after that date. The period before termination is referred to as the “GRAT Term.” The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V (“Annuity Amounts”). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The right of the trustor (or the trustor’s estate) to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the

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trust (i.e., due and payable on the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for Federal gift tax purposes of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for Federal gift tax purposes, equals the amount that can be mathematically determined that is as close to zero as is possible, but not zero or less than zero. The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the initial value of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for Federal tax purposes, the trustee shall pay to the trustor or the trustor’s estate (in the case of undervaluation), or the trustor or the trustor’s estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor’s estate if the correct value were used and the amount actually paid to the trustor or the trustor’s estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year,

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multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and shall be paid within the time allowed under Internal Revenue Code Section 2702 and the related Treasury Regulations.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution or payment to any person other than the trustor (or the trustor’s estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee’s ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor’s estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to

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paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor’s estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor’s estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor’s estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor’s estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor’s estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor’s estate, as the case may be, by the end of the last day (the “Annuity

Due Date”) on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the “Undistributed Annuity Amount”), then, at the end of the Annuity Due Date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trust or the trustor’s estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee’s capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property notwithstanding any provision of applicable law or this Declaration to the contrary. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor’s estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor’s estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor’s estate, as the case may be, with the same authority as the trustor or the trustor’s estate, as the case may be, could individually. The

trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor’s estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor’s subsequent death, vest in the trustor’s estate. For purposes of this paragraph, the term “Annuity Property” means that portion of the trust estate (i) having a fair market value as finally determined for Federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee’s capacity as trustee, at the end of the Annuity Due Date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for Federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the Annuity Due Date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. **Distribution.** The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. **Children Who Survive GRAT Term.** Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee’s rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

- (1) **Joseph Marion Molina, M.D.** If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (2) **Mary Martha Bernadett, M.D.** If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (3) **John C. Molina.** If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (4) **Janet M. Watt.** If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (5) **Josephine M. Molina.** If JOSEPHINE M. MOLINA survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.

B. **Children Who Do Not Survive GRAT Term.** Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee’s rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. **Alternate Distribution.** If before full distribution of the trust estate, all of the trustor’s issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. **Purpose of Article.** The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor’s reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. **Payment of Annuity Amounts (Regs. 25.2702-3 (b)(1)).**

A. **Irrevocable Right to Receive Fixed Amount.** The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor’s estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

B. **Annuity Amounts Payable Annually.** The Annuity Amounts are payable annually to the trustor (or the trustor’s estate). See paragraph 5.01.

7.03. **Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)).** If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for Federal tax purposes the trustee is required to pay to the trustor (or the trustor’s estate) (in the case of an undervaluation) or the trustor (or the trustor’s estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. **Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)).** The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. **Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)).** The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. **Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)).** No additional contributions to the GRAT (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. **Contingencies (Regs. 25.2702-3(d)(2)).** The Annuity Amounts shall be paid to the trustor (or the trustor’s estate) in all events and shall not be subject to any contingencies.

7.08. **No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)).** No distributions or payments are permitted to any person other than the trustor (or the trustor’s estate) during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor’s estate). See paragraphs 5.05 and 5.06.

7.09. **Term of Annuity Interest (Regs. 25.2702-3(d)(4)).** The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. **Commutation Prohibited (Regs. 25.2702-3(d)(5)).** Commutation (prepayment) of the interest of the trustor (or the trustor’s estate) is prohibited.

7.11. **Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)(6)(i)).** The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its

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appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

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8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved

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by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is not temporarily or permanently

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incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s),

and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of

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temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

- A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.
- B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.
- C. Lease Trust Property. To lease trust property.

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- D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.
- E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.
- F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.

G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion. The trustee may delay the final distribution of the trust estate under Article VI until any estate taxes due with respect to the trust estate due to the death of the trustor, or any other tax obligations with respect to the trust estate, have been paid or adequately provided for, as reasonably determined by the trustee.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

- A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at the direction of the trustor), and to invest in and continue to own any such ownership

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interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.

- B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.
- C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.
- D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

9.04. Tax Elections. No trustee shall participate in any decision with respect to any tax election or option, under Federal, state or local law that could directly or indirectly enlarge, diminish or shift his or her beneficial interest hereunder from or to the beneficial interest hereunder of another person. Any such tax election or option shall be made only by a trustee who does not have a beneficial interest hereunder or whose beneficial interest could not be enlarged, diminished or shifted by the election or option. If the only trustee or trustees who otherwise could exercise such tax election or option

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hold beneficial interests hereunder-that could be so enlarged, diminished or shifted, then another individual or a bank or trust company (but not an individual, bank or trust company that is related or subordinate within the meaning of Code Sec. 672(c) to any acting fiduciary hereunder) shall be appointed by the trustee or trustees by an acknowledged instrument delivered to the person so appointed and the fiduciary so appointed shall alone exercise any such election or option.

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal of the trust and the duty of impartiality with respect to trust beneficiaries at all times while this power of substitution is in effect. The foregoing grant of a power of reinvestment and imposition of a duty of impartiality are included herein for compliance with Revenue

Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both or them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this

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Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for Federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for Federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

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12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last

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survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 610/5, which may be executed in counterparts which together shall constitute one instrument and may be delivered by facsimile or electronic transmission.

Trustor:

Date 6-14-10

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina, M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date 6-15-10

/s/ William Dentino
WILLIAM DENTINO

Date 6/15/10

/s/ Curtis Pedersen
CURTIS PEDERSEN

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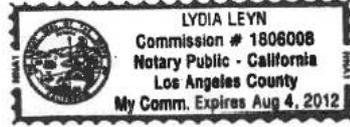
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On June 14, 2010, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn _____



DECLARATION OF THE MARY R. MOLINA GRAT 610/5
ACKNOWLEDGEMENT

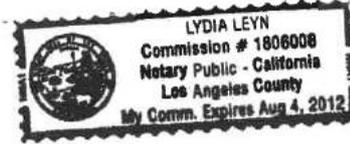
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On June 18, 2010, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn _____



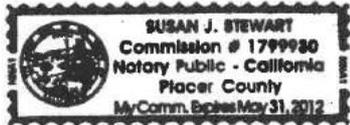
STATE OF CALIFORNIA)
)
COUNTY OF PLACER) ss.

On June 15, 2010, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart _____



DECLARATION OF THE MARY R. MOLINA GRAT 610/5
ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 610/5

Property Transferred and Delivered to the Trustee

300,000 Shares of Stock in
MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
June 15, 2010

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 1210/4**

MARY R. MOLINA ("trustor") declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN ("trustee"), without consideration, the property described in Schedule A attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1210/4 ("Declaration").

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor ("GRAT" or "trust") may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 1210/4 or as the MRM GRAT 1210/4.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. MOLINA.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code ("Code") Section 2702 and the Treasury Regulations ("Regs") thereunder, and to retain a "qualified interest" in the trust within the meaning of Code Section 2702(b)(1) and a "qualified annuity interest" within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor's intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an

instrument creating such a qualified annuity interest, such provision shall be void and of no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the "trust estate" and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on Schedule A attached hereto is transferred to the trust and terminates four (4) years after that date. The period before termination is referred to as the "GRAT Term." The trustee shall enter on Schedule A attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V ("Annuity Amounts"). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The right of the trustor (or the trustor's estate) to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the

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trust (i.e., due and payable on the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the end of each year of the GRAT Term.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for Federal gift tax purposes of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for Federal gift tax purposes, equals zero. The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the initial fair market value for Federal tax purposes of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for Federal tax purposes, the trustee shall pay to the trustor or the trustor's estate (in the case of undervaluation), or the trustor or the trustor's estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor's estate if the correct value were used and the amount actually paid to the trustor or the trustor's estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period

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and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and each prorated portion shall be paid to its recipient within the time allowed under Code Section 2702 and the related Regs. If the trustor dies during a year of the GRAT Term and daily proration of the Annuity Amount for such year is required between the trustor and the trustor's estate under Code Section 2702 and the related Regs, the trustee shall so prorate and pay such Annuity Amount as provided above.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution or payment to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee's ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor's estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

5.06. Remainder; Trustor Fails to Survive. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be

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distributed in accordance with Article VI. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor's estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor's estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor's estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor's estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "Annuity Due Date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the "Undistributed Annuity Amount"), then, at the end of the Annuity Due Date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property notwithstanding any provision of applicable law or this Declaration to the contrary. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity

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Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for Federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the Annuity Due Date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for Federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the Annuity Due Date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. Children Who Survive GRAT Term. Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata

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proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

- (1) Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (2) Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (3) John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (4) Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (5) Josephine M. Molina. If JOSEPHINE M. MOLINA survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.

B. Children Who Do Not Survive GRAT Term. Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. Alternate Distribution. If before full distribution of the trust estate, all of the trustor's issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of

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MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

B. Annuity Amounts Payable Annually. The Annuity Amounts are payable annually to the trustor (or the trustor's estate). See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for Federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of

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the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the GRAT (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions or payments are permitted to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)(6)(i)). The trustee shall not issue a note, other debt instrument, option or

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other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

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B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

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8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove

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provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is

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serving as trustee finds that such individual is or is not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary

may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to

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occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.

B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.

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C. Lease Trust Property. To lease trust property.

D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.

E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.

F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.

G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion. The trustee may delay the final distribution of the trust estate under Article VI until any estate taxes due with respect to the trust estate due to the death of the trustor, or any other tax obligations with respect to the trust estate, have been paid or adequately provided for, as reasonably determined by the trustee.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at

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the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.

B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.

C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.

D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

9.04. Tax Elections. No trustee shall participate in any decision with respect to any tax election or option, under Federal, state or local law that could directly or indirectly enlarge, diminish or shift his or her beneficial interest hereunder from or to the beneficial interest hereunder of another person. Any such tax election or option shall be made only by a trustee who does not have a beneficial interest hereunder or whose beneficial interest could not be enlarged, diminished or shifted by the election or option.

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If the only trustee or trustees who otherwise could exercise such tax election or option hold beneficial interests hereunder that could be so enlarged, diminished or shifted, then another individual or a bank or trust company (but not an individual, bank or trust company that is related or subordinate within the meaning of Code Sec. 672(c) to any acting fiduciary hereunder) shall be appointed by the trustee or trustees by an acknowledged instrument delivered to the person so appointed and the fiduciary so appointed shall alone exercise any such election or option.

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of

completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal of the trust and the duty of impartiality with respect to trust beneficiaries at all times while this power of substitution is in effect. The foregoing grant of a power of reinvestment and

imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both of them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for Federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for Federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last

survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 1210/4, which may be executed in counterparts which together shall constitute one instrument and may be delivered by facsimile or electronic transmission.

Trustor:

Date December 15, 2010

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina, M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date Dec 29, 2010

/s/ William Dentino
WILLIAM DENTINO

Date 12/17/10

/s/ Curtis Pedersen
CURTIS PEDERSEN

STATE OF CALIFORNIA)
) ss.
 COUNTY OF LOS ANGELES)

On December 15, 2010, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



DECLARATION OF THE MARY R. MOLINA GRAT 1210/4
 ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss.
 COUNTY OF LOS ANGELES)

On December 17, 2010, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



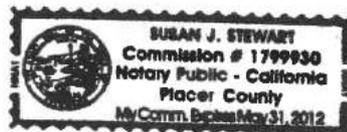
STATE OF CALIFORNIA)
) ss.
 COUNTY OF PLACER)

On December 29, 2010, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



DECLARATION OF THE MARY R. MOLINA GRAT 1210/4
 ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 1210/4

Property Transferred and Delivered to the Trustee

400,000 Shares of Stock in
 MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
 December 29, 2010

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 811/3**

MARY R. MOLINA (“trustor”) declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN (“trustee”), without consideration, the property described in **Schedule A** attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 811/3 (“Declaration”).

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor (“GRAT” or “trust”) may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 811/3 or as the MRM GRAT 811/3.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. MOLINA.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Internal Revenue Code (“Code”) Section 2702 and the Treasury Regulations (“Regs”) thereunder, and to retain a “qualified interest” in the trust within the meaning of Code Section 2702(b)(1) and a “qualified annuity interest” within the meaning of Regs. 25.2702-2(a)(7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor’s intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an

instrument creating such a qualified annuity interest, such provision shall be void and of no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property subject to this Declaration from time to time is referred to as the “trust estate” and shall be held, administered and distributed in accordance with this Declaration.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on **Schedule A** attached hereto is transferred to the trust and terminates three (3) years after that date. The period before termination is referred to as the “GRAT Term.” The trustee shall enter on **Schedule A** attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V (“Annuity Amounts”). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate of the trustor. The right of the trustor (or the trustor’s estate) to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the

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trust (i.e., due and payable on the day before the anniversary date) for each year of the GRAT Term, and shall be paid no later than 105 days after the payment date to which it relates.

5.02. Calculation of Annuity Amounts; Incorrect Valuation. The Annuity Amount to be distributed for the first year of the GRAT Term shall be that amount which, if not exactly a whole dollar amount, shall be rounded up to the nearest whole dollar, expressed as a percentage of the fair market value as finally determined for Federal gift tax purposes of the property initially contributed to the GRAT, paid as provided herein, such that by increasing the Annuity Amount for the each succeeding year of the GRAT Term by twenty percent (20%) of the Annuity Amount for the immediately preceding year, the value of the remainder interest, as finally determined for Federal gift tax purposes, equals zero. The Annuity Amount to be distributed for each succeeding year of the GRAT Term after the first year shall be one hundred twenty percent (120%) of the Annuity Amount for the immediately preceding year. If the initial fair market value for Federal tax purposes of the property contributed to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for Federal tax purposes, the trustee shall pay to the trustor or the trustor’s estate (in the case of undervaluation), or the trustor or the trustor’s estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor’s estate if the correct value were used and the amount actually paid to the trustor or the trustor’s estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period

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and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and each prorated portion shall be paid to its recipient within the time allowed under Code Section 2702 and the related Regs. If the trustor dies during a year of the GRAT Term and daily proration of the Annuity Amount for such year is required between the trustor and the trustor’s estate under Code Section 2702 and the related Regs, the trustee shall so prorate and pay such Annuity Amount as provided above.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity’ Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution or payment to any person other than the trustor (or the trustor’s estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee’s ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor’s estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

5.06. Remainder; Trustor Fails to Survive

A. Trustor Survives GRAT Term. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI.

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B. Trustor Fails to Survive GRAT Term. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts to the estate of the trustor and the portion of the trust estate, if any, remaining after such payments shall be distributed as follows: If there is a Federal estate tax in effect at the trustor’s death, then the part (if any) of such portion of the trust estate includible in the trustor’s gross estate shall be distributed to the trustor’s estate and the part (if any) of such portion of the trust estate not includible in the trustor’s gross estate shall be distributed in accordance with Article VI. If there is no Federal estate tax in effect at the trustor’s death, then such portion of the trust estate shall be distributed in accordance with Article VI.

C. Application of Paragraph 5.02. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02, regarding incorrect valuation of the property initially contributed to the trust.

5.07. **No Distribution for Income Taxes.** Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor's estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor's estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor's estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor's estate).

5.08. **Trustee as Nominee for Trustor/Estate.** The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "Annuity Due Date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the

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"Undistributed Annuity Amount"), then, at the end of the Annuity Due Date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property notwithstanding any provision of applicable law or this Declaration to the contrary. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for Federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the Annuity Due Date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for Federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the Annuity Due Date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

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ARTICLE VI. DISTRIBUTIONS ON GRAT TERMINATION

6.01. **Distribution.** The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall divide such portion into as many equal shares as there are children of the trustor who survive the GRAT Term and children of the trustor who do not survive the GRAT Term, but leave issue who do survive the GRAT Term. The shares of such portion shall be distributed as follows:

A. **Children Who Survive GRAT Term.** Each share allocated to a child of the trustor who survives the GRAT Term shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), as follows:

- (1) **Joseph Marion Molina, M.D.** If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (2) **Mary Martha Bernadett, M.D.** If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (3) **John C. Molina.** If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- (4) **Janet M. Watt.** If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- (5) **Josephine M. Molina.** If JOSEPHINE M. MOLINA survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.

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B. **Children Who Do Not Survive GRAT Term.** Each share allocated to a deceased child of the trustor who does not survive the GRAT Term, but who leaves issue who do survive the GRAT Term, shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust), to the estate of such child.

C. **Alternate Distribution.** If before full distribution of the trust estate, all of the trustor's issue are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. **Purpose of Article.** The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

7.02. **Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).**

A. **Irrevocable Right to Receive Fixed Amount.** The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02 regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

B. **Annuity Amounts Payable Annually.** The Annuity Amounts are payable annually to the trustor (or the trustor's estate). See paragraph 5.01.

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7.03. **Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)).** If the value of the property initially contributed to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for Federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02.

7.04. **Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)).** The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. **Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)).** The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. **Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)).** No additional contributions to the GRAT (i.e., in addition to the initial contribution) shall be allowed and the trustee shall not accept any such additional contributions. If any transfer in addition to the initial contribution is deemed made to the trustee, such deemed additional transfer shall not be held by the trustee as part of the GRAT, but instead shall be held in a separate trust upon the same terms and conditions as the initial contribution.

7.07. **Contingencies (Regs. 25.2702-3(d)(2)).** The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. **No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)).** No distributions or payments are permitted to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter, other than to the remainder

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beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02 at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs 25.2702-3(d)(6)(i)). The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the then living children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

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8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. Each trustee shall receive reasonable compensation from the trust estate during each year of the GRAT Term without court order, unless waived by the trustee. If a trustee shall serve for a part of a year, the annual compensation shall be prorated. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semiannual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of

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facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then living children of the trustor; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings. The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability, the trustee shall instead provide a copy of such account to any court appointed guardian of the person or estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of such beneficiary having legal custody of such beneficiary.

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute accounts as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom, or to the guardian, conservator or parent of whom, such account is distributed if (i) such beneficiary or the guardian, conservator or

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parent of such beneficiary to whom such account is so distributed (if any) gives the trustee written approval of such account or (ii) such beneficiary or the guardian, conservator or parent of such beneficiary fails to object to such account in writing within sixty (60) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such guardian, conservator or parent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem* or conservator not otherwise objecting to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided.

D. No Effect on Other Limitations of Liability. The trustor intends by this paragraph 8.08 to provide an informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph. Nothing in this paragraph shall be construed, however, as negating or conflicting with any other provision hereof restricting or limiting the liability of the trustee, regardless of whether or not the trustee elects to prepare and distribute accounts as hereinabove provided.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

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8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any two (2) children of the trustor declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is

not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named

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or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) agrees that his or her

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obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

8.11. Self Dealing. Except to the extent (but only to the extent) a restraint on self-dealing may not be waived under applicable local law by a governing instrument, the trustor authorizes any trustee acting hereunder, without court approval or notice, to participate in any decision (1) to purchase or otherwise acquire assets from and (2) to sell, transfer, exchange or loan any assets to any trust of which such trustee is acting as a trustee and/or any estate of which such trustee is acting as executor, at any time or times and upon such terms and conditions as the trustee may reasonably deem advisable, notwithstanding that such participation otherwise may be an act of self-dealing under applicable state law.

ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

- A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.
- B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.
- C. Lease Trust Property. To lease trust property.
- D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.
- E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.

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F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.

G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion. The trustee may delay the final distribution of the trust estate under Article VI until any estate taxes due with respect to the trust estate due to the death of the trustor, or any other tax obligations with respect to the trust estate, have been paid or adequately provided for, as reasonably determined by the trustee.

9.02. Special Provisions Regarding Business Interests. In respect to any ownership interest in any entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate transferred to the trust by (or at the direction of) the trustor (or activities related to any of the foregoing), the following shall apply:

A. Retention. The trustee is authorized within the trustee's sole discretion to retain all such ownership interests transferred to the trust by the trustor (or at the direction of the trustor), and to invest in and continue to own any such ownership interest and to retain any such ownership interest so acquired, to acquire additional ownership interests in such entity, and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity.

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B. No Diversification Required. All of the powers given to the trustee in paragraph A may, in the trustee's sole discretion, be exercised without regard to the normal principals of diversification applicable to trust investments with respect to any ownership interest described in the preceding paragraph A, which are hereby waived.

C. Profits and Losses. Profits and losses shall inure to and be chargeable to the trust owning such ownership interests, and not to the trustee personally.

D. Losses Chargeable to Trust. The trustee shall not be liable to any beneficiary of any trust created hereunder or to any other person for losses resulting from retaining any of such ownership interests or for misconduct, mismanagement or negligence on the part of any partner, shareholder, member, employee, director or officer who is not a trustee himself.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02 (regarding incorrect valuation of the property initially contributed to the trust).

9.04. Tax Elections. No trustee shall participate in any decision with respect to any tax election or option, under Federal, state or local law that could directly or indirectly enlarge, diminish or shift his or her beneficial interest hereunder from or to the beneficial interest hereunder of another person. Any such tax election or option shall be made only by a trustee who does not have a beneficial interest hereunder or whose beneficial interest could not be enlarged, diminished or shifted by the election or option. If the only trustee or trustees who otherwise could exercise such tax election or option hold beneficial interests hereunder that could be so enlarged, diminished or shifted, then another individual or a bank or trust company (but not an individual, bank or trust company that is related or subordinate within the meaning of Code Sec. 672(c) to any acting fiduciary hereunder) shall be appointed by the trustee or trustees by an

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acknowledged instrument delivered to the person so appointed and the fiduciary so appointed shall alone exercise any such election or option.

ARTICLE X. TRUSTOR'S GRANTOR TRUST POWER

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal of the trust and the duty of impartiality with respect to trust beneficiaries at all times while this power of substitution is in effect. The foregoing grant of a power of reinvestment and imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an

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acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both or them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

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11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for Federal estate tax purposes.

11.03. Income Tax. The trust shall be a grantor trust for Federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Internal Revenue Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Internal Revenue Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such

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real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all beneficiaries of any trust currently entitled to distributions of income or principal, change the situs of such trust and elect to have such trust be governed by the laws of another state.

12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not defined as a child of the trustor in Article I.

12.07. Rule Against Perpetuities. Unless terminated earlier in accordance with other provisions of this Declaration, each trust created by this Declaration or by exercise of any power of appointment conferred by this Declaration (unless an appointed trust is entitled to a new perpetuities period) shall terminate 21 years after the death of the last survivor of the issue of the trustor who are alive on the date this Declaration is fully executed.

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This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 811/3, which may be executed in counterparts which together shall constitute one instrument and may be delivered by facsimile or electronic transmission.

Trustor:

Date 8/15/11

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date 8/16/11

/s/ William Dentino
WILLIAM DENTINO

Date 8/12/11

/s/ Curtis Pedersen
CURTIS PEDERSEN

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On August 15, 2011, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



DECLARATION OF THE MARY R. MOLINA GRAT 811/3
ACKNOWLEDGEMENT

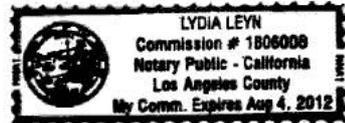
STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On August 12, 2011, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



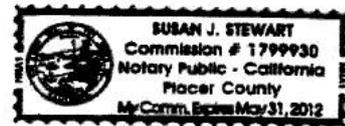
STATE OF CALIFORNIA)
) ss.
COUNTY OF PLACER)

On August 16, 2011, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



DECLARATION OF THE MARY R. MOLINA GRAT 811/3
ACKNOWLEDGEMENT

SCHEDULE A

**MRM GRAT 811/3
Property Transferred and Delivered to the Trustee**

750,000 Shares of Stock in
MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
August 18, 2011

**DECLARATION OF THE
MARY R. MOLINA
GRANTOR RETAINED ANNUITY TRUST 812/3**

MARY R. MOLINA ("trustor") declares that she has transferred and delivered to WILLIAM DENTINO and CURTIS PEDERSEN ("trustee"), in trust the property described in **Schedule A** attached to this Declaration of the Mary R. Molina Grantor Retained Annuity Trust 812/3 ("Declaration"), to be held, administered and distributed in accordance with this Declaration.

ARTICLE I. TRUST NAME, FAMILY AND INTENT

1.01. Name. The grantor retained annuity trust created by this Declaration for the benefit of the trustor ("GRAT" or "trust") may be referred to as the MARY R. MOLINA GRANTOR RETAINED ANNUITY TRUST 812/3 or as the MRM GRAT 812/3.

1.02. Family. The trustor has five (5) children now living, whose names are JOSEPH MARION MOLINA, M.D., MARY MARTHA BERNADETT, M.D., JOHN C. MOLINA, JANET M. WATT and JOSEPHINE M. MOLINA.

1.03. Intent. The trustor intends by this Declaration to create a grantor retained annuity trust, as contemplated by Section 2702 of the Internal Revenue Code of 1986, as amended ("Code"), and the Treasury Regulations ("Regs") thereunder, and to retain a "qualified interest" in the trust within the meaning of Code Section 2702(b)(1) and a "qualified annuity interest" within the meaning of Regs. 25.2702-2(a) (7). All provisions of this Declaration shall be conformed to that intent and the GRAT shall be administered to carry out that intent. See Article VII regarding mandatory tax provisions. The trustee is prohibited from exercising any power or discretion, whether granted under this Declaration or by law, that would be inconsistent with the trustor's intent set forth above or that would jeopardize the realization of such intent. If any provision required to be contained in an instrument creating such a qualified annuity interest is not otherwise set forth herein, it is hereby incorporated herein by reference and shall have the same force

and effect as though expressly set forth herein. If any provision in this Declaration may not be contained in an instrument creating such a qualified annuity interest, such provision shall be void and of no effect hereunder and this Declaration shall be construed and the GRAT shall be administered as though such a provision were not contained herein.

ARTICLE II. TRUST ESTATE

All property initially transferred by the trustor to the trust pursuant to this Declaration and remaining in the hands of the trustee is referred to as the "trust estate" and shall be held, administered and distributed in accordance with this Declaration, except as otherwise provided in paragraph 5.08.

ARTICLE III. IRREVOCABILITY OF TRUST

The trust established under this Declaration is irrevocable. The trust may not be altered or amended, except as otherwise provided in paragraph 11.05.

ARTICLE IV. GRAT TERM

The trust established under this Declaration is effective and commences on the date the property described on **Schedule A** attached hereto is transferred to the trust and terminates three (3) years after that date. The period starting on the effective date of the trust and ending on the termination of the trust is referred to as the "GRAT Term." The trustee shall enter on **Schedule A** attached hereto the date on which the trust commences.

ARTICLE V. OPERATION OF GRAT

5.01. Distribution of Annuity Amounts. The trustee shall distribute an annuity at the times and in the amounts set forth in this Article V ("Annuity Amounts"). The Annuity Amounts shall be distributed to the trustor, or if the trustor dies before receipt of all Annuity Amounts, any remaining Annuity Amounts shall be distributed to the estate

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of the trustor. The right of the trustor (or the trustor's estate) to receive the Annuity Amounts shall begin on the effective date of the trust. The Annuity Amounts shall be due and payable annually, based on the anniversary date of the commencement of the trust (i.e., due and payable on the day before the anniversary date) for each year of the GRAT Term, and each Annuity Amount shall be paid no later than 105 days after the payment date to which it relates.

5.02. Calculation of Annuity Amounts; Incorrect Valuation.

A. Annuity Amounts.

(1) First Year. The Annuity Amount to be paid for the first year of the GRAT Term (i.e., due and payable at the end of the first year of the GRAT Term) shall be a fractional share of the fair market value as finally determined for Federal gift tax purposes of the property initially transferred to the GRAT ("Initial Property Value"), determined as follows:

(a) The numerator of the fraction shall be that payment for the first year of the GRAT Term, when added to the payments for each succeeding year of the GRAT Term, each of which shall increase by twenty percent (20%) over the immediately preceding year, that produces an annuity interest the fair market value of which for Federal gift tax purposes is equal to the Initial Property Value (or as nearly equal as mathematically possible, but not more than the Initial Property Value).

(b) The denominator of the fraction shall be the Initial Property Value.

(2) Second Year. The Annuity Amount to be paid for the second year of the GRAT Term shall be a fractional share of the Initial Property Value equal to one hundred twenty percent (120%) of the fractional share of the Initial Property Value payable as the Annuity Amount for the first year of the GRAT Term.

(3) Third Year. The Annuity Amount to be paid for the third year of the GRAT Term shall be a fractional share of the Initial Property Value equal to

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one hundred twenty percent (120%) of the fractional share of the Initial Property Value payable as the Annuity Amount for the second year of the GRAT Term.

(4) Example. For example, if the Initial Property Value is \$10 million and the commencement date of the GRAT occurs in August of 2012, then the fractional share of the Initial Property Value payable as the Annuity Amount for the first year of the GRAT Term would be 2,805,757/10,000,000, the fractional share of the Initial Property Value payable as the Annuity Amount for the second year of the GRAT Term would be 3,366,908.4/10,000,000 and the fractional share of the Initial Property Value payable as the Annuity Amount for the third year of the GRAT Term would be 4,040,290.08/10,000,000. Any ambiguity in the preceding provisions of this paragraph A shall be resolved in a manner that is consistent with the foregoing example.

B. Incorrect Valuation. If the fair market value for Federal tax purposes of the property initially transferred to the trust is incorrectly determined, then within a reasonable time after the value is finally determined for Federal tax purposes, the trustee shall pay to the trustor or the trustor's estate (in the case of undervaluation), or the trustor or the trustor's estate shall repay to the trustee (in the case of overvaluation), an amount equal to the difference between the amount that the trustee should have paid to the trustor or the trustor's estate if the correct value were used and the amount actually paid to the trustor or the trustor's estate.

5.03. Short Year. Because the Annuity Amounts are payable pursuant to paragraph 5.01 based on each year of the GRAT Term (as opposed to based on the taxable year of the trust), and because the GRAT Term is a whole number of years, there should be no Annuity Amounts payable based on a period of less than one full year. However, if for any reason an Annuity Amount is payable for a period of less than one full year, the Annuity Amount shall be the amount otherwise determined for the year, multiplied by a fraction, the numerator of which is the number of days in the short period and the denominator of which is 365 (366 if February 29 is a day included in the numerator), and each prorated portion shall be paid to its recipient within the time

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allowed under Code Section 2702 and the related Regs. If the trustor dies during a year of the GRAT Term and daily proration of the Annuity Amount for such year is required between the trustor and the trustor's estate under Code Section 2702 and the related Regs, the trustee shall so prorate and pay such Annuity Amount as provided above.

5.04. Source of Annuity Amounts; Accumulation of Remaining Income; No Notes, Etc. The Annuity Amounts shall be paid out of, and chargeable first to, income of the trust, and then principal, and any remaining income shall be accumulated and added to principal. The Annuity Amounts shall be paid with available cash, if any, and then with other assets of the trust. The Annuity Amounts shall not be paid by issuing a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the Annuity Amount payment obligation.

5.05. Trustor Sole Beneficiary of GRAT. The trustee shall make no distribution or payment to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter; provided, however, that (i) this provision shall not limit the trustee's ability to pay trust expenses, and (ii) after the end of the GRAT Term and all Annuity Amounts have been paid to the trustor (or the trustor's estate), the remaining assets of the trust, if any, shall be distributed in accordance with paragraph 5.06.

5.06. Remainder

A. Trustor Survives GRAT Term. If the trustor survives the GRAT Term and receipt of all Annuity Amounts, the portion of the trust estate, if any, remaining after payment to the trustor of all Annuity Amounts shall be distributed in accordance with Article VI. If the trustor dies after the end of the GRAT Term, but before receipt of all Annuity Amounts, the remaining Annuity Amounts shall be paid to the estate of the trustor, and the portion of the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI.

B. Trustor Fails to Survive GRAT Term. If the trustor fails to survive the GRAT Term, the trustee shall pay all remaining Annuity Amounts at the times and in the amounts required above in this Article to the estate of the trustor, and the portion of

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the trust estate, if any, remaining after such payments shall be distributed in accordance with Article VI.

C. Application of Paragraph 5.02B. All payments pursuant to this paragraph 5.06 shall be subject to a pro rata proportionate share of the rights and duties of the trustee pursuant to paragraph 5.02B, regarding incorrect valuation of the property initially transferred to the trust.

5.07. No Distribution for Income Taxes. Notwithstanding any contrary statute or case law, the trustee shall not pay to the trustor (or the trustor's estate), and the trustor waives any right to, any principal or income of the trust estate on account of or in discharge of or reimbursement of the income tax liability of the trustor (or the trustor's estate) (whether Federal, state or otherwise), if any, with respect to (i) trust income taxed to the trustor (or the trustor's estate) or (ii) gains recognized by the trust and taxed to the trustor (or the trustor's estate).

5.08. Trustee as Nominee for Trustor/Estate. The trustee is required to pay the Annuity Amounts within certain time limits, as set forth above. If somehow any portion of the Annuity Amount payable to the trustor or the trustor's estate, as the case may be, on a particular date is not distributed in its entirety by the trustee to the trustor or the trustor's estate, as the case may be, by the end of the last day (the "Annuity Due Date") on which it must be paid in order for the annuity to be treated as a qualified annuity interest under Regs. Section 25.2702-2(a)(7), including any applicable grace period (such unpaid portion of the Annuity Amount being hereinafter sometimes referred to as the "Undistributed Annuity Amount"), then, at the end of the Annuity Due Date, the Annuity Property (as hereinafter defined) held by the trustee shall vest absolutely in the trustor or the trustor's estate, as the case may be. The trust shall immediately terminate as to the Annuity Property, and the trustee in the trustee's capacity as trustee shall have no further duties, power, authority or discretion to administer the Annuity Property notwithstanding any provision of applicable law or this Declaration to the contrary. The trustee shall hold the Annuity Property exclusively as nominee and agent for the trustor or the trustor's

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estate, as the case may be. The trustor hereby authorizes the trustee, but only as nominee and agent for the trustor or the trustor's estate, as the case may be, to invest the Annuity Property on behalf of the trustor or the trustor's estate, as the case may be, with the same authority as the trustor or the trustor's estate, as the case may be, could individually. The trustee, both as trustee and as such nominee and agent, is hereby relieved of any liability for commingling assets that have vested absolutely in the trustor or the trustor's estate, as the case may be, with assets that remain part of the trust estate. Any Annuity Property that has vested in the trustor as hereinbefore provided shall, upon the trustor's subsequent death, vest in the trustor's estate. For purposes of this paragraph, the term "Annuity Property" means that portion of the trust estate (i) having a fair market value as finally determined for Federal gift tax purposes equal to the lesser of (a) all property held by the trustee, in the trustee's capacity as trustee, at the end of the Annuity Due Date or (b) the Undistributed Annuity Amount, and (ii) if the fair market value as finally determined for Federal gift tax purposes of all property then held by the trustee is greater than the Undistributed Annuity Amount at the end of the Annuity Due Date, consisting of cash first and then assets with the lowest adjusted basis as a percentage of their fair market value, and if more than one asset has the lowest basis as a percentage of fair market value, consisting of a proportionate share of each such asset and (iii) shall include all income, appreciation and depreciation on such assets and all other incidents of ownership attributed thereto.

ARTICLE VI DISTRIBUTIONS ON GRAT TERMINATION

6.01. Distribution. The portion of the trust estate to be distributed in accordance with this Article VI shall be distributed as follows: The trustee shall allocate such portion equally among the children of the trustor who survive the GRAT Term. The shares of such portion shall be distributed, subject to a pro rata proportionate share of the trustee's rights and duties pursuant to paragraph 5.02B (regarding incorrect valuation of the property initially transferred to the trust), as follows:

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- A. Joseph Marion Molina, M.D. If JOSEPH MARION MOLINA, M.D., survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- B. Mary Martha Bernadett, M.D. If MARY MARTHA BERNADETT, M.D., survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- C. John C. Molina. If JOHN C. MOLINA survives the GRAT Term, the share allocated to him shall be distributed outright and free of trust to him.
- D. Janet M. Watt. If JANET M. WATT survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.
- E. Josephine M. Molina. If JOSEPHINE M. MOLINA survives the GRAT Term, the share allocated to her shall be distributed outright and free of trust to her.

6.02. Alternate Distribution. If before full distribution of the trust estate, all of the trustor's children are deceased and no other disposition of the trust estate or portion thereof is directed by this Declaration, the trust estate or the portion thereof then remaining shall be distributed to those persons who would have been the heirs of MARY R. MOLINA if she had then died, their identities and their respective shares to be determined in accordance with the laws of the State of California then in effect relating to the succession of separate property not acquired from a predeceased spouse.

ARTICLE VII. MANDATORY TAX PROVISIONS

7.01. Purpose of Article. The purpose of this Article is to include provisions in the trust, or reference other provisions in this Declaration, required for the trustor's reserved annuity interest in the trust to constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

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7.02. Payment of Annuity Amounts (Regs. 25.2702-3(b)(1)).

A. Irrevocable Right to Receive Fixed Amount. The annuity payable pursuant to this Declaration is an irrevocable right to receive a fixed amount. See paragraph 5.01 regarding the right of the trustor (or the trustor's estate) to payment of the Annuity Amounts, paragraph 5.02A regarding calculation of the fixed amount (as permitted under Regs. 25.2702-3(b)(1)(ii)(B)) and Article III as to irrevocability of the trust.

B. Annuity Amounts Payable Annually. The Annuity Amounts are payable to the trustor (or the trustor's estate) annually, based on the anniversary of the commencement date of the trust. See paragraph 5.01.

7.03. Incorrect Valuation of Trust Property (Regs. 25.2702-3(b)(2) and 664-2(a)(1)(iii)). If the value of the property initially transferred to the trust is incorrectly determined by the trustee, then within a reasonable period after final determination of correct value for Federal tax purposes the trustee is required to pay to the trustor (or the trustor's estate) (in the case of an undervaluation) or the trustor (or the trustor's estate) is required to repay to the trustee (in the case of an overvaluation) an amount equal to the difference between the amount which should have been paid if the correct value were used and the amount actually paid. See paragraph 5.02B.

7.04. Period for Payment of Annuity Amounts (Regs. 25.2702-3(b)(3)). The Annuity Amounts are payable annually, based on the anniversary date of the creation of the trust. See paragraph 5.01. If an Annuity Amount is payable for a period of less than twelve (12) months, proration is required. See paragraph 5.03.

7.05. Payment of Annuity Amounts in Certain Circumstances (Regs. 25.2702-3(b)(4)). The Annuity Amounts are required to be paid within 105 days after the end of each year of the GRAT Term. See paragraph 5.01.

7.06. Additional Contributions Prohibited (Regs. 25.2702-3(b)(5)). No additional contributions to the GRAT (i.e., in addition to the initial transfer) shall be allowed and the trustee shall not accept any such additional contributions. If any

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contribution in addition to the initial transfer is deemed made to the trustee, such deemed additional contribution shall not be held by the trustee as part of the GRAT, but instead shall be segregated and held in a separate trust upon the same terms and conditions as the initial transfer, with the term of such additional trust commencing upon the transfer of such additional contribution to the trustee.

7.07. Contingencies (Regs. 25.2702-3(d)(2)). The Annuity Amounts shall be paid to the trustor (or the trustor's estate) in all events and shall not be subject to any contingencies.

7.08. No Amounts Payable to Other Persons (Regs. 25.2702-3(d)(3)). No distributions or payments are permitted to any person other than the trustor (or the trustor's estate) during the GRAT Term or thereafter, other than to the remainder beneficiaries after the GRAT Term and after payment of all Annuity Amounts to the trustor (or the trustor's estate). See paragraphs 5.05 and 5.06.

7.09. Term of Annuity Interest (Regs. 25.2702-3(d)(4)). The term of the annuity and the term of the annuity interest are fixed and ascertainable pursuant to Article IV and paragraphs 5.01 and 5.02A at the creation of the trust. The term is for the number of years specified in Article IV.

7.10. Commutation Prohibited (Regs. 25.2702-3(d)(5)). Commutation (prepayment) of the interest of the trustor (or the trustor's estate) is prohibited.

7.11. No Use of Debt Obligation to Satisfy Annuity Payment Obligation (Regs. 25.2702-3(d)(6)(i)). The trustee shall not issue a note, other debt instrument, option or other similar financial arrangement, directly or indirectly, in satisfaction of the annuity payment obligation. See paragraph 5.04.

ARTICLE VIII. TRUSTEES

8.01. Designation of Trustee. WILLIAM DENTINO and CURTIS PEDERSEN shall serve as trustee. If WILLIAM DENTINO or CURTIS PEDERSEN ceases to act as trustee, the other one of them shall serve as sole trustee. Should the other one of them

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cease to serve as trustee, the person designated by him shall serve as trustee; provided, however, that the trustor shall not be designated as a trustee. The last designated trustee is authorized to designate one or more successor trustees, and if there is no designated successor trustee, then a majority of the then living children of the trustor may appoint a successor trustee; provided, however, that the trustor shall not be designated as a trustee.

8.02. Advisors. The trustee is authorized to employ custodians, investment advisors, attorneys, accountants and other agents or advisors to assist the trustee in the administration of the trust, and to rely on information and advice given by such agents and advisors. Reasonable compensation for all services performed by such agents and advisors shall be paid from the trust estate.

8.03. No Bond. No bond shall be required of any person named as trustee in this Declaration or designated as trustee pursuant to this Declaration.

8.04. Compensation; Expenses. No trustee shall receive compensation from the trust estate for serving as trustee, and each trustee hereby waives any right to be paid any compensation. The trustee shall be entitled to reimbursement for (or direct payment of) reasonable expenses incurred in administration of the trust.

8.05. Exculpatory Clause.

A. Notice of Deaths, Etc. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

B. Responsibility for Other Trustees. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a current beneficiary or a current beneficiary's agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees

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and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

C. Reliance on Professionals. No trustee who has employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

8.06. Voluntary Resignation. A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to the person then entitled to receive the Annuity Amounts; provided, however, that such trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such trustee's accounting has been settled.

8.07. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of acting as a trustee of another trust owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

8.08. Accountings.

A. Waiver of Statutory Duty to Account. The trustor hereby waives any reports or accounts that may be otherwise required by Section 16061 or 16062 of the California Probate Code to be made to any beneficiary.

B. Voluntary Accountings; "Beneficiary's Agent". The trustee may at any time render an account to any beneficiary by mailing or delivering a copy of such account to such beneficiary within a reasonable time after preparing such an account. If the beneficiary is under a legal disability (i.e., the beneficiary is a minor or is

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incompetent), the trustee shall instead provide a copy of such account to any court appointed guardian of the estate of such beneficiary or to any conservator of such beneficiary's estate or, if no guardian or conservator has been appointed, to a parent of a minor beneficiary having legal custody of such minor beneficiary or to an agent for such beneficiary acting under a valid durable power of attorney. The person to whom such copy of such account is to be provided in accordance with the preceding sentence is hereinafter referred to as the "Beneficiary's Agent."

C. Effect of Voluntary Accounting. The trustor intends that, if the trustee elects to prepare and distribute an account as hereinabove provided, the trustee shall be completely released and discharged with respect to all matters fairly reflected in such account as to any beneficiary to whom such account is distributed, or with respect to a beneficiary under a legal disability, the Beneficiary's Agent to whom such account is distributed, if (i) such beneficiary or such Beneficiary's Agent to whom such account is so distributed gives the trustee written approval of such account or (ii) such beneficiary or such Beneficiary's Agent fails to object to such account in writing within one hundred eighty (180) days, or such longer period as may be required under the California Trust Law, after the trustee has mailed or delivered a copy of such account to such beneficiary or such Beneficiary's Agent, as the case may be. Any approval of or failure to make timely objection to any account that is binding upon a beneficiary shall also be binding upon all descendants of such beneficiary and upon any other successor in interest of such beneficiary not otherwise objecting to such account within the time limit as hereinabove provided, including but not limited to descendants and successors who are minors, incompetents or not yet in being. No person, guardian, *guardian ad litem*, conservator or agent under a durable power of attorney not otherwise objecting

to such account within the time limit as hereinabove provided shall be entitled to question any account of the trustee that has been approved by an ancestor or predecessor in interest of such person or his ward, or as to which any such ancestor or predecessor in interest would have been bound as above provided. The trustor intends by this paragraph 8.08 to provide an

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informal, non-judicial and inexpensive procedure whereby any trustee may obtain a complete discharge with respect to such trustee's administration of, and all other actions taken by such trustee with respect to, the trust. Therefore, the trustor intends that the interests of each beneficiary of the trust be subject to the provisions of this paragraph.

8.09. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a beneficiary entitled thereto, the trustee may require such beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such beneficiary.

8.10. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 8.10A shall temporarily or permanently, as the case may be, cease to serve as a trustee as provided in paragraph 8.10B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) (a) a physician who is not related by blood or marriage to any trustee or beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or (b) the spouse of such individual, if any, and any adult child of such individual declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or beneficiary disputes a determination, such trustee or beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 8.10A shall be paid from the trust estate.

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B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to subparagraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to subparagraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases

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to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting the office of trustee, (i) agrees to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 8.10, (ii) waives the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 8.10 and otherwise to facilitate the administration of the trust being administered hereunder, and (iii) agrees that his or her obligation to comply with the provisions of this paragraph 8.10 is specifically enforceable.

8.11. Fiduciary to Fiduciary Self Dealing. Except to the extent (but only to the extent) a restraint on self-dealing may not be waived under applicable local law by a governing instrument, the trustor authorizes any trustee acting hereunder, without court approval or notice, to participate in any decision (1) to purchase or otherwise acquire assets from and (2) to sell, transfer, exchange or loan any assets to any trust of which such trustee is acting as a trustee and/or any estate of which such trustee is acting as executor, at any time or times and upon such terms and conditions as the trustee may reasonably deem advisable, notwithstanding that such participation otherwise may be an act of self-dealing under applicable state law, provided, however, that all such transactions described above shall only be done at fair market value, as determined for Federal tax purposes, and for adequate and full consideration in money or money's worth.

8.12. Attorney Trustee. The fact that a trustee (or a firm of which a trustee is a member or with which a trustee is otherwise affiliated) renders legal or other professional services to a trust hereunder shall not be deemed a conflict of interest, and the trustee may pay fees for such services to such trustee or firm without prior approval of any court or any beneficiary, whether or not there is a trustee to approve such payment.

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ARTICLE IX. TRUSTEE POWERS

9.01. General Powers. To carry out the purposes of this Declaration and subject to any limitations or exceptions stated elsewhere in this Declaration, the trustee shall have the following powers in addition to those conferred by the California Trust Law (as amended from time to time):

A. Underproductive Property. To retain, purchase or otherwise acquire underproductive property.

B. Manage Trust Property. To manage, control, grant options on, sell, convey, exchange, partition, divide, improve and repair trust property.

C. Lease Trust Property. To lease trust property.

D. Borrowing. To borrow money and to encumber trust property by mortgage, deed of trust, pledge or otherwise, whether within or beyond the term of the trust.

E. Litigation. To initiate or defend, at the expense of the trust, any litigation relating to the trust or any property of the trust estate.

F. Insurance. To carry insurance of the kinds and in the amounts the trustee considers advisable, at the expense of the trust, to protect the trust estate and the trustee personally against any hazard.

G. Distributions. To partition, allot and distribute the trust estate on final distribution in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the trustee, and to sell any property the trustee considers necessary for division or distribution. The trustee may, in the trustee's discretion, make a nonprorata division among beneficiaries if the respective assets distributed to the beneficiaries have equivalent or proportionate fair market values. The income tax bases of assets distributed nonprorata need not be equivalent and may vary to a greater or lesser amount, as determined by the trustee in the trustee's discretion. The trustee may delay the final distribution of the trust estate under Article VI until any estate taxes due with respect to the trust estate due to the death of the trustor, or any other tax obligations with

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respect to the trust estate, have been paid or adequately provided for, as reasonably determined by the trustee.

9.02. Powers Subject to Fiduciary Duties. Notwithstanding paragraph 9.01, all powers of the trustee under this Declaration shall be subject to all fiduciary duties of a trustee under California law.

9.03. Continuation After Termination. All property in the hands of the trustee shall remain subject to this Declaration (limited as provided in paragraph 5.08, if applicable). The powers and duties of the trustee shall continue after termination of the trust until all property in the trust estate has been distributed, and further as may be necessary to comply with paragraph 5.02B (regarding incorrect valuation of the property initially transferred to the trust).

9.04. Tax Elections. No trustee shall participate in any decision with respect to any tax election or option, under Federal, state or local law that could directly or indirectly enlarge, diminish or shift his or her beneficial interest hereunder from or to the beneficial interest hereunder of another person. Any such tax election or option shall be made only by a trustee who does not have a beneficial interest hereunder or whose beneficial interest could not be enlarged, diminished or shifted by the election or option. If the only trustee or trustees who otherwise could exercise such tax election or option hold beneficial interests hereunder that could be so enlarged, diminished or shifted, then another individual or a bank or trust company (but not an individual, bank or trust company that is related or subordinate within the meaning of Code Sec. 672(c) to any acting fiduciary, any beneficiary hereunder or the trustor) shall be appointed by the trustee or trustees by an acknowledged instrument delivered to the person so appointed and the fiduciary so appointed shall alone exercise any such election or option.

ARTICLE X. GRANTOR TRUST PROVISION

The trustor appoints THERESE A. MOLINA as the Substitutor. During the trustor's lifetime, the Substitutor shall have the power exercisable at any time and from

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time to time in a non-fiduciary capacity (within the meaning of Code Section 675(4)(C)), without the approval or consent of any person in a fiduciary capacity within the meaning of that section or otherwise, to acquire or reacquire any asset or assets forming part of the trust estate by substituting other property of an equivalent value, determined as of the date of such substitution. The Substitutor's power of substitution shall not be assignable. Without reducing or eliminating the fiduciary duties imposed on the trustee hereunder or by applicable law, the Substitutor shall exercise this power to substitute property by certifying in writing that the substituted property and the trust property for which it is substituted are of equivalent value, and the trustee shall have a fiduciary obligation to ensure the Substitutor's compliance with the terms of this power by being satisfied in advance of completing the substitution that the properties acquired and substituted are in fact of equivalent value, within the meaning of Revenue Ruling 2008-22. This power to substitute property cannot be exercised in a manner that can shift benefits among the trust beneficiaries. Without limiting the foregoing prohibition upon shifting benefits among the trust beneficiaries, the trustee shall have the power to reinvest the principal of the trust and the duty of impartiality with respect to trust beneficiaries at all times while this power of substitution is in effect. The foregoing grant of a power of reinvestment and imposition of a duty of impartiality are included herein for compliance with Revenue Ruling 2008-22, and whenever such power and duty are not granted and imposed under this Article, the remaining provisions of this Declaration and applicable law shall determine whether and to what extent such power and duty are granted and imposed. The Substitutor may at any time irrevocably release such power by delivery of an acknowledged instrument in writing to the trustee, in which case the Substitutor's power shall cease. The Substitutor may cease to act as Substitutor (without causing a release of the power) by delivery of a written and acknowledged notice to the trustee. If THERESE A. MOLINA ceases to act (without releasing the power), dies or becomes incompetent, FAUSTINO BERNADETT, M.D., shall be the Substitutor. If FAUSTINO BERNADETT, M.D., ceases to act (without releasing the power), dies or becomes

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incompetent, the next designated person shall become the Substitutor, and if there is no designated person, the trustee (but acting in an individual capacity and not in a fiduciary capacity) shall exercise the Substitutor's powers under this Article until the appointment of a successor Substitutor, and the trustee shall undertake expeditiously to appoint a successor Substitutor. THERESE A. MOLINA and/or FAUSTINO BERNADETT, M.D., shall have the power to designate one or more persons to succeed them as Substitutor by a written instrument delivered to the trustee. In the event of a conflict between designations, the latest in time shall control. Under no circumstances shall the person designated by one or both of them or by the trustee to hold this power as Substitutor be the trustor, any beneficiary or any person who is a related or subordinate party within the meaning of Code Section 672(c) with respect to the trustor. The trustor intends that she be treated as the owner of the trust estate for income tax purposes only due to this power of substitution, and only while this power of substitution exists, in accordance with Code Section 675(4)(C).

ARTICLE XI. STATEMENT OF INTENT

This Article states the trustor's tax-related purposes in creating the trust, and, notwithstanding any law or provision of this Declaration, all provisions of this Declaration shall be construed so as best to effect these purposes. No trustee shall have any power or exercise any discretion in a manner that could reasonably be expected to frustrate the effectuation of these purposes.

11.01. Gift Tax. The trustor's reserved annuity interest in the trust shall constitute a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

11.02. Estate Tax. If the GRAT Term expires during the trustor's lifetime, all trust assets other than the portion necessary to pay any remaining Annuity Amounts, if any, shall be excluded from the trustor's gross estate for Federal estate tax purposes.

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11.03. Income Tax. The trust shall be a grantor trust for Federal income tax purposes as to the trustor.

11.04. Conflict. In the event of any conflict in achieving the purposes set forth in the preceding paragraphs 11.01, 11.02 and 11.03, the purpose set forth in paragraph 11.01 shall prevail over the other purposes.

11.05. Limited Power to Amend. Unless prohibited by the Code, Treasury Regulations or administrative pronouncements by the Internal Revenue Service, the trustee may, without the consent of any other person, amend this Declaration to the extent required for the sole purpose of ensuring that the trustor's interest in the trust is and continues to be a qualified interest under Code Section 2702 and a qualified annuity interest under the Treasury Regulations thereunder.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.01. Captions. The use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

12.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

12.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any beneficiary, or the appointment or substitution of a trustee residing in another state. Subject to fiduciary duties, the trustee may change the situs of such trust and elect to have such trust be governed by the laws of another state.

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12.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

12.05. Successors. The provisions of this Declaration applicable to a party shall be binding on all successors in interest to such party.

12.06. Intentional Omission. The trustor has intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustor had died intestate, would be entitled to share in her estate as an heir at law or otherwise, including but not limited to any person who is not identified as a child of the trustor in paragraph 1.02.

This Declaration of the Mary R. Molina Grantor Retained Annuity Trust 812/3 may be executed in counterparts, which together shall constitute one instrument and may be delivered by facsimile or other electronic transmission.

Trustor:

Date 7/30/12

/s/ Mary R. Molina
MARY R. MOLINA

By /s/ Joseph M. Molina M.D.
Joseph Marion Molina, M.D.,
Her Attorney-in-Fact

Trustee:

Date 8/6/12

/s/ William Dentino
WILLIAM DENTINO

Date 7/30/12

/s/ Curtis Pedersen
CURTIS PEDERSEN

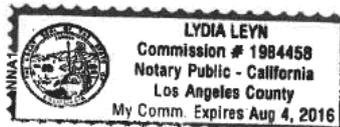
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On July 30, 2012, before me, Lydia Leyn, Notary Public, personally appeared JOSEPH MARION MOLINA, M.D., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



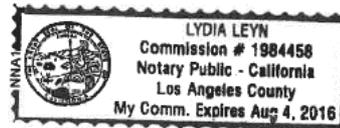
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On July 30, 2012, before me, Lydia Leyn, Notary Public, personally appeared CURTIS PEDERSEN, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Lydia Leyn



DECLARATION OF THE MARY R. MOLINA GRAT 812/3
ACKNOWLEDGEMENT

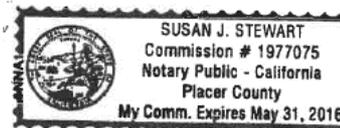
STATE OF CALIFORNIA)
)
COUNTY OF PLACER) ss.

On August 6, 2012, before me, Susan J. Stewart, Notary Public, personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



DECLARATION OF THE MARY R. MOLINA GRAT 812/3
ACKNOWLEDGEMENT

SCHEDULE A

MRM GRAT 812/3

Property Transferred and Delivered to the Trustee

500,000 Shares of Stock in
MOLINA HEALTHCARE, INC., a Delaware corporation

Date on which Trust commences pursuant to Article IV:
August 6, 2012

**DECLARATION OF THE SIXTH AMENDMENT
AND RESTATEMENT OF THE DENTINO FAMILY TRUST
BY
WILLIAM DENTINO AND REBECCA R. DENTINO**

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SCHEDULE A

**DECLARATION OF THE SIXTH AMENDMENT
AND RESTATEMENT OF THE DENTINO FAMILY TRUST
BY
WILLIAM DENTINO AND REBECCA R. DENTINO**

WILLIAM DENTINO ("William") and REBECCA R. DENTINO ("Rebecca"), as trustors and as trustees of the Dentino Family Trust, dated June 28, 2005, as amended pursuant to that certain First Amendment of the Declaration of the Dentino Family Trust, executed on April 3, 2008, as amended and restated pursuant to that certain Declaration of the Second Amendment and Restatement of the Dentino Family Trust, executed on March 14, 2012, as amended pursuant to the Declaration of the Third Amendment of the Dentino Family Trust, executed on March 2, 2016, as amended pursuant to that certain Declaration of the Fourth Amendment of the Dentino Family Trust, dated July 8, 2017, and as amended pursuant to that certain Declaration of the Fifth Amendment of the Dentino Family Trust, dated July 25, 2017, hereby amend and restate such trust as provided in this Declaration of the Sixth Amendment and Restatement of the Dentino Family Trust ("Declaration").

The trustors declare that they have transferred to themselves, as trustees, the properties described on the attached Schedule A, to be held administered and distributed as provided in this Declaration.

ARTICLE I. FAMILY

The trustors are married and have two (2) children now living whose names are ALEXIS O. DENTINO ("Alexis") and ABIGAIL N. DENTINO ("Abigail"). William has two (2) children, WILLIAM L. DENTINO ("Bill") and STAMATIOS G. DENTINO, M.D. ("Sam"), by a prior marriage.

ARTICLE II. TRUST PRINCIPAL

2.01. Community and Separate Estates of Property. The principal of the trust shall consist of the properties described in Schedule A and all other properties transferred to the trust by either trustor by inter vivos gift, testamentary disposition, designation as beneficiary or other means. All community property transferred to the trust (inter vivos, testamentary or otherwise) and its proceeds shall retain its character as community property during the trustors' joint lives, and shall herein be referred to as the "community estate" or the "community property." All quasi-community property transferred to the trust (inter vivos, testamentary or otherwise) and its proceeds shall retain its character as quasi-community property during the trustors' joint lives, and shall herein be referred to as the "quasi-community estate" or the "quasi-community property." All separate property transferred to the trust (inter vivos, testamentary or otherwise) and its proceeds

shall retain its character as separate property of the transferring trustor during the trustors' joint lives, and shall herein be referred to as that trustor's "separate estate" or the "separate property." On documents of title, the letters "SPH" or "SPW," should they be present, shall connote the following: "SPH" shall connote separate property or quasi-community property in the name of the husband; "SPW" shall connote separate property or quasi-community property in the name of the wife; and no letters shall connote community property. Such connotations are rebuttable if the facts indicate that ownership is other than as so designated. Should an asset not be designated "SPH" (or otherwise designated as the separate property of the husband) or "SPW" (or otherwise designated as the separate property of the wife), the separate, community or quasi-community character shall be as reflected in the books and records of the trustors and the trustee. No amendment or revocation of this Declaration shall change the character of any property held by the trustee, and property returned to the trustors shall retain its character as it was within the trust, unless clear and specific provision for the change is made in the document amending or revoking this Declaration. The trustee shall not be held personally liable for making any distributions authorized in this Declaration consistent with the designations made by the trustors.

2.02. Community Property Character of Jointly Held Property. The trustors declare and agree that all property transferred to the trust (in the past, now or in the future) the title to which was held in their names as joint tenants with right of survivorship or other form of co-ownership, shall constitute their community property. In transferring any such property to the trust, the trustors expressly intend to confirm or transmute (i.e., change) the character of such property (to the maximum extent permitted by applicable law) as or to their community property. Notwithstanding the foregoing, in the event legal proceedings are commenced to dissolve their marriage, the trustors reserve their rights of reimbursement under California Family Code Section 2640 for contributions to community property traceable to a separate property source.

ARTICLE III. DISTRIBUTIONS DURING TRUSTORS' JOINT LIVES

3.01. Distribution of Income. Except as provided in paragraph 3.03, while both trustors are living the trustee shall pay to the trustors or apply for their benefit as much of the net income of the trust as either trustor may request from time to time; provided, however, that only the trustor who has transferred separate property to the trust may request the income from that trustor's separate estate. Any income not paid to or applied for the trustors during a calendar year shall be added to the trust principal at the end of the year, except as otherwise provided in paragraph 3.03.

3.02. Distribution of Principal. Except as provided in paragraph 3.03, the trustee shall pay to the trustors or apply for their benefit any amounts from the principal of the trust, first from the community estate, then from the quasi-community estate and then from the separate estates of both trustors, in equal shares to the extent possible, that the trustee considers necessary for the trustors' education, support in their accustomed

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manner of living and their medical, dental, hospital and nursing expenses, expenses of invalidism, comfort, welfare or happiness. The trustee shall also distribute any asset of the community estate or the quasi-community estate requested in writing by either trustor and any asset of a trustor's separate estate that is requested in writing by that trustor. If the item requested is the trustors' community property or quasi-community property, it shall be distributed to the trustors as community property or quasi-community property, as the case may be. If the item requested is the separate property of one of the trustors, it shall be distributed to that trustor as separate property.

3.03. Incapacity. If at any time either trustor has become physically or mentally incapacitated, whether or not a court of competent jurisdiction has declared the trustor incompetent or mentally ill or has appointed a conservator, the trustee shall pay to the non-incapacitated trustor or apply for either trustor's benefit, first from the community estate, then from the quasi-community estate and then from the separate estates of both trustors, in equal shares to the extent possible, the amounts of net income and principal necessary in the trustee's discretion for the health, education, support, maintenance, comfort, welfare or happiness of both trustors, in accordance with their accustomed manner of living, until the incapacitated trustor is again able to manage his or her own affairs or until the earlier death of either trustor. The non-incapacitated trustor may also withdraw, from time to time, accumulated trust income and principal of community property and quasi-community property, and of separate property contributed by that trustor. Income and principal from community property or quasi-community property so paid or withdrawn shall be held and administered as community property or quasi-community property by the non-incapacitated trustor, as the case may be. Any income in excess of the amount distributed or applied for the benefit of the trustors shall be accumulated and added to principal of the community, quasi-community or separate estate, as the case may be. If a conservator of the person or estate is appointed for either trustor, the trustee shall take into account any payments made for either trustor's benefit by such conservator.

3.04. Residences, Furniture and Furnishings. The following provisions shall apply with respect to each residence occupied by the trustors and its furniture and furnishings:

A. Trustors' Right to Occupy Residence. The trustors shall have the right to occupy the residence and to possess and use any furniture and furnishings located therein without any obligation to pay rent or to account to the trustee or any Beneficiary hereunder.

B. Management and Care of Residence. While the trustors shall possess and occupy the residence, the trustors shall arrange for management and care of the residence and the trustee shall pay all costs associated therewith. The trustee shall be relieved of all responsibility with respect to the residence, except that (i) the trustee shall be obligated to pay all operating expenses, taxes, insurance and assessments and all

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installments of principal or interest which shall fall due on any note secured by a mortgage or deed of trust constituting a lien on the residence, and (ii) during any period of incapacity of the trustors, the trustee shall also manage and care for the residence and pay all costs associated with its ownership and operation. The trustee shall charge all disbursements with respect to the residence to the income of the community or separate estate owning an interest in the residence, except that all principal payments on any mortgage and all capital improvements shall be charged to principal of such estate.

C. Ability to Exchange Residence. Upon receipt of written instructions from the trustors, the trustee shall exchange the residence for other residential property or shall sell the residence and shall use the funds of the trust to purchase other residential property suitable for the trustors, taking into account the manner in which the trustors are accustomed to living and such other factors as the trustee may consider relevant. Any sale or purchase may be solely for cash or partly for cash and partly on credit, and at such price and upon such terms as the trustee shall determine. Any other residential property received in exchange or by purchase shall be subject to all the terms and conditions of this paragraph 3.04, including but not limited to the provisions hereof relating to possession and occupancy, sale or exchange, and the acquisition of other residential property in the place thereof.

D. Right to Rent Apartment. In the event the trustors shall notify the trustee in writing that they desire to lease or rent an apartment in lieu of living in the residence or replacement residential property, the trustee shall pay the rent for such apartment from the net income of the community estate, or the principal if necessary. In the event the trustors shall subsequently desire to reside in a private residence, the trustee shall acquire a residence upon the terms and conditions provided in this paragraph 3.04.

3.05. Annual Exclusion Gifts. The trustee shall make annual gifts to the issue of either trustor, to the full extent of the Federal annual gift tax exclusion under Code Section 2503(b), or any successor statute, as directed by (i) the trustors, (ii) one of the trustors and an Agent acting for the other trustor under the power and authority granted in a valid durable power of attorney, from the community estate, (iii) a trustor or an Agent acting for a trustor under the power and authority granted to such Agent in a valid durable power of attorney, from the separate estate of such trustor or (iv) Agents acting for both trustors under the power and authority granted to such Agents in valid durable powers of attorney.

ARTICLE IV. DIVISION AFTER FIRST DEATH

4.01. Applicability of Article; "Decedent" and "Survivor". Upon the death of the first trustor to die, the trustee shall distribute the trust principal, including any additions made to the trust as a result of the deceased trustor's death such as from the decedent's will or life insurance policies, in accordance with the provisions of this Article IV. The

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first trustor to die shall herein be referred to as the "decedent," and the surviving trustor shall herein be referred to as the "survivor."

4.02. Deferral of Division or Distribution of Trust Estate. The trustee may, in the trustee's discretion, defer distribution or division of the trust estate for so long as such deferral is reasonably required for the proper administration of the trust, including but not limited to the convenience of administering the assets of the trust estate after the decedent's death and until distribution pursuant to this Article and allowing sufficient time to inventory and value trust assets, determine and satisfy any creditor's claims, plan for and pay taxes and make the distributions pursuant to this Article; provided, however, that the trustee shall not delay a division or distribution so that a transfer fails to qualify for a marital or charitable deduction or so that a generation-skipping transfer tax would be payable. When the trustee defers distribution or division of the trust assets, the deferred division or distribution shall be made as if it had taken place at the time prescribed in this Declaration in the absence of this paragraph, and all rights given to the Beneficiaries of such trust assets under other provisions of this Declaration shall be deemed to have accrued and vested as of such prescribed time.

4.03. Debts, Expenses and Taxes. Debts, expenses and taxes shall be paid in accordance with Article XVI.

4.04. Specific Bequests.

A. William Is Decedent. If William is the decedent, the following specific bequests shall be made, free of all Death Taxes:

(1) Personal Items. William's leather-strap Omega watch shall be distributed to Bill, if he survives William, and if not, then to Sam if he survives William. William's metal-band Omega watch shall be distributed to Sam, if he survives William, and if not, then to Bill, if he survives William. William's silver money clip shall be distributed to Sam, if he survives William, and if not, then to Bill, if he survives William.

(2) Bill Notes Receivable and Proceeds of Prudential Policy. All debts of Bill to William, William and Rebecca and/or the trustee (collectively "Bill Notes Receivable") shall be distributed to the trustee of the Dentino Children Trust, set forth in paragraph 9.18. If Prudential/Pruco Life Insurance Company ("Prudential") policy number #L9 006 242 is in force at William's death, a portion of the proceeds thereof, as determined below, shall be distributed to the trustee of the Dentino Children Trust, set forth in paragraph 9.18. The portion of such policy to be distributed to the trustee of the Dentino Children Trust shall be an amount equal to \$400,000 less the sum of the principal balance of all Bill Notes Receivable and all accrued interest on the Bill Notes Receivable (regardless of enforceability) as of the date the Bill Notes Receivable are distributed to the trustee of the Dentino Children Trust. To the extent any of the Bill

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Notes Receivable constitute community property of the trustors, such portion and any accrued interest thereon shall be considered William's half of the trustors' community property and other assets of the trust estate of equivalent value, as selected by the trustee, shall be considered Rebecca's half of the trustors' community property, so that an equal, but non-prorata, division of the trustor's community property can be made. The trustors acknowledge that such policy, and its proceeds, constitute community property of the trustors. However, for purposes of allocating the trust estate in accordance with this Article IV upon the death of the decedent, if William is the decedent, such policy proceeds allocable to the Dentino Children Trust shall be considered William's half of the trustors' portion of the community property and other assets

of the trust estate of equivalent value, as selected by the trustee, shall be considered Rebecca's half of the trustors' community property, so that an equal, but non-prorata, division of the trustors' community property can be made.

B. Rebecca Is Decedent. If Rebecca is the decedent, the following specific bequests shall be made, free of all Death Taxes: Rebecca's pave sapphire and diamond bracelet and earrings set, Rolex watch and original yellow gold wedding ring and diamond shall be distributed to Alexis, if she survives Rebecca, and if not, then to Abigail, if she survives Rebecca. Rebecca's gold and diamond Omega watch, gold and diamond bracelet (not tennis bracelet) and white gold wedding ring and diamond shall be distributed to Abigail, if she survives Rebecca, and if not, then to Alexis, if she survives Rebecca.

4.05. Residue. The trustee shall divide the residue of the trust principal into the following three separate trusts:

A. Survivor's Trust. The trustee shall distribute to the survivor all of the assets of the trust that have retained the character of the survivor's separate property, the survivor's interest in community property and the survivor's share of the decedent's quasi-community property under Probate Code Section 101, and all accrued and undistributed income thereon. The trustee shall also distribute to the survivor from the decedent's interest in the community estate and the decedent's separate estate, if any, all of the decedent's interest in any household furniture and furnishings, jewelry, clothing, personal automobiles, books and other tangible articles of a household or personal nature not otherwise specifically distributed under the preceding provisions of this Declaration, together with the decedent's interest in any separate insurance policy on such property and subject to any encumbrances thereon. The survivor may (but shall not be obligated to) assign the right to receive any or all of the property described in this paragraph A to the Survivor's Trust under Article V.

B. Marital Trust and Family Bypass Trust. From the decedent's remaining interest in the community estate, quasi-community estate and the decedent's separate estate, if any, the trustee shall allocate and distribute shares thereof to the Marital Trust and the Family Bypass Trust. The Marital Trust share shall equal the smallest

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fractional share that can be allocated and distributed that, if taken as a Federal estate tax marital deduction or a state estate or inheritance tax marital deduction, whichever is greater, will entirely eliminate (or reduce to the maximum extent possible) any Federal estate tax or state estate or inheritance tax on the decedent's death, after taking into account all factors relevant to this tax objective, including but not limited to the factors listed below. The Family Bypass Trust share, if any, shall equal the remaining share. If there is no tax in effect with respect to which a marital deduction will reduce or defer taxes upon the decedent's death, then all of such remaining interest shall be allocated to the Family Bypass Trust. The trustee shall allocate assets of the trust estate allocable to the Marital Trust and the Family Bypass Trust on a fractional basis; provided, however, that the trustee shall have the power to allocate in kind certain assets entirely to one trust as long as offsetting allocations are made to the other trust. The Marital Trust share, if any, shall be held in trust and distributed in accordance with Article VI, Marital Trust. The Family Bypass Trust share shall be held in trust and distributed in accordance with Article VII, Family Bypass Trust. The factors are as follows:

(1) Claimed and Allowed Deductions. All deductions claimed or allowed in determining the estate or inheritance tax payable by reason of the decedent's death.

(2) Net Value of All Decedent's Property; Disclaimer. The net value of all other property included in the decedent's gross estate, whether or not it is given under this Declaration and whether it passes at the time of the decedent's death or has passed before the decedent's death to or in trust for any person or entity, so that it is included in the decedent's gross estate and qualifies for the estate or inheritance tax marital deduction. If the survivor disclaims any property that would otherwise qualify for the estate or inheritance tax marital deduction, this disclaimer shall be disregarded for purposes of this paragraph 4.05B.

(3) Estate Tax Credits. All credits allowed for estate or inheritance tax purposes; provided, however, that for this purpose account shall not be taken of any credit for (a) Death Taxes paid in the estate of one whose death occurs after the decedent's death or (b) any state Death Tax, unless, and to the extent, a Death Tax would be payable to the state or states regardless of the Federal credit.

(4) Valuation Date and Other Tax Sensitive Assets. The shares allocable to the Marital Trust and to the Family Bypass Trust shall be determined using the value of assets as finally determined for Federal estate tax purposes. The gifts to the Marital Trust and to the Family Bypass Trust may be satisfied in cash or in kind, in undivided interests, or partly in each, each such asset to be valued for this purpose on the date it is distributed. Any assets that are not eligible for the estate or inheritance tax marital deduction shall be allocated to the Family Bypass Trust. Any insurance on the life of the survivor and any assets for which a credit for foreign Death Taxes is allowable

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for Federal estate tax purposes shall be allocated to the Family Bypass Trust, unless there is insufficient other property to fully fund the Marital Trust share.

(5) Division of Marital Trust. The Marital Trust may be divided into one or more separate Marital Trusts in accordance with paragraph 6.06, Marital Deduction Intention and Election, and paragraph 4.06F.

C. Simultaneous Death. In the event both trustors die simultaneously or under circumstances that make it difficult or impossible to determine which of them survived the other, then, for purposes of the division of the trust estate under this paragraph 4.06, the trustee shall presume that the trustor who has the larger "Gross Estate" as defined in Code Section 2031, reduced by the deductions allowed by Code Section 2053 and 2054, predeceased the other.

D. Qualified Retirement Plans. Should the decedent designate this trust or the Marital Trust to receive benefits ("Benefits") from any Qualified Retirement Plan, the following provisions shall apply:

(1) To the extent that the value of the Benefits are includible in the Gross Estate of the decedent under Code Section 2039 or otherwise, and to the extent that the value of the Benefits does not exceed the amount allocated to the Marital Trust, the rights to the interest in the Benefits shall be allocated to the Marital Trust prior to the allocation of any other assets thereto.

(2) To the maximum extent possible, the trustee shall not make any of the payments required by Article XVI out of the Benefits.

(3) To the maximum extent possible, the Marital Trust's interest in the Benefits shall be allocated to that portion of the Marital Trust for which the trustee does not make the election under Code Section 2652(a)(3) to treat the assets of the Marital Trust as if the qualified terminable interest property election had not been made for purposes of the GST tax.

E. Residences. In allocating assets among the various trusts, the trustee shall allocate interests in the primary residence and any secondary residence(s) of the trustors as directed by the survivor, provided that such direction by the survivor shall not cause any such trust or trusts to be over-funded or under-funded in comparison to how they would have been funded without any direction by the survivor.

F. Division of Marital Trust. If an election is to be made to qualify all or part of the Marital Trust for the Federal estate tax marital deduction, and if a Code Section 2652(a)(3) reverse QTIP election is to be made, the Marital Trust so qualified shall, if necessary, be divided and established as two separate trusts rather than one to permit the reverse QTIP election to be made with respect to one trust (the Exempt Marital

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Trust), but not the other (the Non-exempt Marital Trust). The division shall be accomplished in a manner that complies with Code Section 2642(a)(3).

G. Material Purpose and Possible Changed Circumstances. The trustors confirm that a material purpose of establishing the Marital, Family Bypass and Disclaimer Trusts and of the terms of each such trust is to delay, avoid and/or reduce taxes on the trusts, the trust estates and the Beneficiaries, all as allowed by the laws in effect from time to time. However, the trustors acknowledge that the tax laws are extremely complex and there is continuing uncertainty as to the application of the current tax laws and what tax laws will be in effect at the decedent's death, during the life of the survivor and at the death of the survivor, with the result that the trustors are unable to know or anticipate with precision exactly how the tax laws that exist from time to time will apply to their trusts.

4.06. Allocation Guidelines. In dividing the decedent's interest in the community estate, the quasi-community estate and the decedent's separate estate between the Marital Trust and the Family Bypass Trust, the trustee shall consider, when other assets are available, not allocating to the Marital Trust:

A. Assets that do not qualify for the marital deduction;

B. Assets that are subject, by reason of the decedent's death, to any estate, inheritance, legacy or succession tax, or any other death duty in any foreign country or political subdivision thereof;

C. Shares of stock that would otherwise qualify for redemption under Code Section 303, except to the extent they exceed the maximum number of shares that would so qualify for redemption under that Section;

D. Assets characterized as income in respect of a decedent under Code Section 691;

- E. United States Treasury Bonds eligible for redemption at par as payment of Federal estate taxes; and
- F. Unmatured life insurance policies.

4.07. Aggregate Theory of Community Property. The trustors agree that the aggregate theory of community property shall apply for purposes of post-death division of their community property, including those assets held in the trust estate and assets outside the trust; provided, however, that (i) as to any community property interest in any qualified plan (401(k), IRA, profit sharing plan) or Roth IRA with respect to which husband is the participant, such interest may be deemed wife's property to any extent but shall not be deemed solely husband's property, and (ii) as to any community property interest in any qualified plan (401(k), IRA, profit sharing plan) or Roth IRA with respect

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to which wife is the participant, such interest may be deemed husband's property to any extent but shall not be deemed solely wife's property. The trustee shall take into account any written agreement between the trustors superseding their agreement herein and providing for non-pro rata division of their community property, whether passing under this Declaration or outside this Declaration. In allocating assets among the various trusts, the trustors expressly authorize the trustee to divide any community property in the trust estate in a non-pro rata fashion, i.e., based on the "aggregate" theory of community property rather than the "item" theory of community property. The trustee is authorized to allocate community property among separate trusts on the basis of the value of the entire pool of community assets rather than on an asset-by-asset basis. For example, if husband is the decedent and he is the participant in a \$200,000 community property IRA, and the trust estate consists of \$1,800,000 of community property, then the trustee can consider the \$200,000 IRA as 100% of wife's property and thereby allocate \$800,000 to the Survivor's Trust and allocate the remaining \$1,000,000 of the trust estate between the Family Bypass Trust and the Marital Trust.

4.08. Disclaimer by Survivor. If the survivor effectively disclaims an interest in any property or any portion of property that, but for such disclaimer, would pass to the survivor as an outright gift or for the benefit of the survivor under the Survivor's Trust or the Marital Trust, such interest shall pass to the Disclaimer Trust. If the survivor effectively disclaims an interest in any property or any portion of property that, but for such disclaimer, would pass for the benefit of the survivor under the Disclaimer Trust, such interest shall be distributed in accordance with Article IX, Distribution After Survivor's Death, applicable to the Disclaimer Trust as if the survivor had then died.

4.09. Unclaimed Administration Expenses, Management and Transmission Expenses. All unclaimed administration expenses attributable in whole or in part to the Marital Trust shall be paid from the Family Bypass Trust or otherwise paid and deducted to avoid triggering an estate tax payable due to the death of the decedent. The term "unclaimed administration expenses" means administration expenses, described in Code Sections 2053(a)(2) and 2053(b), or any successor provisions, that are eligible for deduction on the Federal estate tax return but that are not allowed on that return because they are claimed as income tax deductions or otherwise. Management and transmission expenses shall be paid and deducted so as not to trigger an estate tax due to reduction in the marital deduction.

ARTICLE V. SURVIVOR'S TRUST.

5.01. Applicability of Article. The portion of the trust estate to be distributed in accordance with this Article V, Survivor's Trust, shall be distributed as follows:

5.02. Distribution of Income. The trustee shall pay to the survivor or apply for the survivor's benefit as much of the net income of the Survivor's Trust as the survivor may request from time to time. The trustee shall also pay to or apply for the benefit of

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the survivor any sums from the net income of the Survivor's Trust that the trustee, in the trustee's discretion, considers necessary for the survivor's education, support in his or her accustomed manner of living and his or her medical, dental, hospital and nursing expenses, expenses of invalidism, comfort, welfare or happiness. Any income not distributed as provided above shall be accumulated and added to principal at the end of the year.

5.03. Distribution of Principal. The trustee shall pay to or apply for the benefit of the survivor any sums from the principal of the Survivor's Trust that the trustee, in the trustee's discretion, considers necessary for the survivor's education, support in his or her accustomed manner of living and his or her medical, dental, hospital and nursing expenses, expenses of invalidism, comfort, welfare or happiness. In addition, the trustee shall distribute any asset of the Survivor's Trust requested in writing by the survivor.

5.04. Gifts. The trustee shall make annual gifts from the trust estate to the issue of the survivor, to the full extent of the Federal annual gift tax exclusion under Code Section 2503(b), or any successor statute, as directed by the survivor or an Agent acting for the survivor under the power and authority granted in a valid durable power of attorney.

5.05. Debts, Expenses and Taxes. Debts, expenses and taxes shall be paid in accordance with Article XVI.

5.06. Survivor's Testamentary General Power of Appointment. On the death of the survivor, the trustee shall distribute the balance then remaining of the Survivor's Trust to one or more persons and entities, including the survivor's estate, on such terms and conditions, either outright, in trust or by creating further powers of appointment as the survivor shall appoint by a valid Will or inter vivos document in accordance with paragraph 10.05, executed after the decedent's death, that specifically refers to this power of appointment.

5.07. Distribution Upon Death of Survivor. Upon the survivor's death, unless otherwise appointed by the survivor pursuant to paragraph 5.06, any remaining balance of the Survivor's Trust shall be distributed in accordance with Article IX, Distribution After Survivor's Death.

ARTICLE VI. MARITAL TRUST.

6.01. Applicability of Article. The portion of the trust estate to be distributed in accordance with this Article VI, Marital Trust, shall be distributed as follows:

6.02. Unitrust Payments to Survivor. During the lifetime of the survivor, the trustee shall pay to or apply for the benefit of the survivor in each taxable year of the trust, in quarter-annual or more frequent installments payable at the end of the period, a

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unitrust amount equal to five percent (5%) of the net fair market value of the trust assets (excluding residential property and tangible personal property, as described below), valued annually on the first day of the trust's taxable year for Federal income tax purposes. This valuation shall be made in such reasonable manner as the trustee shall, in the trustee's discretion, determine. In a taxable year of the trust that is less than 12 months and in the year of the death of the survivor, the amount to be paid by the trust shall be a fraction of five percent (5%). The numerator of that fraction shall be the number of days in the trust's first taxable year or the number of days in the trust's year preceding the day on which the survivor died, and the denominator shall be 365. The survivor shall have the exclusive and unrestricted right to occupy residential property as a personal residence or to direct the trustee to rent the property and for the survivor to receive the net income (excluding any deductions for depreciation), and the trustee shall not pay the unitrust amount with respect to any such property of the trust. Despite the foregoing, the unitrust amount for the period between the last distribution date and the date of the survivor's death shall not be distributed to the survivor or the survivor's estate but shall instead be distributed in accordance with the provisions for distribution of the remaining property of the trust on the death of the survivor. No person shall have the power to appoint any part of the trust property to any person other than the survivor. This provision is intended to satisfy the right of the survivor to a qualifying income interest for life as provided in Treasury Regulation §20.2056(b)-7(d)(2), incorporating the definition of "income" in Treasury Regulation §20.2056(b)-5(f). For this reason, the trustee shall pay to or apply for the benefit of the survivor in quarter-annual or more frequent installments the entire net income of the trust with respect to any property of the trust during any period in which the property is subject to the law of a jurisdiction that does not permit satisfying a right to income by payment of a unitrust amount; and the trustee shall not pay the unitrust amount with respect to such property during that period. If it is necessary in order for the Marital Trust to qualify for the marital deduction that any net income of the Marital Trust in excess of the amount distributable to the survivor under the preceding provisions of this paragraph be paid to the survivor, then the trustee shall pay to or apply for the survivor's benefit such excess net income no less often than annually.

6.03. Distribution of Principal. In addition to the distributions required under paragraph 6.02, and subject to paragraph 7.04 regarding the order of distribution of principal from the trusts, the trustee shall also pay to or apply for the benefit of the survivor all sums from the principal of the Marital Trust as the trustee, in the trustee's discretion, considers necessary for the survivor's education, support in his or her accustomed manner of living and his or her medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into account other resources (excluding the survivor's principal residence) known to the trustee to be available to the survivor for those purposes.

6.04. Tax Payment to Survivor's Estate. On the demand of the appropriate fiduciary representing the survivor's estate, the trustee of the Marital Trust shall

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distribute to that fiduciary an amount equal to the portion of any Federal and/or state tax apportioned to assets of the Marital Trust pursuant to Article XVI. If no such fiduciary exists at the time otherwise required for the payment of any such taxes, the trustee may pay directly to the taxing authorities any such taxes.

6.05. Distribution Upon Death of Survivor. Upon the survivor's death, the trustee shall accumulate any accrued and undistributed income of the Marital Trust from the last distribution date and distribute it and any remaining principal of the Marital Trust in accordance with Article IX, Distribution After Survivor's Death.

6.06. Marital Deduction Intention and Election. The trustors intend that the Marital Trust qualify for the marital deduction provisions of the Code so that the decedent's executor can make the election provided by Code Section 2056(b)(7)(B)(v) to treat all or a specific portion of the Marital Trust as qualified terminable interest property, and any provision in this Declaration that would otherwise prevent the Marital Trust from qualifying for such election shall be null and void and shall have no effect *ab initio*. Each of the trustors authorizes his or her executor, in the executor's absolute discretion, to make or not make the election provided by Code Section 2056(b)(7)(B)(v) to treat all or a specific portion of the Marital Trust as qualified terminable interest property for the purpose of qualifying all or a specific portion of the Marital Trust for the Federal estate tax marital deduction, recognizing that, if the executor does not make such an election, the Marital Trust will not qualify for the marital deduction. If there is no executor appointed for the decedent, the trustee shall have the authority and discretion granted to the executor. The trustors direct that the executor and trustee shall not take any action or exercise any power that will impair the marital deduction. If a valid election is made to qualify less than all of the Marital Trust for the marital deduction under Code Section 2056(b)(7), then the trustee shall divide the Marital Trust into two (2) separate trusts designated as the Qualified Marital Trust and the Non-Qualified Marital Trust. The Qualified Marital Trust shall consist of that portion of the Marital Trust qualifying for the marital deduction under Code Section 2056(b)(7); the Non-Qualified Marital Trust shall consist of the balance of the Marital Trust. The division shall be made on a fractional basis. The separate trusts need not be funded with a prorata portion of each asset held by the undivided trust, but the division of the trust must be made on the basis of the fair market value of the assets of the trust at the time of division. Each such separate trust shall have the same provisions as the original Marital Trust from which it is established and references in this Declaration to the Marital Trust shall refer to the separate trusts derived from it. Further, the trustors specifically direct that the following provisions shall apply to the Marital Trust, notwithstanding any contrary provision in this Declaration:

A. Directive to Convert to Income Producing Property. The survivor (including an attorney-in-fact or a conservator appointed for the survivor), by written instrument delivered to the trustee, shall have the power to direct the trustee to make any nonproductive property productive (i.e., income producing) or to convert any

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nonproductive property, including life insurance policies, to productive property, and the trustee shall comply with any such direction within a reasonable time after its receipt.

B. Discount Paid as Interest. For all bonds purchased at a discount, the trustee shall, at least annually, accumulate and pay each discount as interest if necessary from principal or the sale or redemption proceeds.

C. Personal Residence. The survivor shall have the right to continue to occupy any real property free of rent in which the trust holds an interest and which the trustors were using regularly or occasionally as a residence or vacation home at the time of the decedent's death, or that the survivor uses regularly or occasionally as a residence or vacation home.

D. Management and Transmission Expenses. Management and transmission expenses shall be paid and deducted so as not to trigger an estate tax payable due to reduction of the marital deduction.

E. No Power to Appoint Marital Trust to Anyone Other Than Survivor. No person shall have the power to appoint any of the Marital Trust to any person other than the survivor.

F. Retention of Assets. The trustee may retain assets passing to the Marital Trust, subject to paragraph A above and the requirement of prudence in the exercise of this power.

G. Protection of QTIP Marital Deduction. It is of paramount concern to the trustors that property transferred to the Marital Trust qualify for the marital deduction under Code Section 2056 for qualified terminal interest property. Therefore, (i) if any provision of this Declaration would cause a transfer of property to the Marital Trust to fail to qualify for the election under Code Section 2056(b)(7) for qualified terminal interest property, then such provision shall have no force or effect with respect to the Marital Trust or property transferred to the Marital Trust, and such provision shall be void *ab initio*, and (ii) if any provision is required for a transfer of property to qualify for such election and such provision is not in this Declaration, then such provision is incorporated herein by reference.

6.07. Qualified Retirement Plans.

A. Annual Distributions. To the extent that the Benefits (as defined in paragraph 4.05D) are allocated to the Marital Trust, the survivor shall have the right, exercisable annually, to compel the trustee, custodian or other fiduciary of the Qualified Requirement Plan to withdraw therefrom an amount equal to the income earned on the assets held in the Qualified Retirement Plan and to distribute the same to the Marital Trust, for distribution to the survivor as a portion of the income of the Marital Trust in

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accordance with paragraph 6.02. The right to compel a distribution under this paragraph shall be cumulative and shall not lapse during the lifetime of the survivor.

B. Elections. The trustee is authorized to make or not make distribution elections to accelerate or defer distribution to the Marital Trust of the Benefits, taking into account, to the extent that the trustee deems advisable, the tax consequences of such elections and the liquidity needs of the Marital Trust. In this connection, the trustee is authorized, but not required, to elect to defer distribution to the maximum extent permissible under Code Section 401(a)(9)(B).

C. Records. The trustee shall make reasonable efforts to maintain records of: (i) the income generated within the Qualified Requirement Plan; (ii) the allocation of each distribution of Benefits between income and principal; and (iii) the tracing of distributions from the Marital Trust to the survivor with respect thereto.

6.08. Personal Residence. The trustee shall sell any personal residence held in the trust and purchase a replacement residence, in each case if so directed by the survivor.

ARTICLE VII. FAMILY BYPASS TRUST

7.01. Applicability of Article. The portion of the trust estate to be distributed in accordance with this Article VII, Family Bypass Trust, shall be distributed as follows.

7.02. Unitrust Payments to Survivor. During the lifetime of the survivor, the trustee shall pay to or apply for the benefit of the survivor in each taxable year of the trust, in quarter-annual or more frequent installments payable at the end of the period, a unitrust amount equal to five percent (5%) of the net fair market value of the trust assets (excluding residential property and tangible personal property, as described below), valued annually on the first day of the trust's taxable year for Federal income tax purposes. This valuation shall be made in such reasonable manner as the trustee shall, in the trustee's discretion, determine. In a taxable year of the trust that is less than 12 months and in the year of the death of the survivor, the amount to be paid by the trust shall be a fraction of five percent (5%). The numerator of that fraction shall be the number of days in the trust's first taxable year or the number of days in the trust's year preceding the day on which the survivor died, and the denominator shall be 365. The survivor shall have the exclusive and unrestricted right to occupy residential property as a personal residence or to direct the trustee to rent the property and for the survivor to receive the net income (excluding any deductions for depreciation), and the trustee shall not pay the unitrust amount with respect to any such property of the trust. Despite the foregoing, the unitrust amount for the period between the last distribution date and the date of the survivor's death shall not be distributed to the survivor or the survivor's estate but shall instead be distributed in accordance with the provisions for distribution of the remaining property of the trust on the death of the survivor.

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7.03. Distribution of Principal. Subject to paragraph 7.04, the trustee shall pay to or apply for the benefit of the survivor as much of the principal of the Family Bypass Trust as the trustee, in the trustee's discretion, considers necessary for the survivor's education, support in the survivor's accustomed manner of living and the survivor's medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into consideration the survivor's other income or resources known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources.

7.04. Order of Invasion of Principal. Discretionary distributions of principal of the trusts pursuant to paragraphs 5.03, 6.03, 7.03 and 8.03 to or for the benefit of the survivor shall be made first from the Survivor's Trust until it is exhausted, then from the Non-Exempt Marital Trust until it is exhausted, then from the Exempt Marital Trust until it is exhausted; thereafter, discretionary distributions of principal to the survivor pursuant to paragraphs 7.03 and 8.03 shall be made as the Independent Trustee shall determine within the Independent Trustee's discretion.

7.05. Distributions Upon Death of Survivor. Upon the survivor's death, the trustee shall distribute the balance then remaining of the principal of the Family Bypass Trust, plus any accrued and undistributed income of the Family Bypass Trust from the last distribution date, in accordance with Article IX, Distribution After Survivor's Death.

ARTICLE VIII. DISCLAIMER TRUST.

8.01. Applicability of Article. The portion of the trust estate to be distributed in accordance with Article VIII, Disclaimer Trust, shall be distributed as follows:

8.02. Distribution of Income. The trustee shall pay to or apply for the benefit of the survivor all net income of the Disclaimer Trust in convenient installments but not less often than quarterly.

8.03. Distribution of Principal. Subject to paragraph 7.04, the trustee shall pay to or apply for the benefit of the survivor as much of the principal of the Disclaimer Trust as the trustee, in the trustee's discretion, considers necessary for the survivor's education, support in his or her accustomed manner of living and his or her medical, dental, hospital and nursing expenses and expenses of invalidism, after taking

into consideration the survivor's other income or resources known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources.

8.04. Distributions Upon Death of Survivor. Upon the death of the survivor, any remaining income and principal of the Disclaimer Trust shall be distributed in accordance with Article IX, Distribution After Survivor's Death

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ARTICLE IX. DISTRIBUTION AFTER SURVIVOR'S DEATH

9.01. Applicability of Article. Upon the death of the survivor, the trustee shall distribute in accordance with the provisions of this Article, any principal and income of the Survivor's Trust, Marital Trust, Family Bypass Trust and Disclaimer Trust that is not otherwise distributed under other provisions of this Declaration, and any additions made to the trusts as a result of the survivor's death under, for example, the survivor's Will or life insurance policies or trusts established by the survivor.

9.02. Deferral of Division or Distribution of Trust Estates. The trustee may, in the trustee's discretion, defer distribution or division of the trust estates for so long as such deferral is reasonably required for the proper administration of the trusts, including but not limited to the convenience of administering the assets of the trust estates after the survivor's death and until distribution pursuant to this Article and allowing sufficient time to inventory and value trust assets, determine and satisfy any creditor's claims, plan for and pay taxes and make the distributions pursuant to this Article; provided, however, that the trustee shall not delay a distribution or division that would cause a generation-skipping transfer tax to be payable. When the trustee defers distribution or division of the trust assets, the deferred division or distribution shall be made as if it had taken place at the time prescribed in this Declaration in the absence of this paragraph, and all rights given to the Beneficiaries of such trust assets under other provisions of this Declaration shall be deemed to have accrued and vested as of such prescribed time.

9.03. Specific Bequests.

A. Jewelry and Certain Personal Items. If William is the survivor, the specific bequests in paragraph 4.04A(1) shall be made free of all Death Taxes. If Rebecca is the survivor, the specific bequests in paragraph 4.04B shall be made free of all Death Taxes. The trustee shall distribute from the trust estate the balance of all items of feminine jewelry, free of all Death Taxes, to Alexis and Abigail, if they survive the survivor, as they shall agree, and if they do not agree, then in substantially equal shares as the trustee shall determine, or if only one of them survives the survivor, to such one of them. The trustee shall distribute the balance of all items of masculine jewelry, free of all Death Taxes, to Bill and Sam, if they survive the survivor, as they shall agree, and if they do not agree, then in substantially equal shares as the trustee shall determine, or if only one of them survives the survivor, to such one of them.

B. Balance of Personal Items. The trustee shall distribute from the trust estate, in equal shares and free of all Death Taxes, all personal items of property including but not limited to, clothing, books, pictures, automobiles, furniture and furnishings and other tangible articles of a household or personal nature not otherwise specifically distributed under the provisions of this Declaration, together with any insurance policies on such property and subject to any encumbrances thereon, to those children of either of the trustors who survive the survivor as they shall agree, and if they

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do not agree, then in substantially equal shares as the trustee shall determine. The trustee may, in the trustee's sole discretion, sell any such personal items rather than distribute them and distribute the sales proceeds along with the rest of such personal items. If there are no surviving children of either of the trustors, the trustee shall distribute all remaining personal items of property in accordance with paragraph 9.04, Residue.

C. Proceeds of Prudential Policy and Bill Notes Receivable. If William is the survivor, the following specific bequests shall be made, free of all Death Taxes:

(1) Proceeds of Prudential Policy. If Prudential policy number L9 006 242 is in force at William's death, the portion of the proceeds of such policy specified below in this paragraph (1) shall be distributed to the trustee of the Dentino Education Trust, set forth in paragraph 9.17. If Alexis and Abigail survive William, then \$200,000 of the proceeds of such policy shall be distributed to the trustee of the Dentino Education Trust, set forth in paragraph 9.17. If only Alexis survives William, then \$100,000 of the proceeds of such policy shall be distributed to the trustee of the Dentino Education Trust, set forth in paragraph 9.17. If only Abigail survives William, then \$100,000 of the proceeds of such policy shall be distributed to the trustee of the Dentino Education Trust, set forth in paragraph 9.17.

(2) Bill Notes Receivable and Proceeds of Prudential Policy. All Bill Notes Receivable shall be distributed to the trustee of the Dentino Children Trust, set forth in paragraph 9.18. If Prudential policy number L9 006 242 is in force at William's death, a portion of the proceeds thereof, as determined below, shall be distributed to the trustee of the Dentino Children Trust, set forth in paragraph 9.18. The portion of such policy to be distributed to the trustee of the Dentino Children Trust shall be an amount equal to \$400,000 less the sum of the principal balance of all Bill Notes Receivable and all accrued interest on the Bill Notes Receivable (regardless of enforceability) as of the date the Bill Notes Receivable are distributed to the trustee of the Dentino Children Trust.

9.04. Residue. The trust estate not distributed under paragraph 9.03 shall be distributed as follows:

A. William Decedent; Rebecca Survivor. If William is the decedent and Rebecca is the survivor, (i) the residue, if any, of the trust estates of the Marital Trust, Family Bypass Trust and Disclaimer Trust shall be distributed in accordance with paragraph 9.05, William's Remainder, and (ii) the residue, if any, of the trust estate of the Survivor's Trust shall be distributed in accordance with paragraph 9.11, Rebecca's Remainder.

B. Rebecca Decedent; William Survivor. If Rebecca is the decedent and William is the survivor, (i) the residue, if any, of the trust estates of the Marital Trust, Family Bypass Trust and Disclaimer Trust shall be distributed in accordance with paragraph 9.11, Rebecca's Remainder, and (ii) the residue, if any, of the trust estate of the

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Survivor's Trust shall be distributed in accordance with paragraph 9.05, William's Remainder.

9.05. William's Remainder. The residue of the trust estate(s) to be distributed in accordance with this paragraph shall be distributed as follows:

A. Marital Trust(s). The residue of the Marital Trust shall be allocated among the issue of William who survive the survivor, by right of representation; provided, however, that if there are both an Exempt Marital Trust and a Non-Exempt Marital Trust, then the allocation to the issue of a deceased child of William, if any, shall be made first from the Exempt Marital Trust to the extent an offsetting allocation of equal value to each of the children of William can be made from the Non-Exempt Marital Trust. The purpose of the proviso in the preceding sentence is to insure that on an aggregate basis the Marital Trusts are allocated among the issue of William by right of representation, with the portions allocable to the issue of a deceased child of William, if any, taken from the Exempt Marital Trust to the extent possible without changing the overall aggregate allocation among the issue.

B. Family Bypass Trust. The residue of the Family Bypass Trust shall be allocated among the issue of William who survive the survivor, by right of representation; provided, however, that if there are both an Exempt Family Bypass Trust and a Non-Exempt Family Bypass Trust, then the allocation to the issue of a deceased child of William, if any, shall be made first from the Exempt Family Bypass Trust to the extent an offsetting allocation of equal value to each of the children of William can be made from the Non-Exempt Family Bypass Trust. The purpose of the proviso in the preceding sentence is similar to the proviso in paragraph A above, but with respect to the Family Bypass Trust.

C. Disclaimer Trust. The residue of the Disclaimer Trust, if any, shall be allocated among the issue of William who survive the survivor, by right of representation; provided, however, that if there are both an Exempt Disclaimer Trust and a Non-Exempt Disclaimer Trust, then the allocation to the issue of a deceased child of William, if any, shall be made first from the Exempt Disclaimer Trust to the extent an offsetting allocation of equal value to each of the children of William can be made from the Non-Exempt Disclaimer Trust. The purpose of the proviso in the preceding sentence is similar to the purpose of the proviso in paragraph A above, but with respect to the Disclaimer Trust.

D. Distribution. The portions of the trust estates allocated to Bill and Sam shall be distributed outright and free of trust to them. The portions of the trust estates allocated to each child of William other than Bill and Sam shall be aggregated and held in a separate trust for the child and distributed in accordance with paragraph 9.06; provided, however, that Exempt Trusts and Non-Exempt Trusts shall remain separate from each other. The portions of the trust estates allocated to each grandchild of William

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shall be aggregated and held in a separate trust for such grandchild and distributed in accordance with paragraph 9.07; provided, however, that Exempt Trusts and Non-Exempt Trusts shall remain separate from each other. The portions of the trust estates allocated to the issue of a deceased grandchild of William shall be aggregated and held in a separate trust for such issue and distributed in accordance with paragraph 9.08; provided, however, that Exempt Trusts and Non-Exempt Trusts shall remain separate from each other.

E. No Issue. If there are no issue of William who survive the survivor, paragraph 9.10 shall apply.

9.06. Trust for Child of William. The portion of the trust estate to be distributed pursuant to this paragraph 9.06 for a child of William shall be distributed as provided below. Except to the extent provided to the contrary, the following provisions shall apply to the administration of both Exempt and Non-Exempt trusts for the child.

A. Distributions for Education and Other Purposes. If the child is a full-time student at a college or university and is maintaining a grade point average of two (2.0) or better (wherein a grade point average of four (4.0) is an A), the trustee shall pay for the child's reasonable education expenses, provided and to the extent that the child does not have resources under paragraph 9.17 available for such purposes. Payment shall be made first out of net income and then out of principal of the child's trust. While the child is not a full-time student, as described above, the trustee shall pay to or apply for the child's benefit as much of the net income and principal of the trust as the trustee, in the trustee's discretion, considers necessary for the child's medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into consideration any of the child's other income or resources known to the trustee and reasonably available for such purposes to the end that distribution from the trust shall be supplemental to the other sources.

B. Income Supplementing Distributions. If the child is employed and has attained age twenty-one (21), the trustee shall pay to the child each calendar year an amount, but not in excess of the net income of the child's trust, after any payments made pursuant to paragraph A above, equal to fifty percent (50%) of the child's gross income from employment during such calendar year (hereinafter referred to as "income supplementing"). The trustee may prorate the income supplementing payments during the year, based on reasonable estimates of the net income of the trust and the child's gross income, as determined by the trustee in the trustee's discretion. The trustee shall have the absolute discretion to determine whether the child is employed full-time. The term "gross income" includes both gross earnings from employment and gross earnings if self-employed, and shall include passive income, such as interest, stock dividends or rentals, if the capital producing such passive income was not received by the child as a gift or inheritance. The trustee may require the child to provide such tax and/or employment verification, including tax returns, and such other information as the trustee

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deems reasonable to determine the child's gross income, and the trustee may establish such budgets and reserves as the trustee considers reasonable. If the child declines to provide such verification or information, the child shall not be entitled to income supplementing payments from the child's trust under this paragraph with respect to the year for which the child has declined to provide such verification or information.

C. Special Loans. The trustee shall, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, loan without interest to the child, if at least age twenty-five (25), a reasonable amount from the trust estate for the child's use in making a down payment on the purchase of a personal residence and, if the child is at least age twenty-one (21), loan without interest to the child such sum as is reasonably necessary for paying the expenses of the child's wedding. William intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee in this paragraph 9.06C without fear of liability to any Beneficiary. Therefore, the trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or non-exercise), of any discretion granted to the Independent Trustee in this paragraph 9.06C.

D. Discretionary Distributions. In addition to the payments authorized by paragraphs A, B, and C above, the trustee shall also, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, pay to the child such sums from the child's trust, if any, as the Independent Trustee determines to be appropriate under any or all of the following circumstances, taking into account the William's desire that the child be a productive and self-supporting member of society, so long as such child is not so disabled as to prevent him or her from being productive and self-supporting. Payments shall be made first out of net income and then out of principal. The circumstances are as follows:

(1) Disability. If the child is so disabled, either mentally or physically or both, that the child is unable to provide for the child's support. Under these circumstances, the trustee may, but shall not be required to, purchase and maintain in effect medical insurance for the child.

(2) Low Income. If the child is pursuing a career, such as a teacher, which the Independent Trustee, in the Independent Trustee's absolute discretion, determines to be socially productive, but does not produce a substantial monetary reward.

(3) Care for Others. If the child is caring for one or more family members, including minor children and/or other relatives, and the Independent Trustee determines, in the Independent Trustee's absolute discretion, that so caring for such family members reasonably precludes the child from earning a reasonable income or supplementing to any significant degree the income of a working spouse of the child.

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(4) Other Circumstances. Any other circumstance which, in the Independent Trustee's absolute discretion, warrants payments to the child, provided that the Independent Trustee determines that such payments are in accord with William's overall philosophy regarding the child being (or attempting to be) a productive and self-supporting member of society (except as otherwise provided in the preceding paragraphs (1), (2) and (3)).

(5) Exculpation of Trustee. The trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or nonexercise) of any discretion granted to the Independent Trustee in this paragraph 9.06D. William intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee without fear of liability to any Beneficiary.

E. Unused Income Before Age 25. Until the child attains age twenty-five (25), any net income not distributed pursuant to the preceding provisions of this paragraph 9.06 shall be accumulated and added to principal; provided, however, that the Independent Trustee may determine, within the Independent Trustee's absolute discretion, to direct the trustee to distribute any such net income to the child or to a custodial account for the child under the California Uniform Transfers to Minors Act.

F. Child's Right to Income at Age 25. From and after the child attains age twenty-five (25), the trustee shall pay to the child during his or her lifetime the net income of the child's trust.

G. Distribution of Principal.

(1) At Age 30. Upon the child attaining age thirty (30), the trustee shall distribute to the child, outright and free of trust, one-third (1/3) of the trust estate.

(2) Termination of Trust at Age 35. The trust shall terminate when the child attains age thirty-five (35) and the trust estate shall be distributed outright and free of trust to the child.

H. Death of Child Prior to Distribution of Entire Trust. If the child dies prior to distribution of the trust estate to the child (including any undistributed net income and any portion delayed pursuant to paragraph 10.04), any portion of the trust estate not effectively appointed by the child pursuant to paragraph 12.09, if and to the extent applicable, shall be distributed as the child shall appoint, outright or in trust, or on any terms and conditions, among the issue of William other than the child. Any portion of the child's trust not effectively appointed shall be allocated among the then living issue of the child, by right of representation. If the child is not survived by issue, any portion of the child's trust not effectively appointed pursuant to paragraph 12.09, if and to the extent applicable, instead shall be allocated among the then living issue of William, by right of

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representation. Each such portion allocated to a child of William shall be added to such child's trust under this paragraph 9.06. Each such portion allocated to a grandchild of William shall be added to such grandchild's trust under paragraph 9.07 (or form a new trust for such grandchild under paragraph 9.07). Each such portion allocated to the issue of a deceased grandchild of William shall be aggregated and added to the trust for such issue under paragraph 9.08 (or form a new trust for such issue under paragraph 9.08). Any addition to a partially distributed trust shall augment proportionally the distributed and the undistributed portions thereof. If none of the issue of William is then living, paragraph 9.10 shall apply.

9.07. Trust for Grandchild of William. The portion of the trust estates to be distributed pursuant to this paragraph 9.07 for a grandchild of William shall be distributed as provided below. Except to the extent indicated to the contrary, the following provisions shall apply to the administration of both the Exempt Trusts and Non-Exempt Trusts for the grandchild.

A. Distribution to Grandchild Under Age 20. Until the first to occur of the grandchild attaining age twenty (20) or the September after graduation from high school, the trustee shall pay to the grandchild as much of the net income and principal of the grandchild's trust as the trustee considers necessary for the grandchild's education, support in his or his accustomed manner of living and his or his medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into account other resources known to the trustee to be available to the grandchild for those purposes so that distributions from the grandchild's trust for those purposes shall be supplemental to such other resources.

B. Distributions to Grandchild After Graduation or Attaining Age 20. When paragraph A above is no longer applicable, if the grandchild is a full-time student at a college or university and is maintaining a grade point average of two (2.0) or better (wherein a grade point average of four (4.0) is an A), the trustee shall pay for the grandchild's reasonable education expenses, provided and to the extent that the grandchild does not have other resources known to the trustee for such purposes. Payments shall be made first out of net income and then out of principal of the grandchild's trust. While the grandchild is not a full-time student, as described above, the trustee shall pay to the grandchild as much of the net income and principal of the grandchild's trust as the trustee considers necessary for the grandchild's medical, dental, hospital and nursing expenses and expenses of invalidism; provided, however, that the trustee shall take into account other resources known to the trustee to be available to the grandchild for these purposes so that distributions from the grandchild's trust for these purposes shall be supplemental to such other resources.

C. Income Supplementing Distributions. If the grandchild is employed and has attained age twenty-five (25), the trustee shall pay to the grandchild each calendar year an amount, but not in excess of the net income of the grandchild's trust

after payments made pursuant to paragraph B above, equal to fifty percent (50%) of the grandchild's gross income from employment during such calendar year (hereinafter referred to as "income supplementing"). The trustee may prorate the income supplementing payments during the year, based on reasonable estimates of the net income of the trust and the child's gross income, as determined by the trustee in the trustee's discretion. The trustee shall have the absolute discretion to determine whether the child is employed full-time. The term "gross income" includes both gross earnings from employment and gross earnings if self-employed, and shall include passive income, such as interest, stock dividends or rentals, if the capital producing such passive income was not received by the grandchild as a gift or inheritance. The trustee may require the grandchild to provide such tax and/or employment verification, including tax returns, and such other information as the trustee deems reasonable to determine the grandchild's gross income, and the trustee may establish such budgets and reserves as the trustee considers reasonable. If the grandchild declines to provide such verification or information, the grandchild shall not be entitled to income supplementing payments from the grandchild's trust under this paragraph with respect to the year for which the grandchild has declined to provide such verification or information.

D. Special Loans. The trustee shall, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, loan without interest to the grandchild, if at least age twenty-five (25), a reasonable amount from the trust estate for the grandchild's use in making a down payment on the purchase of a personal residence and if the child is at least age twenty-one (21), loan without interest to the grandchild such sum as is reasonably necessary for paying the expenses of the grandchild's wedding. William intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee in this paragraph 9.07D without fear of liability to any Beneficiary. Therefore, the trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or non-exercise), of any discretion granted to the Independent Trustee in this paragraph 9.07D.

E. Discretionary Distributions. In addition to the payments authorized by paragraphs B, C and D above, the trustee shall also, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, pay to the grandchild such sums from the grandchild's trust, if any, as the Independent Trustee determines to be appropriate under any or all of the circumstances set forth below, taking into account William's desire that the grandchild be a productive and self-supporting member of society, so long as the grandchild is not so disabled as to prevent him or her from being productive and self-supporting. Payments shall be made first out of net income and then out of principal. The circumstances are as follows:

- (1) Disability. If the grandchild is so disabled, either mentally or physically or both, that he or she is unable to earn a reasonable income. Under these

circumstances, the trustee may, but shall not be required to, purchase and maintain in effect medical insurance for the grandchild.

(2) Low Income Occupation. If the grandchild is pursuing a career, such as a teacher, which the Independent Trustee, in the Independent Trustee's absolute discretion, determines to be socially productive, but does not produce a substantial monetary reward.

(3) Care for Others. If the grandchild is caring for one or more family members, including minor children and/or other relatives, and the Independent Trustee determines, in the Independent Trustee's absolute discretion, that so caring for such family members reasonably precludes the grandchild from earning a reasonable income or supplementing to any significant degree the income of a working spouse of the grandchild.

(4) Other Circumstances. Any other circumstance which, in the Independent Trustee's absolute discretion, warrants payments to the grandchild, provided that the Independent Trustee determines that such payments are in accord with William's overall philosophy regarding the grandchild being (or attempting to be) a productive and self-supporting member of society (except as otherwise provided in the preceding paragraphs (1), (2) and (3)).

(5) Exculpation of Trustee. The trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or nonexercise) of any discretion granted to the Independent Trustee in this paragraph 9.07E. William intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee without fear of liability to any Beneficiary.

F. Unused Income Before Age 30. Until the grandchild attains age thirty (30), any net income not distributed pursuant to the preceding provisions of this paragraph 9.07 shall be accumulated and added to principal; provided, however, that the Independent Trustee may determine, within the Independent Trustee's absolute discretion, to direct the trustee to distribute any such net income to the grandchild or to a custodial account for the grandchild under the California Uniform Transfers to Minors Act.

G. Grandchild's Right to Income At Age 30. From and after the grandchild attaining age thirty (30), the trustee shall pay to the grandchild during his or her lifetime the net income of the grandchild's trust.

H. Distribution of Principal. The trust shall terminate upon the grandchild attaining age thirty-five (35) and the trustee shall distribute all principal and income outright and free of trust to the grandchild.

I. Death of Grandchild Prior to Distribution of Entire Trust. Upon the death of the grandchild prior to distribution of the grandchild's entire trust (including any undistributed net income and any portion delayed pursuant to paragraph 10.04), any portion of the grandchild's trust not effectively appointed by the grandchild pursuant to paragraph 12.09, if and to the extent applicable, shall be allocated to a trust for the benefit of the issue of the grandchild who survive the grandchild, to be distributed as provided in paragraph 9.08. If the grandchild is not survived by issue, any portion of the grandchild's trust not effectively appointed pursuant to paragraph 12.09, if and to the extent applicable, instead shall be distributed to the then living issue of the parent of the grandchild who was a child of William, by right of representation, or if there are no such issue then living, to the issue of William who survive the grandchild, by right of representation; provided, however, that if outright distribution of a part of the grandchild's trust would be made to a person for whose benefit a trust is then being or would be administered under this Declaration due to the age of the person, the part of the grandchild's trust which would have been distributed to such person shall instead be added to that trust and shall be administered in accordance with its terms. Any addition to a partially distributed trust shall augment proportionally the distributed and the undistributed portions thereof. If there are no issue of William then living, the trust shall be distributed in accordance with paragraph 9.10.

9.08. Trust for Great-Grandchildren, Etc., of William. Each trust created under this Declaration for the benefit of the issue of a deceased grandchild of William shall be distributed as follows:

A. Family Pot Trust for Great-Grandchildren. As long as any such issue who are children of the deceased grandchild of William (i.e., great-grandchildren of William), are under age thirty-five (35), the trustee shall pay to or apply for the benefit of such children, including those who are age thirty-five (35) or older, as much of the net income and principal of the trust as the trustee considers necessary for their education, support in their accustomed standard of living and their medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into consideration any other income or resources of such children known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources. The trustee may pay more to or for some of such children and may make payments to or for some of such children to the exclusion of others. Any net income not paid or applied shall be accumulated and added to principal; provided, however, that when the youngest of such children has attained age twenty-one (21), the trustee shall distribute to such children all of the net income of the trust not paid or applied under the preceding sentence at least annually. Any payment of net income or principal (including payment of net income to such children) shall be charged against the trust as a whole rather than against the ultimate distributive share of such children to whom or for whose benefit the payment is made.

B. Distribution When Youngest Great-Grandchild is 35. When all such children of the deceased grandchild of William are age thirty-five (35) or older, or at such time that there are no such children then living, the trust shall terminate and the trustee shall distribute the undistributed net income and principal of the trust among the issue of the deceased grandchild of William then living, by right of representation, or if there are none, then among the then living issue of the child of William who was an ancestor of such issue of the deceased grandchild, by right of representation, or if there are none then living, then among the then living issue of William, by right of representation; provided, however, that any property that would otherwise be distributed to a person for whose benefit a trust is then being or would be administered under this Declaration shall instead be added to that trust and administered in accordance with its terms. If none of William's issue is then living, paragraph 9.10 shall apply.

9.09. Small Trust Estate. If the trust for any of William's issue under paragraphs 9.06-9.08 has a total value at the end of any calendar year of less than that amount which the trustee deems practical to administer, the trustee in the trustee's discretion may distribute the entire trust estate to the child, in the case of a trust administered pursuant to paragraph 9.06, to the grandchild, in the case of a trust administered pursuant to paragraph 9.07, or to the issue then living of a deceased grandchild, by right of representation, in the case of a trust administered pursuant to paragraph 9.08, and may terminate the trust.

9.10. William's Contingent Remainder Beneficiaries. If all of the trust estate to be distributed in accordance with paragraphs 9.06-9.09 is not distributed in accordance with such paragraphs, then the trust estate or portion thereof shall be distributed outright and free of trust to the then living issue of William's parents, Leo and Odeal B. Dentino, by right of representation, and if none of them is then living, then the trust estate or portion thereof shall be distributed in accordance with paragraph 9.16.

9.11. Rebecca's Remainder. The residue of the trust estate(s) to be distributed in accordance with this paragraph shall be distributed as follows:

A. Marital Trust(s). The residue of the Marital Trust shall be allocated among the issue of Rebecca who survive the survivor, by right of representation; provided, however, that if there are both an Exempt Marital Trust and a Non-Exempt Marital Trust, then the allocation to the issue of a deceased child of Rebecca, if any, shall be made first from the Exempt Marital Trust to the extent an offsetting allocation of equal value to each of the children of Rebecca can be made from the Non-Exempt Marital Trust. The purpose of the proviso in the preceding sentence is to insure that on an aggregate basis the Marital Trusts are allocated among the issue of Rebecca by right of representation, with the portions allocable to the issue of a deceased child of Rebecca, if any, taken from the Exempt Marital Trust to the extent possible without changing the overall aggregate allocation among the issue.

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B. Family Bypass Trust. The residue of the Family Bypass Trust shall be allocated among the issue of Rebecca who survive the survivor, by right of representation; provided, however, that if there are both an Exempt Family Bypass Trust and a Non-Exempt Family Bypass Trust, then the allocation to the issue of a deceased child of Rebecca, if any, shall be made first from the Exempt Family Bypass Trust to the extent an offsetting allocation of equal value to each of the children of Rebecca can be made from the Non-Exempt Family Bypass Trust. The purpose of the proviso in the preceding sentence is similar to the purpose of the proviso in paragraph A above, but with respect to the Family Bypass Trust.

C. Disclaimer Trust. The residue of the Disclaimer Trust, if any, shall be allocated among the issue of Rebecca who survive the survivor, by right of representation; provided, however, that if there are both an Exempt Disclaimer Trust and a Non-Exempt Disclaimer Trust, then the allocation to the issue of a deceased child of Rebecca, if any, shall be made first from the Exempt Disclaimer Trust to the extent an offsetting allocation of equal value to each of the children of Rebecca can be made from the Non-Exempt Disclaimer Trust. The purpose of the proviso in the preceding sentence is similar to the purpose of the proviso in paragraph A above, but with respect to the Disclaimer Trust.

D. Distribution. The portions of the trust estates allocated to each child of Rebecca shall be aggregated and held in a separate trust for the child and distributed in accordance with paragraph 9.12; provided, however, that Exempt Trusts and Non-Exempt Trusts shall remain separate from each other. The portions of the trust estates allocated to each grandchild of Rebecca shall be aggregated and held in a separate trust for such grandchild and distributed in accordance with paragraph 9.13; provided, however, that Exempt Trusts and Non-Exempt Trusts shall remain separate from each other. The portions of the trust estates allocated to the issue of a deceased grandchild of Rebecca shall be aggregated and held in a separate trust for such issue and distributed in accordance with paragraph 9.14; provided, however, that Exempt Trusts and Non-Exempt Trusts shall remain separate from each other.

E. No Issue. If there are no issue of Rebecca who survive the survivor, paragraph 9.16 shall apply.

9.12. Trust for Child of Rebecca. The portion of the trust estate to be distributed pursuant to this paragraph 9.12 for a child of Rebecca shall be distributed as provided below. Except to the extent provided to the contrary, the following provisions shall apply to the administration of both Exempt and Non-Exempt trusts for the child.

A. Distributions for Education and Other Purposes. If the child is a full-time student at a college or university and is maintaining a grade point average of two (2.0) or better (wherein a grade point average of four (4.0) is an A), the trustee shall pay for the child's reasonable education expenses, provided and to the extent that the

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child does not have resources under paragraph 9.17 available for such purposes. Payment shall be made first out of net income and then out of principal of the child's trust. While the child is not a full-time student, as described above, the trustee shall pay to or apply for the child's benefit as much of the net income and principal of the trust as the trustee, in the trustee's discretion, considers necessary for the child's medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into consideration any of the child's other income or resources known to the trustee and reasonably available for such purposes to the end that distribution from the trust shall be supplemental to the other sources.

B. Income Supplementing Distributions. If the child is employed and has attained age twenty-one (21), the trustee shall pay to the child each calendar year an amount, but not in excess of the net income of the child's trust, after any payments made pursuant to paragraph A above, equal to fifty percent (50%) of the child's gross income from employment during such calendar year (hereinafter referred to as "income supplementing"). The trustee may prorate the income supplementing payments during the year, based on reasonable estimates of the net income of the trust and the child's gross income, as determined by the trustee in the trustee's discretion. The trustee shall have the absolute discretion to determine whether the child is employed full-time. The term "gross income" includes both gross earnings from employment and gross earnings if self-employed, and shall include passive income, such as interest, stock dividends or rentals, if the capital producing such passive income was not received by the child as a gift or inheritance. The trustee may require the child to provide such tax and/or employment verification, including tax returns, and such other information as the trustee deems reasonable to determine the child's gross income, and the trustee may establish such budgets and reserves as the trustee considers reasonable. If the child declines to provide such verification or information, the child shall not be entitled to income supplementing payments from the child's trust under this paragraph with respect to the year for which the child has declined to provide such verification or information.

C. Special Loans. The trustee shall, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, loan without interest to the child, if at least age twenty-five (25), a reasonable amount from the trust estate for the child's use in making a down payment on the purchase of a personal residence and, if the child is at least age twenty-one (21), loan without interest to the child, such sum as is reasonably necessary for paying the expenses of the child's wedding. Rebecca intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee in this paragraph 9.12C without fear of liability to any Beneficiary. Therefore, the trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or non-exercise), of any discretion granted to the Independent Trustee in this paragraph 9.12C.

D. Discretionary Distributions. In addition to the payments authorized by paragraphs A, B and C above, the trustee shall also, as directed by the Independent

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Trustee in the Independent Trustee's absolute discretion, pay to the child such sums from the child's trust, if any, as the Independent Trustee determines to be appropriate under any or all of the following circumstances, taking into account the Rebecca's desire that the child be a productive and self-supporting member of society, so long as such child is not so disabled as to prevent him or her from being productive and self-supporting. Payments shall be made first out of net income and then out of principal. The circumstances are as follows:

(1) Disability. If the child is so disabled, either mentally or physically or both, that the child is unable to provide for the child's support. Under these circumstances, the trustee may, but shall not be required to, purchase and maintain in effect medical insurance for the child.

(2) Low Income. If the child is pursuing a career, such as a teacher, which the Independent Trustee, in the Independent Trustee's absolute discretion, determines to be socially productive, but does not produce a substantial monetary reward.

(3) Care for Others. If the child is caring for one or more family members, including minor children and/or other relatives, and the Independent Trustee determines, in the Independent Trustee's absolute discretion, that so caring for such family members reasonably precludes the child from earning a reasonable income or supplementing to any significant degree the income of a working spouse of the child.

(4) Other Circumstances. Any other circumstance which, in the Independent Trustee's absolute discretion, warrants payments to the child, provided that the Independent Trustee determines that such payments are in accord with Rebecca's overall philosophy regarding the child being (or attempting to be) a productive and self-supporting member of society (except as otherwise provided in the preceding paragraphs (1), (2) and (3)).

(5) Exculpation of Trustee. The trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or nonexercise) of any discretion granted to the Independent Trustee in this paragraph 9.12D. Rebecca intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee without fear of liability to any Beneficiary.

E. Unused Income Before Age 25. Until the child attains age twenty-five (25), any net income not distributed pursuant to the preceding provisions of this paragraph 9.12 shall be accumulated and added to principal; provided, however, that the Independent Trustee may determine, within the Independent Trustee's absolute discretion, to direct the trustee to distribute any such net income to the child or to a custodial account for the child under the California Uniform Transfers to Minors Act.

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F. Child's Right to Income at Age 25. From and after the child attains age twenty-five (25), the trustee shall pay to the child during his or her lifetime the net income of the child's trust.

G. Distribution of Principal.

(1) At Age 30. Upon the child attaining age thirty (30), the trustee shall distribute to the child, outright and free of trust one-third (1/3) of the trust estate.

(2) Termination of Trust at 35. The trust shall terminate when the child attains age thirty-five (35) and the trust estate shall be distributed outright and free of trust to the child.

I. Death of Child Prior to Distribution of Entire Trust. If the child dies prior to distribution of the trust estate to the child (including any undistributed net income and any portion delayed pursuant to paragraph 10.04), any portion of the trust estate not effectively appointed by the child pursuant to paragraph 12.09, if and to the extent applicable, shall be distributed as the child shall appoint, outright or in trust, or on any terms and conditions, among the issue of Rebecca other than the child. Any portion of the child's trust not effectively appointed shall be allocated among the then living issue of the child, by right of representation. If the child is not survived by issue, any portion of the child's trust not effectively appointed pursuant to paragraph 12.09, if and to the extent applicable, instead shall be allocated among the then living issue of Rebecca, by right of representation. Each such portion allocated to a child of Rebecca shall be added to such child's trust under this paragraph 9.12. Each such portion allocated to a grandchild of Rebecca shall be added to such grandchild's trust under paragraph 9.13 (or form a new trust for such grandchild under paragraph 9.13). Each such portion allocated to the issue of a deceased grandchild of Rebecca shall be aggregated and added to the trust for such issue under paragraph 9.14 (or form a new trust for such issue under paragraph 9.14). Any addition to a partially distributed trust shall augment proportionally the distributed and the undistributed portions thereof. If none of the issue of Rebecca is then living, paragraph 9.16 shall apply.

9.13. Trust for Grandchild of Rebecca. The portion of the trust estates to be distributed pursuant to this paragraph 9.13 for a grandchild of Rebecca shall be distributed as provided below. Except to the extent indicated to the contrary, the following provisions shall apply to the administration of both the Exempt Trusts and Non-Exempt Trusts for the grandchild.

A. Distribution to Grandchild Under Age 20. Until the first to occur of the grandchild attaining age twenty (20) or the September after graduation from high school, the trustee shall pay to the grandchild as much of the net income and principal of the grandchild's trust as the trustee considers necessary for the grandchild's education,

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support in his or his accustomed manner of living and his or his medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into account other resources known to the trustee to be available to the grandchild for those purposes so that distributions from the grandchild's trust for those purposes shall be supplemental to such other resources.

B. Distributions to Grandchild After Graduation or Attaining Age 20. When paragraph A above is no longer applicable, if the grandchild is a full-time student at a college or university and is maintaining a grade point average of two (2.0) or better (wherein a grade point average of four (4.0) is an A), the trustee shall pay for the grandchild's reasonable education expenses, provided and to the extent that the grandchild does not have other resources known to the trustee for such purposes. Payments shall be made first out of net income and then out of principal of the grandchild's trust. While the grandchild is not a full-time student, as described above, the trustee shall pay to the grandchild as much of the net income and principal of the grandchild's trust as the trustee considers necessary for the grandchild's medical, dental, hospital and nursing expenses and expenses of invalidism; provided, however, that the trustee shall take into account other resources known to the trustee to be available to the grandchild for these purposes so that distributions from the grandchild's trust for these purposes shall be supplemental to such other resources.

C. Income Supplementing Distributions. If the grandchild is employed and has attained age twenty-five (25), the trustee shall pay to the grandchild each calendar year an amount, but not in excess of the net income of the grandchild's trust after payments made pursuant to paragraph B above, equal to fifty percent (50%) of the grandchild's gross income from employment during such calendar year (hereinafter referred to as "income supplementing"). The trustee may prorate the income supplementing payments during the year, based on reasonable estimates of the net income of the trust and the child's gross income, as determined by the trustee in the trustee's discretion. The trustee shall have the absolute discretion to determine whether the child is employed full-time. The term "gross income" includes both gross earnings from employment and gross earnings if self-employed, and shall include passive income, such as interest, stock dividends or rentals, if the capital producing such passive income was not received by the grandchild as a gift or inheritance. The trustee may require the grandchild to provide such tax and/or employment verification, including tax returns, and such other information as the trustee deems reasonable to determine the grandchild's gross income, and the trustee may establish such budgets and reserves as the trustee considers reasonable. If the grandchild declines to provide such verification or information, the grandchild shall not be entitled to income supplementing payments from the grandchild's trust under this paragraph with respect to the year for which the grandchild has declined to provide such verification or information.

D. Special Loans. The trustee shall, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, loan without interest to the

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grandchild, if at least age twenty-five (25), a reasonable amount from the trust estate for the grandchild's use in making a down payment on the purchase of a personal residence and, if the child is at least age twenty-one (21), loan without interest to the grandchild such sum as is reasonably necessary for paying the expenses of the grandchild's wedding. Rebecca intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee in this paragraph 9.13D without fear of liability to any Beneficiary. Therefore, the trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or non-exercise), of any discretion granted to the Independent Trustee in this paragraph 9.13D.

E. Discretionary Distributions. In addition to the payments authorized by paragraphs B, C and D above, the trustee shall also, as directed by the Independent Trustee in the Independent Trustee's absolute discretion, pay to the grandchild such sums from the grandchild's trust, if any, as the Independent Trustee determines to be appropriate under any or all of the circumstances set forth below, taking into account Rebecca's desire that the grandchild be a productive and self-supporting member of society, so long as the grandchild is not so disabled as to prevent him or her from being productive and self-supporting. Payments shall be made first out of net income and then out of principal. The circumstances are as follows:

(1) Disability. If the grandchild is so disabled, either mentally or physically or both, that he or she is unable to earn a reasonable income. Under these circumstances, the trustee may, but shall not be required to, purchase and maintain in effect medical insurance for the grandchild.

(2) Low Income Occupation. If the grandchild is pursuing a career, such as a teacher, which the Independent Trustee, in the Independent Trustee's absolute discretion, determines to be socially productive, but does not produce a substantial monetary reward.

(3) Care for Others. If the grandchild is caring for one or more family members, including minor children and/or other relatives, and the Independent Trustee determines, in the Independent Trustee's absolute discretion, that so caring for such family members reasonably precludes the grandchild from earning a reasonable income or supplementing to any significant degree the income of a working spouse of the grandchild.

(4) Other Circumstances. Any other circumstance which, in the Independent Trustee's absolute discretion, warrants payments to the grandchild, provided that the Independent Trustee determines that such payments are in accord with Rebecca's overall philosophy regarding the grandchild being (or attempting to be) a productive and self-supporting member of society (except as otherwise provided in the preceding paragraphs (1), (2) and (3)).

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(5) Exculpation of Trustee. The trustee and the Independent Trustee shall have no liability to any Beneficiary, whether fixed or contingent, for or related to the exercise (or nonexercise) of any discretion granted to the Independent Trustee in this paragraph 9.13E. Rebecca intends that the Independent Trustee be free to exercise (or not exercise) the discretions granted to the Independent Trustee without fear of liability to any Beneficiary.

F. Unused Income Before Age 30. Until the grandchild attains age thirty (30), any net income not distributed pursuant to the preceding provisions of this paragraph 9.13 shall be accumulated and added to principal; provided, however, that the Independent Trustee may determine, within the Independent Trustee's absolute discretion, to direct the trustee to distribute any such net income to the grandchild or to a custodial account for the grandchild under the California Uniform Transfers to Minors Act.

G. Grandchild's Right to Income At Age 30. From and after the grandchild attaining age thirty (30), the trustee shall pay to the grandchild during his or her lifetime the net income of the grandchild's trust.

H. Distribution of Principal. The trust shall terminate upon the grandchild attaining age thirty-five (35) and the trustee shall distribute all principal and income outright and free of trust to the grandchild.

I. Death of Grandchild Prior to Distribution of Entire Trust. Upon the death of the grandchild prior to distribution of the grandchild's entire trust (including any undistributed net income and any portion delayed pursuant to paragraph 10.04), any portion of the grandchild's trust not effectively appointed by the grandchild pursuant to paragraph 12.09, if and to the extent applicable, shall be allocated to a trust for the benefit of the issue of the grandchild who survive the grandchild, to be distributed as provided in paragraph 9.14. If the grandchild is not survived by issue, any portion of the grandchild's trust not effectively appointed pursuant to paragraph 12.09, if and to the extent applicable, instead shall be distributed to the then living issue of the parent of the grandchild who was a child of Rebecca, by right of representation, or if there are no such issue then living, to the issue of Rebecca who survive the grandchild, by right of representation; provided, however, that if outright distribution of a part of the grandchild's trust would be made to a person for whose benefit a trust is then being or would be administered under this Declaration due to the age of the person, the part of the grandchild's trust which would have been distributed to such person shall instead be added to that trust and shall be administered in accordance with its terms. Any addition to a partially distributed trust shall augment proportionally the distributed and the undistributed portions thereof. If there are no issue of Rebecca then living, the trust shall be distributed in accordance with paragraph 9.16.

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9.14. Trust for Great-Grandchildren, Etc., of Rebecca. Each trust created under this Declaration for the benefit of the issue of a deceased grandchild of Rebecca shall be distributed as follows:

A. Family Pot Trust for Great-Grandchildren. As long as any such issue who are children of the deceased grandchild of Rebecca (i.e., great-grandchildren of Rebecca), are under age thirty-five (35), the trustee shall pay to or apply for the benefit of such children, including those who are age thirty-five (35) or older, as much of the net income and principal of the trust as the trustee considers necessary for their education, support in their accustomed standard of living and their medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into consideration any other income or resources of such children known to the trustee and reasonably available for such purposes to the end that distributions from the trust shall be supplemental to the other sources. The trustee may pay more to or for some of such children and may make payments to or for some of such children to the exclusion of others. Any net income not paid or applied shall be accumulated and added to principal; provided, however, that when the youngest of such children has attained age twenty-one (21), the trustee shall distribute to such children all of the net income of the trust not paid or applied under the preceding sentence at least annually. Any payment of net income or principal (including payment of net income to such children) shall be charged against the trust as a whole rather than against the ultimate distributive share of such children to whom or for whose benefit the payment is made.

B. Distribution When Youngest Great-Grandchild is 35. When all such children of the deceased grandchild of Rebecca are age thirty-five (35) or older, or at such time that there are no such children then living, the trust shall terminate and the trustee shall distribute the undistributed net income and principal of the trust among the issue of the deceased grandchild of Rebecca then living, by right of representation, or if there are none, then among the then living issue of the child of Rebecca who was an ancestor of such issue of the deceased grandchild, by right of representation, or if there are none then living, then among the then living issue of Rebecca, by right of representation; provided, however, that any property that would otherwise be distributed to a person for whose benefit a trust is then being or would be administered under this Declaration shall instead be added to that trust and administered in accordance with its terms. If none of Rebecca's issue is then living, paragraph 9.16 shall apply.

9.15. Small Trust Estate. If the trust for any of Rebecca's issue under paragraphs 9.12-9.14 has a total value at the end of any calendar year of less than that amount which the trustee deems practical to administer, the trustee in the trustee's discretion may distribute the entire trust estate to the child, in the case of a trust administered pursuant to paragraph 9.12, to the grandchild, in the case of a trust administered pursuant to paragraph 9.13, or to the issue then living of a deceased grandchild, by right of representation, in the case of a trust administered pursuant to paragraph 9.14, and may terminate the trust.

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9.16. Rebecca's Contingent Remainder Beneficiaries. If all of the trust estate to be distributed in accordance with paragraphs 9.12-9.15 is not distributed in accordance with such paragraphs, then the trust estate or portion thereof shall be distributed outright and free of trust to the then living issue of Rebecca's parents, William Bruce Roberts and Kay Scott Davis, by right of representation, and if none of them is then living, then the trust estate or portion thereof shall be distributed in accordance with paragraph 9.10.

9.17. Dentino Education Trust. The trust estate to be distributed in accordance with this paragraph 9.17 shall be allocated equally to Alexis and Abigail, or allocated to the survivor of them. The portion allocated to Alexis shall be used to pay for, or distributed to her for, her education expenses after high school. The portion allocated to Abigail shall be used to pay for, or distributed to her for, her education expenses after high school. If Alexis or Abigail does not exhaust her trust estate under this paragraph 9.17 for her education expenses by the time she attains age twenty-eight (28), the remainder shall be distributed or paid to the other one of them for her education expenses. Any balance remaining after completion of Alexis and Abigail's education, or at both of them attaining age twenty-eight (28), whichever occurs earlier, shall be distributed to them equally, or to the survivor of them if then living, and if not, then in accordance with paragraph 9.05, William's Remainder, as if the survivor had then died.

9.18. Dentino's Children Trust.

A. Allocation. The trust estate to be distributed in accordance with this paragraph 9.18 shall be allocated among the issue of William who survive him, by right of representation; provided, however, that if the trust estate includes any Bill Notes Receivable, the portion of the trust estate allocated to Bill shall be comprised of Bill Notes Receivable (measured at their aggregate principal balance then due, plus accrued interest, and regardless of enforceability), but not in an amount more than the share otherwise allocable to Bill. The portion thereof allocated to each such issue shall be held in a separate trust for such issue and distributed in accordance with paragraph 9.18B.

B. Distribution. The portion of the trust estate to be distributed in accordance with this paragraph 9.18B for a child of William shall be distributed as follows: The trustee shall distribute the net income of the trust to the child, commencing at age twenty-three (23). Undistributed net income shall be accumulated and added to principal. The trust shall terminate when the child attains age twenty-eight (28) and the principal and all accumulated net income shall be distributed outright and free of trust to the child; provided however, that principal shall be distributed earlier to or for the benefit of the child as the trustee, in the trustee's discretion, considers necessary for the child's education, support in his or her accustomed manner of living and his or her medical, dental, hospital and nursing expenses and expenses of invalidism, after taking into consideration other resources of the child known to the trustee and reasonably available for such purpose to the end that distribution from the trust shall be supplemental to the other resources.

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C. Death of Child Prior to Termination. If the child dies prior to termination of the trust pursuant to the preceding paragraph B, the trust estate shall be distributed in accordance with paragraph 9.18A, as if William had then died. If there are no children of William then living but William has issue then living, the trust estate shall be distributed in accordance with paragraph 9.05, as if William had then died. If William has no issue then living, the trust estate shall be distributed to Rebecca, if she is then living, and if not, then in accordance with paragraph 9.10.

ARTICLE X. GENERAL PROVISIONS APPLICABLE TO CERTAIN TRUSTS AND POWERS.

10.01. Application of Article. Except as otherwise provided in this Article, the provisions of this Article shall apply to all trusts established pursuant to Articles V, VI, VII, VIII and IX and all powers of appointment created pursuant to this Declaration.

10.02. Multiple Trusts for Same Beneficiary.

A. Discretionary Distributions. If any Beneficiary is also a beneficiary of one or more other trusts, whether administered under this Declaration or otherwise, the trustee may, within the trustee's absolute discretion, consult with the trustee of such other trust(s) in determining whether to make discretionary distributions from a trust hereunder to such Beneficiary; in such consultation, the trustee may, within the trustee's absolute discretion, take into account the income, estate, generation-skipping transfer, excise and other tax consequences from making or not making the distribution from a particular trust.

B. Distributions for Particular Purposes. If any Beneficiary is also a beneficiary of one or more other trusts, whether administered under this Declaration or otherwise, which authorize or require payments for the same purpose, the aggregate amount paid from all such trusts known to the trustee or Independent Trustee, whichever one has control over the payments, for such purpose shall not exceed the maximum amount necessary for such purpose. The trustee or the Independent Trustee, as the case may be, may, in the trustee or the Independent Trustee's discretion, charge all of a payment to one trust for the Beneficiary to the exclusion of the others, or the trustee or the Independent Trustee may charge a portion of such payment to two or more trusts for the Beneficiary.

10.03. Distribution to Beneficiary Under Age 21 or Legally Disabled. This paragraph shall not apply to the Marital Trust or any Qualified Subchapter S Trust. If any provision of this Declaration would require the trustee to distribute income or principal of a trust, or a portion thereof, to an individual who, at the time of such distribution, has not attained age twenty-one (21) or is legally disabled, the trustee may:

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A. Distribute Outright. Distribute such property to such individual or to such individual's Agent, if any; or

B. Distribute to Custodian If Under Age 21. If such individual has not attained age twenty-one (21), distribute such property to a custodian under the California Uniform Transfers to Minors Act until the age of twenty-one (21); or

C. Retain in Trust. Retain in further trust the property which would otherwise have been distributed to such individual and pay to him or her as much of the net income and principal thereof as the trustee considers necessary for such individual's health, education, maintenance and support. Upon the later to occur of (i) such individual attaining age twenty-one (21), or (ii) such individual no longer being legally disabled, as the case may be, the trustee shall distribute to him or her the principal and undistributed income then being administered for his or her benefit pursuant to this paragraph. If such individual dies before becoming entitled to receive distribution in full of his or her trust, then upon his or her death, he or she may appoint all or any portion of the principal and undistributed income then being administered for his or her benefit pursuant to this paragraph on any terms and conditions, either outright or in trust, in favor of any one or more persons and entities, including his or her estate. Any such portion not effectively appointed by such individual shall be distributed to his or her estate.

D. "Legally Disabled." The term "legally disabled" includes any physical, mental or emotional condition that renders a person unable to conduct his or her financial affairs in a prudent and efficient manner. The condition of legal disability may be evidenced by a written statement of the disabled person's physician.

10.04. Independent Trustee May Postpone or Accelerate Distributions. This paragraph shall not apply to the Marital Trust, the Family Bypass Trust, the Disclaimer Trust or the Survivor's Trust.

A. Actions That Can Be Taken. For each trust of which one or more issue of either of the trustors are a Current Beneficiary, but subject to Article XIII and as to any QSST or ESBT, as the case may be, the Independent Trustee may, in the Independent Trustee's sole discretion, direct from time to time the trustee of any trust under Article IX in writing to take any one or more of the following actions, and the trustee shall comply with such direction, as follows:

(1) Net Income.

(a) Beneficiary Entitled to Net Income. If a Beneficiary is entitled to distributions of net income, the Independent Trustee may direct the trustee to reduce or eliminate any such distributions of net income to the Beneficiary, in which case the undistributed net income shall be accumulated and added to the principal of the trust.

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(b) Further Descendants' Trusts. If a great-grandchild or further descendant of either of the trustors is entitled to distributions of net income, the Independent Trustee may direct the trustee to reduce or eliminate any such distribution to one or more of such great-grandchildren or further descendants of either of the trustors, in which case such net income may be distributed to other persons who would be entitled thereto or accumulated and added to the principal of the trust, as directed by the Independent Trustee.

(c) Delay Conversion of ESBT to QSST. Notwithstanding Article XIII, the Independent Trustee may direct the trustee of a trust for which an Electing Small Business Trust election is in effect to delay taking actions necessary for such trust to be converted to a Qualified Subchapter S Trust.

(2) All Trusts; Change in Time for Principal Distributions. The Independent Trustee may delay for a period of up to ten (10) years, the date on which a Beneficiary would otherwise be entitled to distribution of principal from a trust, or for a longer period if the Beneficiary is incarcerated. The Independent Trustee may also accelerate the date on which a Beneficiary would otherwise be entitled to distribution of principal from a trust, but not to a date prior to the date on which such Beneficiary attains age twenty-eight (28). Such delay or acceleration may apply to all or any portion of such principal.

(3) Changes in Direction. The Independent Trustee may change or modify from time to time any direction the Independent Trustee is authorized to give the trustee under this paragraph 10.04A.

B. Discretion. The discretion granted to the Independent Trustee in this paragraph 10.04 shall be the Independent Trustee's absolute discretion. As examples, and without limitation, the Independent Trustee may exercise his discretion to delay (as permitted above) distribution of net income or principal to a Beneficiary if the Independent Trustee believes that the Beneficiary to whom the distribution would otherwise be made does not have the legal competence or the maturity, judgment and ability to handle wisely such distribution or such distribution would not otherwise be in the best interests of such Beneficiary, or the Independent Trustee may accelerate (as permitted above) a principal distribution if the Independent Trustee believes that the Beneficiary has the maturity, judgment and ability to handle wisely such distribution and such earlier distribution is in the best interests of the Beneficiary. Examples of when it would not be in the best interests of the Beneficiary to make a distribution would be alcohol abuse, drug abuse, gambling abuse, creditor problems or incarceration. In determining whether to exercise any such discretion with respect to a Beneficiary, and without limitation, the Independent Trustee may request that the Beneficiary undergo testing for drug or alcohol abuse and provide the results thereof to the Independent Trustee. The Independent Trustee shall incur no liability to any person, whether a Beneficiary or otherwise, by reason of the determination to accelerate, postpone or limit

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distribution of net income or principal unless made in bad faith, nor shall the Independent Trustee be obligated to provide any Beneficiary with notice or accountings of the Independent Trustee's exercise of his, her or its absolute discretion to accelerate, postpone or limit distribution of net income and/or principal hereunder.

C. Certain Tax Consequences. The trustors understand that the Independent Trustee's exercise of the discretions granted to the Independent Trustee may result in the loss of tax advantages or higher taxes being paid by the trustee and/or Beneficiaries. Nevertheless, the trustors have granted such discretions to the Independent Trustee because the trustors view the potential adverse impact on Beneficiaries of receiving too much in money or other assets, or receiving money or other assets too soon, as outweighing adverse tax results. Therefore, the Independent Trustee shall not be liable to anyone for adverse results with respect to any type of tax attributable in whole or in part to the Independent Trustee's exercise (or non-exercise) of the discretions granted to the Independent Trustee, unless made in bad faith.

10.05. Powers and Powers of Appointment.

A. Manner of Exercise. Any power, including a power of appointment, granted to an individual under this Declaration may be exercised either by (i) such individual by a Will (or Codicil thereto), or (ii) a written direction other than a Will executed by such individual or such individual's Agent and delivered to the trustee during the individual's lifetime (hereinafter referred to as a "written direction"), which Will or written direction refers to the paragraph of this Declaration under which the power is granted. A written direction may be revoked or amended by a subsequent written direction executed by the individual or his or her Agent that complies with the above formalities. If a conflict occurs between the terms of the individual's Will and the terms of a written direction or between the terms of two or more written documents, the terms of the most recent document shall prevail. A power of appointment may be exercised by an individual even if (i) the individual is a minor or under disability, or (ii) all of the assets constituting the trust with respect to which the power is granted have not been received by the trustee. If the trustee does not receive actual notice of the exercise of a power of appointment by Will or written direction within six (6) months after the death of the individual holding the power, the trustee may, without liability, distribute the property subject to the power as if the power had not been exercised.

B. Restrictions on Implementation of Exercise of a Power of Appointment. Notwithstanding paragraph 10.05A to the contrary, no power of appointment may be exercised by any individual under this Declaration with respect to policies of insurance on the life of such individual, or the proceeds thereof, unless such policies or proceeds would be included in the individual's Gross Estate at such individual's death without regard to such power of appointment. Unless the implementation of the exercise of a power of appointment described herein is specifically restricted under this document, a power of appointment (i) exercisable during the power

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holder's lifetime shall be implemented upon delivery to the trustee or thereafter as provided in the instrument exercising the power, and (ii) exercisable at the death of the power holder shall be implemented upon such individual's death or thereafter as provided in the instrument exercising the power.

C. Compelled Exercise Not Effective. The purported exercise of any power, including a power of appointment, granted under this Declaration shall be of no force or effect if such purported exercise was the result of compulsion. If such purported exercise is the result of compulsion, the trustee shall administer the property subject to such power as if such purported exercise had not occurred. The purported exercise of a power shall be deemed to be the result of compulsion if such purported exercise is in response to or by reason of any order or other direction of any court having jurisdiction over the individual holding the power, the trustee and the property subject to the power of the trust containing such property. An individual's Agent may not exercise a power given to such individual under this Declaration if such purported exercise is in response to or by reason of any such order or other direction of any court having jurisdiction over the Agent unless the order or other direction was obtained by the Agent in a proceeding in which the Agent was the petitioner or voluntarily acquiesced.

10.06. Survivorship Provision. If any person, other than the survivor, fails to survive any event by ninety (90) days, such person shall be deemed to have predeceased that event, and any gifts to or for the benefit of such person occurring by reason of that event, unless otherwise specifically provided to the contrary, shall lapse and instead shall be distributed as if such person had predeceased that event; provided, however, that if the preceding survivorship provision would have the effect of (i) causing a generation-skipping transfer tax to be payable or (ii) invalidating a marital deduction, then this paragraph shall not apply. In particular, this paragraph shall not apply to the situation described in paragraph 4.05C regarding simultaneous death.

10.07. Rule Against Perpetuities. Unless earlier terminated, each trust established hereunder or by the exercise of a power of appointment granted hereunder shall terminate as follows:

A. Termination. All trusts, including any trust established by the exercise of a power of appointment thereunder, shall terminate twenty-one (21) years after the death of the last survivor of the issue who are living on the date of this Declaration of each of the trustors' grandparents. Notwithstanding the foregoing, any trust established by the exercise of a lifetime General Power of Appointment shall terminate as provided in the instrument in which such power is exercised.

B. Distributions Upon Termination. Upon such termination, each trust shall be distributed to the Income Beneficiaries thereof in proportion to their respective rights to receive income. In the case of a trust providing for discretionary income distributions, the trust estate shall be distributed by right of representation to the issue

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who are Income Beneficiaries or, if there are none, in equal shares to all Income Beneficiaries.

10.08. Spendthrift Restrictions.

A. In General. A Beneficiary or his or her Agent may disclaim or release his or her interest in principal or income, but no Beneficiary shall anticipate, assign, encumber, or subject to any creditor's claim or to legal process any interest in principal or income before its actual receipt by any Beneficiary, except that a Beneficiary may assign the right to receive payment of any sum otherwise distributable to him or her at the time of assignment under this Declaration to a trust which is, during the Beneficiary's lifetime revocable by him or her. The beneficial and legal interests in this trust, its principal, and its income shall be free from interference or control of any Beneficiary's creditor and shall not be subject to claims of any such creditor or liable to attachment, execution, bankruptcy or other process of law. No interest in the income or principal of any trust shall be voluntarily or involuntarily anticipated, assigned, encumbered or subjected to creditor's claim or legal process before actual receipt by the Beneficiary. Except for any bequest to the survivor and except as otherwise provided in Article VI and paragraph 13.03E, if the creditor of any Beneficiary of any trust herein attempts by any means to subject to the satisfaction of his

or her claim that Beneficiary's interest in any distribution, then, despite any other provision in this Declaration (excluding bequests to the survivor, Article VI and paragraph 13.03E), until the release of the writ of attachment or garnishment or other process, the distribution directed to be made to that Beneficiary shall be disposed of as follows:

(1) Distributions for Needs. The trustee shall pay to or apply for the benefit of the Beneficiary all sums that the trustee determines to be necessary for the reasonable support, education and medical, dental, hospital and nursing expenses and expenses of invalidism of the Beneficiary, after taking into account other resources of the Beneficiary.

(2) Excess Retained as Principal. The portion of the distribution in excess of the amount described in paragraph A shall be added to principal.

B. Exception for Assignments by Survivor. The restrictions of this paragraph 10.08 on assignment shall not apply to any assignment by the survivor pursuant to paragraph 4.05.

C. Exception for Modification by Independent Trustee. The provisions of this paragraph 10.08 applicable to any trust may be modified, eliminated and/or reinstated from time to time by the Independent Trustee, in the Independent Trustee's sole discretion; provided, however, that (i) in no event shall the right of the survivor to all net income from the Marital Trust and to all bequests to the survivor be eliminated or modified in any way, (ii) in no event shall the right of the Income Beneficiary to all net

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income of a QSST under paragraph 13.03E be eliminated or reduced in any such way and (iii) the purported exercise of such discretion by the Independent Trustee shall be of no force or effect if such purported exercise was the result of compulsion, and the trust shall be administered as if such purported exercise has not occurred. The purported exercise of such discretion shall be deemed to be the result of compulsion if such exercise is in response to or by reason of any order or other direction of a court.

10.09. No-Contest Provision.

A. Contests. If, without probable cause (as defined in California Probate Code §21311(b) or any successor statute), any Beneficiary of any trust created by this Declaration, singly or in conjunction with any other person or persons, files a direct contest (as defined in California Probate Code §21310 or any successor statute), that alleges the invalidity of this Declaration or any provision in this Declaration, then the right of that Beneficiary to take any interest given to him or her by this Declaration shall be determined as it would have been determined had the Beneficiary predeceased the execution of this Declaration without surviving issue; provided, however, that this no-contest provision shall not apply to any action joined in or brought by the trustee to obtain a tax benefit or to achieve an administrative convenience for the trustee or Independent Trustee in carrying out their respective functions.

B. Defense. The trustee is authorized to defend, at the expense of the trust estate, any contest or attack described above or any provision of this Declaration.

10.10. Attorneys' Fees. If any action or proceeding of any nature is commenced by a Beneficiary or other person against the trustee, then the prevailing party shall be entitled to recover all attorney fees and costs incurred in defending or prosecuting such action or proceeding. The amount awarded against a Beneficiary shall be a charge against any interest such Beneficiary may have in the trust estate. The amount awarded against the trustee shall be an administrative charge against the trust estate. If the trustee's opposition to the action or proceeding was in bad faith, then the amount awarded shall be a charge against the compensation or other interest of the trustee in the trust and the trustee shall be personally liable for any amount that remains unsatisfied.

10.11. Qualified Retirement Plans.

A. Designated Beneficiary Trust. Each trust under this Declaration is expressly intended to comply with the requirements of Proposed Treasury Regulations Section 1.401(a)(9)-1, Q&A D-5 through D-7, so that a trustor may designate the trust as a "designated beneficiary" of the trustor's Qualified Retirement Plans (within the meaning of such Proposed Regulations). Each trust under this Declaration shall be recognized for purposes of administering the Qualified Retirement Plans of a trustor even if the trust would otherwise be invalid under California Probate Code Section 15200, et seq., for lack of trust corpus. It is a trustor's responsibility, during the trustor's lifetime,

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to deliver appropriate documentation to the plan administrator of each of the trustor's Qualified Retirement Plans consistent with the requirements of Proposed Treasury Regulations Section 1.401(a)(9)-1, Q&A D-7(a). It is the trustee's responsibility, no later than nine months after the death of the trustor, to deliver appropriate documentation to the plan administrator of each of the trustor's Qualified Retirement Plans consistent with the requirements of Proposed Treasury Regulations Section 1401(a)(9)-1, Q&A D-7(b) for any such plan designated as a beneficiary.

B. Administration of Retirement Plan Trusts. Notwithstanding anything in this Declaration to the contrary, other than provisions designed for the Marital Trust to qualify for the marital deduction (to the extent the decedent's executor or the trustee makes the election under Code Section 2056(b)(2)(B)(v)), if a trust created under this Declaration is named as the beneficiary of a trustor's Qualified Retirement Plan, there shall be created for a Beneficiary hereunder a separate subshare or subtrust from that Beneficiary's share or trust, as the case may be (the Beneficiary's "Primary Trust"), which subshare or subtrust shall receive the benefits directly from the Qualified Retirement Plan on behalf of that Beneficiary. The amount allocated to each Beneficiary shall be determined under the provisions of this Declaration. Each Beneficiary's separate subtrust created from that Beneficiary's Primary Trust shall be referred to as the "[Name of Beneficiary] Retirement Plan Trust." Each Beneficiary's Retirement Plan Trust may be further divided into an Exempt Trust and a Non-Exempt Trust. Each Beneficiary's Retirement Plan Trust shall be administered and distributed in accordance with the provisions of this Declaration, as modified by this paragraph 10.11, other than provisions designed for the Marital Trust to qualify for the marital deduction (to the extent the decedent's executor or the trustee makes the election under Code Section 2056(b)(2)(B)(v)).

C. Distributions During Life of Beneficiary. During the life of the Beneficiary, the trustee shall distribute each year to or for the benefit of the Beneficiary from the Beneficiary's Retirement Plan Trust all amounts distributed from the Qualified Retirement Plan to the Beneficiary's Retirement Plan Trust in that year (net of expenses), but disregarding distributions taken by the trustee from the Qualified Retirement Plan to the extent applied to pay Death Taxes and GST taxes (if any) and income taxes thereon paid in accordance with paragraph D below.

D. Taxes. In addition to the provisions of Article XVI, the trustee may pay Death Taxes and GST taxes, if any) attributed to the Qualified Retirement Plan allocated to the Beneficiary's Retirement Plan Trust out of other assets allocated to a trust for the benefit of the Beneficiary or from funds received by the Trustee from the Beneficiary. To the extent the Death Taxes and GST taxes (if any) attributed to the Qualified Retirement Plan are not paid out of other assets, the trustee shall pay such Death Taxes and GST taxes (if any) and a reasonable allowance for income tax payable by the trustee thereon out of distributions from the Qualified Retirement Plan.

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E. Not Liable for Debts, Expenses or Taxes on Other Trust Assets. Notwithstanding anything in this Declaration to the contrary, any benefit under a Qualified Retirement Plan payable to a Beneficiary's Retirement Plan Trust shall not be used to pay any debts, expenses and/or taxes of a trustor or of any other trust created under this Declaration.

F. Withdrawals from Qualified Retirement Plan and Trustee's Discretion to Accelerate. Each year, the trustee shall withdraw from the Qualified Retirement Plan, the minimum required distribution under Code Section 401(a)(9) and the Treasury Regulations thereunder as they may be amended from time to time. The trustee is authorized to make or not make distribution elections to accelerate or defer distributions from the Qualified Retirement Plan to the Beneficiary's Retirement Plan Trust, taking into account, to the extent that the trustee deems advisable, the tax consequences of such elections and the liquidity needs of the Beneficiary's Retirement Plan Trust and its Beneficiary. Upon a Beneficiary reaching the age or ages for distribution (if any) under that Beneficiary's Primary Trust, the Beneficiary shall have the power to direct the trustee to make withdrawals from that Beneficiary's Qualified Retirement Plan as to such portion or portions of the Beneficiary's Retirement Plan Trust as would have been distributed to such Beneficiary under the Beneficiary's Primary Trust. The trustee shall be relieved of any liability or responsibility for any Beneficiary-directed action. Upon the Beneficiary reaching the age for final distribution (if any) under that Beneficiary's Primary Trust, that Beneficiary shall immediately become the trustee of that Beneficiary's Retirement Plan Trust.

G. Distribution upon Beneficiary's Death. Upon the death of the Beneficiary, any balance in the Beneficiary's Retirement Plan Trust shall be distributed in accordance with the principles of that Beneficiary's Primary Trust.

10.12. Material Purpose and Possible Changed Circumstances. The trustors confirm that a material purpose of establishing the various trusts under this Declaration and of the terms of each such trust is to delay, avoid and/or reduce taxes on the trusts, the trust estates and the Beneficiaries, all as allowed by the laws in effect from time to time. However, the trustors acknowledge that the tax laws are extremely complex and there is continuing uncertainty as to the application of the current tax laws and what tax laws will be in effect throughout the terms of the various trusts, with the result that the trustors are unable to know or anticipate with precision the tax laws that exist from time to time will apply to their trusts.

ARTICLE XI. ALLOCATION PROVISIONS.

11.01. Application of Article. Allocations between principal and income shall be determined as provided in this Article.

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11.02. Principal and Income.

A. Power to Determine Principal and Income. Except when this Declaration specifically provides otherwise, the trustee shall have the power, exercisable in the trustee's discretion, to determine principal and income of the trust estate and from time to time apportion and allocate receipts, expenses, and other charges between those accounts, including the power to charge in whole or in part against principal, or to amortize out of or charge forthwith to income, premiums paid on the purchase of bonds or other obligations. The trustee is not required to establish a reserve for depreciation against income but may do so if the trustee, in the trustee's discretion, so determines. The reserve and charges shall be established on the assumptions and in the amounts determined by the trustee, in the trustee's discretion. No inference of imprudence or partiality shall arise if the trustee, in exercising the discretion conferred on the trustee, has allocated a receipt or expenditure in a manner contrary to any provision of the California Uniform Principal and Income Act (UPAIA). Except as the trustee exercises the discretion conferred on the trustee or as otherwise provided in this Declaration, matters relating to principal and income shall be governed by the provisions of the UPAIA, as amended from time to time.

B. Partnerships and LLCs. If the trust is operated as a unitrust, this paragraph shall not change the unitrust payment amount. Receipts from partnerships and limited liability companies in the nature of a distribution of operating profit or operating cash flow shall be allocated to income. Receipts from partnerships and limited liability companies attributable substantially to the sale of capital assets or Section 1231(b) assets (as opposed to the sale of inventory or property held primarily for sale to customers in the ordinary course of business) shall be allocated to principal. In situations where a receipt is not clearly allocable entirely to income or entirely to principal, the trustee shall allocate such receipt to principal and/or to income in such proportions as the trustee shall determine in the trustee's discretion.

C. S Corporations. If the trust is operated as a unitrust, this paragraph shall not change the unitrust payment amount. Receipts from S corporations shall be allocated to principal or to income in the same manner as provided in paragraph 11.02B for receipts from partnerships and limited liability companies, except as otherwise provided in paragraph 13.03 with respect to a qualified subchapter S trust.

11.03. Allocation of Income and Expenses Among Successive Beneficiaries.

A. Allocation of Income. Income accrued or unpaid on trust property when received into the trust shall be treated as any other income. Income accrued or held undistributed by the trustee at the termination of any interest in the trust shall go to the next beneficiaries of the trust in proportion to their interest in it.

B. Allocation of Expenses. The trustee need not prorate taxes and current expenses among successive beneficiaries on a daily basis but shall consider all

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taxes and other current expenses to have been paid and charged to the period in which they were paid.

11.04. Unitrust Conversion and Reconversion. The trustee of any trust having one Beneficiary entitled to distribution of all of the net income of the trust may, in the trustee's discretion, convert the trust to a unitrust effective on January 1 of the next occurring calendar year. Commencing on conversion, the trustee shall pay to or apply for the benefit of the Beneficiary in each taxable year of the trust, in semi-annual or more frequent installments payable at the end of the period, a unitrust amount equal to five percent (5%) of the net fair market value of the trust assets (excluding residential property and tangible personal property, as described below), valued annually on the first day of the trust's taxable year for Federal income tax purposes; provided, however, that the Independent Trustee may, in the Independent Trustee's sole discretion, reduce such percentage amount, but not below three percent (3%). This valuation shall be made in such reasonable manner as the trustee shall, in the trustee's discretion, determine. In a taxable year of the trust that is less than 12 months and in the year of the death of the Beneficiary, the amount to be paid by the trust shall be a fraction of five percent (5%) (or such reduced percentage as provided above). The numerator of that fraction shall be the number of days in the trust's year preceding the day on which the Beneficiary died, and the denominator shall be 365. The Beneficiary shall have the exclusive and unrestricted right to occupy residential property as a personal residence or to direct the trustee to rent the property and for the Beneficiary to receive the net income (excluding any deductions for depreciation), and the trustee shall not pay the unitrust amount with respect to any such property of the trust. Despite the foregoing, the unitrust amount for the period between the last distribution date and the date of the Beneficiary's death shall not be distributed to the Beneficiary or the Beneficiary's estate but shall instead be distributed in accordance with the provisions for distribution of the remaining property of the trust on the death of the Beneficiary.

11.05. Reconversion. The trustee of a unitrust may, in the trustee's discretion, convert a unitrust back to a regular trust at any time, and may thereafter convert such trust back to a unitrust in accordance with paragraph 11.04.

ARTICLE XII. GENERATION-SKIPPING TRANSFER TAX PROVISIONS.

12.01. Application of Article. Except for any provision that qualifies a transfer for the marital deduction or ensures the marital deduction, the provisions of this Article shall apply notwithstanding any other provision in this Declaration to the contrary.

12.02. Definitions. For purposes of this Article, the following terms shall have the following meanings:

A. Code. "Code" refers to the Internal Revenue Code of 1986, as amended from time to time, and any successor law. "Section" refers to a Section of the

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Code and any amended or successor provision. References to Code or Section shall also refer to any comparable state law provision.

B. Generation-Skipping Tax. "Generation-skipping tax" or "generation-skipping transfer tax" refers to the tax imposed under Chapter 13 of the Code.

C. Exempt. "Exempt" refers to property or a trust that has a generation-skipping inclusion ratio of zero. "Non-Exempt" refers to property or a trust that is not Exempt.

D. Trust. "Trust" refers to one trust or the separate shares of a trust if the shares will be "substantially separate and independent shares of different beneficiaries" entitled to be treated as separate trusts for generation-skipping purposes under Section 2654(b).

E. Other Terms. "Direct skip," "generation-skipping exemption," "inclusion ratio," "skip person" and "non-skip person," "taxable distribution" and "taxable termination" refer to those same terms as defined in Chapter 13 of the Code.

12.03. Dividing Trusts. It is important for the trustee to consider exercising the discretion granted in this paragraph. The trustee may in the trustee's discretion divide the trust into two shares or trusts in a manner that satisfies all of the requirements for a "qualified severance" in accordance with Treasury Regulation section 26.2642-6(d), as such regulation may be amended from time to time, incorporated herein by reference. If the trustee's power under this paragraph would constitute a General Power of Appointment, then instead the trustee shall divide the trust as described above only as directed by the Independent Trustee, in the Independent Trustee's discretion.

12.04. Combining Trusts. When property is to be added to a trust or when separate trusts are to be combined, the trustee may in the trustee's discretion preserve the Exempt or Non-Exempt generation-skipping character of the property of the trust, even if this requires the establishment of additional separate trusts with the same terms.

12.05. Exercising Discretion to Divide and Combine Trusts. In exercising discretion to divide and combine trusts, the trustee may take into account efficiencies of administration, generation-skipping and other transfer tax considerations affecting the trusts and the Beneficiaries, S elections for any corporations the stock of which is held in a trust and other considerations the trustee deems appropriate.

12.06. Coordination Decisions. It is the trustors' intention to encourage the trustee to administer the trusts in ways that use available tax advantages such as generation-skipping exemptions to the maximum extent reasonably possible and that reduce unnecessary income and transfer taxation on the trusts and the Beneficiaries. In order to carry out these objectives, the trustee of any trust may consult with other trustees and

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may coordinate decisions and actions with those of the trustee of other trusts established by the trustors or by others for the benefit of the Beneficiaries. In administering trusts for the benefit of a particular Beneficiary or group of Beneficiaries, the trustee is specifically authorized to adopt different investment patterns and objectives for different trusts based on the generation-skipping inclusion ratios and to prefer making distributions from Exempt Trusts to persons who are skip persons and to prefer making distributions from Non-Exempt Trusts to persons who are non-skip persons.

12.07. Reserved.

12.08. Distributions From Exempt and Non-Exempt Trusts; Medical and Education Expenses. If any Beneficiary who is a skip person has an Exempt Trust and a Non-Exempt Trust, the trustors recommend but do not require that any discretionary payments to the Beneficiary be made first from such Exempt Trust until it is exhausted before making such payments from such Non-Exempt Trust; provided, however, any payments to or for a Beneficiary that qualify as a transfer described in Code Section 2611(b)(1) shall first be made from Non-Exempt Trusts, before being made from Exempt Trusts.

12.09. General Power of Appointment.

A. Testamentary General Power of Appointment to Avoid Generation-Skipping Transfer Tax. The provisions of this paragraph 12.09 shall apply to each Non-Exempt Trust with respect to which a taxable distribution or a taxable termination would otherwise occur upon the death of a Beneficiary other than either trustee. Upon satisfaction of all of the conditions set forth below, such Beneficiary shall have a testamentary power, exercisable by Will and with the consent of the Independent Trustee, within the Independent Trustee's sole discretion, to appoint all or any portion of such trust on any terms and conditions in favor of the creditors of such Beneficiary's estate (other than to the Independent Trustee). If the Independent Trustee consents to such Beneficiary's exercise of such testamentary power of appointment, the Independent Trustee may later revoke that consent and then later reinstate that consent, as the Independent Trustee shall determine within the Independent Trustee's sole discretion. The conditions to exercise of such Beneficiary's testamentary power of appointment are as follows:

(1) No Greater State Tax. Such Beneficiary's possession of the testamentary power of appointment will not cause the trust estate to be subject to a state inheritance or estate tax upon the death of the Beneficiary, which tax exceeds the generation-skipping transfer tax that would otherwise be payable with respect to such taxable distribution or taxable termination.

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(2) U.S. Citizen or U.S. Trust. Such Beneficiary is a United States citizen, or if not a United States citizen, a substantial portion of the trust estate of such trust is subject to Federal estate and/or generation-skipping transfer tax.

(3) No Section 2701 Application. Such Beneficiary's possession of the testamentary power of appointment will not cause a material portion of the trust estate of such trust to be subject to the special valuation rules of Code Section 2701.

B. Non-Exercise of General Power of Appointment. Any portion of any trust not effectively appointed upon the Beneficiary's death under this paragraph 12.09 shall be distributed pursuant to the terms of such trust without regard to this paragraph 12.09.

C. Independent Trustee Discretion. For purposes of implementing the provisions of this paragraph 12.09, the Independent Trustee may take whatever action is deemed necessary or appropriate to reduce the amount of generation-skipping transfer tax payable and to resolve ambiguities arising in situations not explicitly covered by this Declaration. The Independent Trustee shall not be subject to any obligation, liability or surcharge for acting or failing to act under this paragraph 12.09, unless such action or failure to act was in bad faith.

12.10. Interest on Pecuniary Amounts. When a Beneficiary who is a skip person is entitled to receive payment of a pecuniary amount or an annuity, the Beneficiary shall be entitled to receive interest on delayed distributions to the extent provided by California law. If California law has no provision expressly applicable to trusts, interest shall be paid in accordance with California law applicable to a decedent's estate.

12.11. Good Faith Exercise. No trustee or Independent Trustee shall be liable for any good faith exercise (or nonexercise) of the powers granted in this Article.

ARTICLE XIII. S CORPORATION PROVISIONS.

13.01. Applicability of Article. The provisions of this Article shall apply to all trusts established pursuant to this Declaration notwithstanding any other provision to the contrary in this Declaration.

13.02. Establishment of Separate Trust. If any trust established under this Declaration receives or will receive stock in a corporation having in effect an election under Code Section 1362 to be an "S Corporation," or a comparable election under California law, and such trust is not a permitted shareholder under Code Section 1361(c)(2)(A) or under California law, then the following shall apply:

A. QSST for Survivor. If the survivor is the Income Beneficiary of such trust, then if necessary to preserve the S election a separate trust ("QSST") shall be established to hold such stock, which shall be administered in accordance with the

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applicable provisions in this Declaration, as modified by the remaining provisions of this Article after this paragraph 13.02, unless any such modifications would cause loss of the marital deduction for any portion of the Marital Trust.

B. Multiple Income Beneficiaries. If such trust has more than one Income Beneficiary, the trustee shall divide such trust into as many equal shares as there are Income Beneficiaries. Each separate share shall be administered as a separate trust in accordance with the provisions of this Declaration, as modified by the remaining provisions of this Article.

C. Income Beneficiary Under Age for Income. If such trust is established under Article IX (as modified in accordance with paragraph 13.02B, if applicable) and the Income Beneficiary is not entitled to distribution of all net income of the trust, then a separate trust ("ESBT") shall be established to hold such stock and the trustee shall make the election under Code Section 1361(e) for such trust to be an Electing Small Business Trust.

D. Income Beneficiary Age. If such trust is established under Article IX (as modified in accordance with paragraph 13.02B, if applicable) and the Income Beneficiary is (or becomes) entitled to distribution of net income of the trust due to the age of the Income Beneficiary, the trustee shall take such steps as are necessary to (i) allow the Income Beneficiary to make an election under Code Section 1361(d), and a comparable election under California law, if appropriate, to have the trust treated as a qualified Subchapter S trust ("QSST") and (ii) in the case of an existing ESBT, convert the ESBT to a qualified Subchapter S trust ("QSST") under Code Section 1361(d)(3). If the Income Beneficiary fails to make such election in a timely manner, the trustee shall make the election under Code Section 1361(e) for such trust to be an Electing Small Business Trust or to continue an existing ESBT as an ESBT, as the case may be.

E. Exception if Unnecessary Under Tax Laws. Notwithstanding the preceding provisions of this paragraph, should the trustee determine within the trustee's discretion that establishing a separate trust would be unnecessary under the tax laws at that time to protect against loss of the S election of the corporation, then no such separate trust shall be established and the remainder of this Article shall have no application to such trust.

13.03. QSST Dispositive Provisions. A QSST shall be administered in accordance with the other provisions of this Declaration, modified as follows:

A. Only One Income Beneficiary. During the life of the Income Beneficiary, there shall be only one Income Beneficiary of the trust.

B. Corpus Distributions. Any corpus distributed during the life of the Income Beneficiary shall be distributed only to such Beneficiary.

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C. Termination of Income Interest. The income interest of the Income Beneficiary in the trust shall terminate on the earlier of such Beneficiary's death or the termination of the trust.

D. Termination of Trust During Life of Income Beneficiary. Upon the termination of the trust during the life of the Income Beneficiary, the trust shall distribute all of its assets to such Beneficiary.

E. Income Distributions. All of the net income of the trust, as determined in accordance with the California Trust Law, but modified as necessary so that such net income is the same as "income" within the meaning of Code Section 643(b), shall be distributed at least quarterly to the Income Beneficiary. In addition, the trustee shall distribute to the Income Beneficiary an amount of money equal to the income tax payable by the Income Beneficiary with respect to capital gains of the S Corporation held by the trust and taxable to the Income Beneficiary, provided the trustee has sufficient funds available for such distribution. Any income that is accrued, accumulated or undistributed on the death of the Income Beneficiary shall be distributed in a manner permitted by Code Section 1361(d)(3)(B).

F. No Distributions to Satisfy Support Obligations. No distributions from the trust shall be made to satisfy the legal obligation of another to support the Income Beneficiary.

G. Successor Trustee in the Event of Dependent Beneficiary. No person named as a trustee under this Declaration shall serve as a trustee or co-trustee of a QSST established under this Article for the benefit of a person whom such trustee is obligated to support or maintain. In any such case, the successor trustee provided for herein shall serve as trustee of such trust.

H. Section 1361(d)(3) or Treasury Regulations Modifications. Should Code Section 1361(d)(3) or the Treasury Regulations be amended or interpreted so as to require different provisions than those contained in the preceding paragraphs A through E, then such different provisions shall be applicable in the place of those contained above.

I. QSST for Survivor. If stock in an S corporation is placed in a QSST for the survivor pursuant to paragraph 13.02A, instead of in the Marital Trust, then (i) paragraph 6.06 shall apply to such QSST, with each reference in paragraph 6.06 to the Marital Trust applying to such QSST, and (ii) at such time as no stock of any corporation having in effect an S election is held in such QSST, the assets of such trust shall be added to the Marital Trust, provided that the addition of such assets to the Marital Trust does not disqualify such QSST from the election under Code Section 1361(d) and is not a taxable event for such QSST.

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13.04. ESBT Administration. Each trust for which an election under Code Section 1361(e) to be an Electing Small Business Trust is in effect shall be administered in accordance with all requirements for such a trust under Code Section 1361(e) and applicable Treasury Regulations.

13.05. Intent. Each separate trust established under this Article as a QSST is intended to be a "Qualified Subchapter S Trust" as defined by Code Section 1361(d)(3). Consequently, (i) the provisions of this Article shall be interpreted so as to comply and be consistent with the provisions of Code Section 1361(d) and the Treasury Regulations and other applicable authority promulgated thereunder; (ii) any provision of this Article that cannot be so interpreted shall be void and of no force or effect (unless necessary to preserve a marital deduction, as provided in paragraph 13.02A), and (iii) any provision of this Declaration that would cause the trust to fail to qualify as a Qualified Subchapter S Trust shall be void and have no force or effect (unless necessary to preserve a marital deduction, as provided in paragraph 13.02A). Each separate trust established under this Article as an ESBT is intended to be an "Electing Small Business Trust" as defined by Code Section 1361(e). Consequently, (i) the provisions of this Article shall be interpreted so as to comply and be consistent with the provisions of Code Section 1361(e) and the Treasury Regulations and other applicable authority promulgated thereunder; (ii) any provision of this Article that cannot be so interpreted shall be void and of no force or effect, and (iii) any provision of this Declaration that would cause the trust to fail to qualify as an Electing Small Business Trust shall be void and have no force or effect.

13.06. Good Faith Exercise. No trustee shall be liable for any good faith exercise (or nonexercise) of the powers granted in this Article.

ARTICLE XIV. PROVISIONS REGARDING TRUSTEES.

14.01. Designation of Trustee.

A. Dentino Family Trust.

(1) In General. Except as otherwise provided in paragraph 14.01A(2), the trustors hereby designate themselves as the co-trustees of the Dentino Family Trust; provided, however, that (i) as to any asset or account titled with "SPH," William shall serve as the sole trustee with respect to such asset or account, and (ii) as to any asset or account titled with "SPW," Rebecca shall serve as the sole trustee with respect to such asset or account. Should either trustor become unable because of death, incompetency or other cause to serve as a co-trustee, or should William or Rebecca become unable or cease to serve as sole trustee with respect to an SPH asset or account or an SPW asset or account, as the case may be, then the other trustor shall serve as sole trustee of the Dentino Family Trust or the SPH or SPW asset or account, as the case may be. Should the other trustor become unable because of death, incompetency or other cause to serve as trustee, then WILLIAM J. MARTIN shall serve as trustee of the

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Dentino Family Trust, SPH asset or account and SPW asset or account. Should WILLIAM J. MARTIN become unable because of death, incompetency or other cause to serve as trustee, STEVEN J. ORLANDO shall serve as trustee of the Dentino Family Trust or the SPH or SPW asset or account, as the case may be. Should STEVEN J. ORLANDO become unable because of death, incompetency or other cause to serve as trustee, DAVID P. SILLS shall serve as trustee of the Dentino Family Trust or the SPH or SPW asset or account, as the case may be.

(2) Molina Stock. Notwithstanding paragraph 14.01 A(1), William shall serve as sole trustee with respect to all shares of stock in Molina Healthcare, Inc., a Delaware corporation, or its successor entity, held in the Dentino Family Trust. If William resigns or becomes unable to serve as sole trustee with respect to all such shares, then Rebecca shall serve as successor sole trustee of all such shares held in the Dentino Family Trust. If Rebecca resigns or becomes unable to serve as sole trustee with respect to all such shares, then the person designated by her shall serve as successor sole trustee of all such shares held in the Dentino Family Trust.

B. Survivor's Trust.

(1) William as Survivor. If the survivor is William, he shall serve as trustee of the Survivor's Trust. If he becomes unable because of death, incompetency or other cause to serve as trustee, WILLIAM J. MARTIN shall serve as successor trustee of the Survivor's Trust. If WILLIAM J. MARTIN becomes unable because of death, incompetency or other cause to serve as trustee, STEVEN J. ORLANDO shall serve as successor trustee of the Survivor's Trust. If STEVEN J. ORLANDO becomes unable because of death, incompetency or other cause to serve as trustee, DAVID P. SILLS shall serve as successor trustee of the Survivor's Trust.

(2) Rebecca as Survivor. If the survivor is Rebecca, she shall serve as trustee of the Survivor's Trust. If she becomes unable because of death, incompetency or other cause to serve as trustee, WILLIAM J. MARTIN shall serve as successor trustee of the Survivor's Trust. If WILLIAM J. MARTIN becomes unable because of death, incompetency or other cause to serve as trustee, STEVEN J. ORLANDO shall serve as successor trustee of the Survivor's Trust. If STEVEN J. ORLANDO becomes unable because of death, incompetency or other cause to serve as trustee, DAVID P. SILLS shall serve as successor trustee of the Survivor's Trust.

C. Marital Trust, Family Bypass Trust and Disclaimer Trust.

(1) William as Survivor. If the survivor is William, he and WILLIAM J. MARTIN shall serve as co-trustees of the Marital Trust, Family Bypass Trust and Disclaimer Trust. If William becomes unable because of death, incompetency or other cause to serve as co-trustee, WILLIAM J. MARTIN shall serve as successor sole trustee of the Marital Trust, Family Bypass Trust and Disclaimer Trust. If WILLIAM J.

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MARTIN becomes unable because of death, incompetency or other cause to serve as co-trustee or sole trustee, STEVEN J. ORLANDO shall serve as successor co-trustee or sole trustee, as the case may be, of the Marital Trust, Family Bypass Trust and Disclaimer Trust. If STEVEN J. ORLANDO becomes unable because of death, incompetency or other cause to serve as co-trustee or sole trustee, DAVID P. SILLS shall serve as successor co-trustee or sole trustee, as the case may be, of the Marital Trust, Family Bypass Trust and Disclaimer Trust.

(2) Rebecca as Survivor. If the survivor is Rebecca, she and WILLIAM J. MARTIN shall serve as co-trustees of the Marital Trust, Family Bypass Trust and Disclaimer Trust. If Rebecca becomes unable because of death, incompetency or other cause to serve as co-trustee, WILLIAM J. MARTIN shall serve as successor sole trustee of the Marital Trust, Family Bypass Trust and Disclaimer Trust. If WILLIAM J. MARTIN becomes unable because of death, incompetency or other cause to serve as co-trustee or sole trustee, STEVEN J. ORLANDO shall serve as successor co-trustee or sole trustee, as the case may be, of the Marital Trust, Family Bypass Trust and Disclaimer Trust. If STEVEN J. ORLANDO becomes unable because of death, incompetency or other cause to serve as co-trustee or sole trustee, DAVID P. SILLS shall serve as successor co-trustee or sole trustee, as the case may be, of the Marital Trust, Family Bypass Trust and Disclaimer Trust.

D. Trusts for Issue. WILLIAM J. MARTIN shall serve as trustee of all trusts established pursuant to this Declaration for the issue of either of the trustors. Should WILLIAM J. MARTIN become unable because of death, incompetency or other cause to serve as trustee, STEVEN J. ORLANDO shall serve as successor trustee of all trusts established pursuant to this Declaration for the issue of either of the trustors. If STEVEN J. ORLANDO becomes unable because of death, incompetency or other cause to serve as trustee, DAVID P. SILLS shall serve as successor trustee of all trusts established pursuant to this Declaration for the issue of either of the trustors. With respect to trusts for grandchildren or further descendants, the trustors request, but do not direct or require, that at some point the trustee appoint one or more children of a trustor to serve as co-trustee(s) and/or the trustee resign and appoint one or more children of a trustor as trustee, as the trustee deems appropriate under the circumstances then existing.

E. Interested Trustees. See paragraph 15.11 regarding Interested Trustees.

14.02. Designation of Co-Trustees, Successor Trustees and Independent Trustee.

A. Designation. Notwithstanding the provisions of the preceding paragraph, at any time and from time to time, a person serving as sole trustee of any trust may designate one or more persons to serve with him or her as a co-trustee. If no successor trustee is designated in the preceding paragraph, a person serving as trustee or co-trustee may designate his or her successor, and/or as successors, to such designated

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trustees. A trustee may designate different persons to hold different powers and may waive bond for any or all co-trustees and successors designated. Additionally, a designation may (i) specify the compensation for so serving, (ii) be for a fixed or an unlimited duration, (iii) be subject to the designating trustee's subsequent revocation or alteration, (iv) be for all or a portion of such trustee's powers, and (v) otherwise set forth terms and conditions of such service as are not inconsistent with this Declaration. Notwithstanding the foregoing, an Independent Trustee may only designate another Independent Trustee, to hold all or a portion of such Independent Trustee's powers or succeed the designating Independent Trustee.

B. Manner of Designation. This power to designate co-trustee(s) and successor(s) may be exercised only by delivering to the designee(s), to all other than serving trustees of such trust, if any, and to the then adult Current Beneficiaries of such trust a signed writing specifically referring to this paragraph. Any designation of successors may be revoked or amended by a subsequent designation that complies with the foregoing formalities.

C. Conflict. If a conflict occurs between the terms of two or more designations, the terms of the most recent designation shall prevail.

D. Condition to Serving. Persons designated as co-trustee(s) or successor(s) pursuant to this paragraph 14.02 shall not serve as so designated until compliance with paragraph 14.03.

E. Independent Trustee. If an Independent Trustee is needed or required under this Declaration, the trustee of the trust then serving shall be the Independent Trustee if the trustee satisfies the definition of an Independent Trustee. If no trustee serving at that time satisfies the definition of an Independent Trustee, then the first successor trustee named pursuant to paragraph 14.01 A, B, C or D, as the case may be, who would be an Independent Trustee shall serve as Independent Trustee for the sole purpose of exercising or not exercising the Independent Trustee's powers. If no successor trustee named herein would be an Independent Trustee, then the trustee may appoint an Independent Trustee, or in default thereof, a majority of the then living members of the group consisting of the then living adult children of either of the trustors, may appoint an Independent Trustee, upon their own volition or upon the request of any Current Beneficiary or Agent for a Current Beneficiary, provided that the appointee is not a Related or Subordinate Party with respect to the trustee or any such children. The appointing party(ies) may also remove an Independent Trustee so appointed and appoint a successor Independent Trustee, provided that the appointee is not a Related or Subordinate Party with respect to any appointing party(ies). If no Independent Trustee is appointed pursuant to the preceding sentences within thirty (30) days after the initial attempt by one or more members of the applicable group to assemble a majority thereof, or after the request by a Current Beneficiary or Agent for a Current Beneficiary, then any Current Beneficiary, Agent for a Current Beneficiary or the trustee may petition the court

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having jurisdiction over the trust estate to appoint an Independent Trustee. Notwithstanding any provision in this Declaration or any law, no trustee shall have any obligation under any circumstances to seek appointment of an Independent Trustee and no trustee shall have any liability to any Beneficiary or anyone else on account of the trustee's failure to seek appointment of an Independent Trustee or on account of or resulting from there being no Independent Trustee then acting.

14.03. Provisions Concerning Successor Trustees. No person shall be deemed to have qualified as a co-trustee or as a successor trustee of any trust unless such person consents to serve in such capacity in a writing delivered to his, her or its predecessor or, if such predecessor is not then living and competent, to the then adult Current Beneficiaries of such trust or, if none, to a parent or Agent for a minor Current Beneficiary. Such writing shall specifically acknowledge acceptance of any terms and conditions imposed on such person so serving, including but not limited to limitations on compensation, duration of service and exercisable powers. Such person may undertake a reasonable investigation into the assets and liabilities of such trust before consenting to serve. All reasonable expenses incurred by such person in determining whether to consent to serve shall be paid from such trust as an expense of administration.

14.04. Exculpatory Clause.

A. Exculpation of Trustee in General. A trustee named or designated pursuant to this Declaration shall not be liable to any Beneficiary for the trustee's acts or omissions, except in cases of willful misconduct, bad faith, gross negligence or reckless indifference to the interest of the Beneficiary, as provided in California Probate Code Section 16461(b), and shall be entitled to be defended, indemnified and held harmless by the trust estate of the trust(s) with respect to which such acts or omissions relate (except for willful misconduct, etc.). The previous sentence does not relieve a trustee of any obligation to restore to the trust any profit received by the trustee as a result of a breach of the trust.

B. Disbursements. No trustee without actual notice of any death, birth or other event upon which the right to payments under this Declaration depends shall be liable for any disbursements unless made in bad faith.

C. No Successor Liability for Predecessor or Co-Trustee. No trustee or successor trustee shall be liable or responsible for the acts, omissions or defaults of a co-trustee or predecessor trustee, as the case may be. Unless, within ninety (90) days of his, her or its appointment, a successor trustee is requested in writing by a Current Beneficiary or a Current Beneficiary's Agent to investigate the actions of the predecessor trustee, such successor trustee shall not be required to make such investigation and may accept the accounting records of the predecessor trustee without liability. If requested to investigate any action of the predecessor trustee, all trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against

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the trust estate, subject to any right of reimbursement or contribution from the predecessor trustee.

D. No Liability for Co-Trustee or Successor Trustee. No trustee who has (i) designated co-trustees or successor trustees, (ii) delegated powers, or (iii) employed professionals to assist with the administration of any trust established hereunder shall be liable or responsible for the acts, omissions or defaults of such designees, delegates or professionals, nor shall the trustee be obligated to supervise or monitor any of them more often than on a semi-annual basis, unless either (a) the trustee made such designation, delegation or employed such professional in bad faith, with gross negligence or with willful misconduct, or (b) the trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults and fails to act with respect thereto.

14.05. Voluntary Resignation A trustee may resign upon written notice to all other trustees or, if there are none, to his, her or its successor or, if there is none, to all then adult Current Beneficiaries and a parent or Agent for any minor Current Beneficiary; provided, however, that such trustee shall continue to serve as trustee until his, her or its successor accepts appointment as trustee. The resigning trustee shall not be relieved of liability until his, her or its accounting has been settled pursuant to paragraphs 15.05 or 15.06.

14.06. Incapacity of Trustee. Any individual trustee who is deemed incapacitated pursuant to paragraph 14.06A shall temporarily or permanently, as the case may be, cease to serve as a trustee of all trusts under this Declaration as provided in paragraph 14.06B.

A. Determination of Incapacity or Capacity. For purposes of this Declaration, an individual trustee shall be deemed to be incapacitated or to have recovered from a temporary incapacity if either (i) a physician who is not related by blood or marriage to any trustee or Beneficiary examines such individual and certifies in writing that such individual is or is not temporarily or permanently incapacitated or any two of the spouse and adult children of such individual declare in writing under penalty of perjury that, in their opinion, such individual is or is not temporarily or permanently incapacitated (in either case, a "determination"), or (ii) the court having jurisdiction over any trust under this Declaration of which such individual is serving as trustee finds that such individual is or is not temporarily or permanently incapacitated (a "finding"). As used herein, the term "incapacitated" means incapable of exercising powers as trustee under the criteria set forth in California Probate Code Section 800, et seq. If any trustee (including a person who has been determined to be incapacitated) or Current Beneficiary disputes a determination, such trustee or Current Beneficiary may petition the court for a finding under this paragraph, and the court's finding shall supersede the determination. The expenses of any examination or court proceeding under this paragraph 14.06A shall be paid from all trusts under this Declaration of which such individual is a trustee in proportion to the relative book values of such trusts.

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B. Effect of Determination or Finding of Incapacity.

(1) Temporary Incapacity. An individual trustee shall temporarily cease to serve as trustee of all trusts under this Declaration upon a determination or finding of temporary incapacity. If the temporarily incapacitated trustee is serving as a co-trustee, the other trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s), and no successor trustee for such temporarily incapacitated trustee shall serve in his or her place. If the temporarily incapacitated trustee is serving as sole trustee, the successor trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only trustee(s).

(2) Resumption of Trusteeship Upon Recovery From Temporary Incapacity. Any trustee deemed to be temporarily incapacitated shall resume serving as a trustee upon a determination or finding of capacity, if made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority of all Current Beneficiaries of any trust, the successor trustee serving in place of a temporarily incapacitated sole trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor trustee's accounting has been settled pursuant to paragraphs 15.05 or 15.06.

(3) Permanent Incapacity. An individual trustee shall permanently cease to serve as trustee of all trusts under this Declaration upon the first to occur of (a) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual trustee has resumed serving as trustee pursuant to paragraph (2) above, and (b) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual trustee's resumption of service as trustee pursuant to paragraph (2) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A trustee who permanently ceases to serve as trustee pursuant to this paragraph shall not be relieved of liability as trustee until his or her accounting has been settled pursuant to paragraphs 15.05 or 15.06.

C. Consent to Examination and Waiver of Doctor-Patient Privilege. Each individual trustee hereunder, by accepting his or her office, agrees (i) to cooperate in any examination reasonably necessary to carry out the provisions of this paragraph 14.06, (ii) to waive the doctor-patient privilege in respect to the results of such examination to the extent required to implement this paragraph 14.06 and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) that his or her obligation to comply with the provisions of this paragraph 14.06 is specifically enforceable.

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14.07. Delegation by Trustees Permitted.

A. Temporary Absence. If co-trustees are serving hereunder, an individual co-trustee may from time to time delegate to the other co-trustee(s) all or any of his or her powers as trustee during temporary absences due to vacation, business or employment, illness or emergency, or other similar cause. Such delegation shall be in writing, shall specify the powers delegated and may be revoked or modified by a comparable writing. A statement that the trustee delegates all powers granted by this Declaration shall be sufficient to delegate all such powers. No delegation shall be made by anyone for longer than six (6) months, and any two delegations for the same purpose must be separated by at least thirty (30) days. Any such delegation shall be exercised by delivery by the delegating trustee to the other co-trustees of written notice specifying the powers delegated. Such delegation shall terminate as provided in the written notice, or upon the earlier to occur of (i) the delivery by the delegating trustee to the other co-trustees of written notice of termination and (ii) the expiration of six (6) months from the date of the delegation. Notwithstanding the foregoing, an Independent Trustee may only delegate to another Independent Trustee all or a portion of such Independent Trustee's powers.

B. Third Party Reliance on Delegation. Any third party, including any bank, savings and loan, title insurer, stock or bond broker or transfer agent may rely upon any delegation under this paragraph 14.07 and shall incur no liability for any action taken in reliance on such delegation in the absence of actual knowledge of its revocation or modification.

14.08. Conflicts of Interest. No trustee named or designated herein shall be disqualified by reason of owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

14.09. Removal and Replacement of Trustee.

A. By Survivor. The survivor may remove any trustee (or co-trustee) of any trust for any reason and without cause and appoint a replacement trustee (or co-trustee), provided that such replacement is not a Related or Subordinate Party with respect to the survivor.

B. By Children. After the death of both trustors, a majority of all then living children of either trustor age thirty (30) or more may remove any trustee of any trust established hereunder for reasonable cause and substitute in lieu thereof a new trustee, provided that such new trustee is not a Related or Subordinate Party as to any of such children or any Current Beneficiaries of the trust. With respect to a replacement trustee, such majority of the children may specify (i) the compensation for so serving; (ii)

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the term or duration of service; (iii) the powers to be held by each replacement trustee, and such majority may designate different persons to hold different powers, provided, however, that all of the removed trustee's powers are vested in one or more of the replacement trustees; and/or (iv) otherwise set forth terms and conditions of such service as are not inconsistent with this Declaration. When the removed trustee has received written notice of his, her or its removal and has been notified in writing by his, her or its successor of the latter's acceptance, the removed trustee shall surrender to the appropriate replacement trustee all books, records and assets in his, her or its possession comprising a portion of the trust estate or relating thereto. However, such removed trustee shall not be relieved of liability until his, her or its replacement has qualified and such trustee's accounting has been settled pursuant to paragraphs 15.05 or 15.06. As used in this paragraph, the term "reasonable cause" includes, but is not limited to, (i) the legal incapacity of the trustee; (ii) the willful or negligent mismanagement by the trustee of trust assets; (iii) the abuse or abandonment of, or inattention to, the trust by the trustee; (iv) a Federal or state charge against the trustee involving the commission of a felony or serious misdemeanor; (v) an act of stealing, dishonesty, fraud, embezzlement or moral turpitude; (vi) the trustee's failure to comply with a written agreement regarding compensation or any other legally enforceable written agreement affecting the trust's operation; (vii) the failure of a corporate trustee to appoint a senior officer with at least five (5) years of experience in administering trusts to handle the account; (viii) unreasonably high turnover of account officers assigned to the trust (unless requested by the Current Beneficiaries); (ix) unreasonably poor investment performance; (x) the removal of all Current Beneficiaries from the State wherein the corporate trustee is licensed to conduct business as a corporate trustee; (xi) the relocation of the trustee away from the location where the trust operates so as to interfere with the administration of the trust; (xii) merger, acquisition or a deteriorating financial condition of a corporate trustee; or (xiii) any other reason for which a court of competent jurisdiction would remove a trustee. The power of removal and replacement may be exercised on a child's behalf by his or her Agent.

14.10. Bond Waived. No bond shall be required of any trustee named herein, or of any trustee designated in accordance with this Article XIV if such designation waives bond for such trustee, whether serving alone or with co-trustees and whether named or designated to serve alone or with co-trustees. Additionally, no bond shall be required of a trustee neither named nor designated herein, unless requested by a majority in percentage interest of all Income Beneficiaries of such trust or their Agents.

14.11. Compensation for Services. The trustee shall pay himself, herself or itself reasonable compensation for services rendered to the trust estate as trustee, even if receiving compensation as a partner, officer, director or employee of any partnership, corporation or business venture, an interest in which is included in the trust estate, and shall reimburse himself, herself or itself for any expenses of the trust or the trust estate that such trustee has paid. If the trustee is a professional person, such as an attorney, consultant, physician or accountant, the trustee's compensation shall not be less than his

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or her standard hourly rate for work as a professional person, and may be more if reasonable under the circumstances. Notwithstanding the foregoing, any person may waive the right to compensation for services rendered to the trust estate, provided such waiver is specific and in writing and is executed by the person rendering the services for which such compensation is being waived. A waiver may be limited in duration or to specific services.

14.12. Majority Control; Vacancy. When more than two trustees are serving, the determination of a majority of them with respect to any matter affecting any trust shall control. The dissenting trustees shall not be liable to any person for any action taken or not taken pursuant to the decision of the majority. During a vacancy in a co-trusteeship, the remaining co-trustee or co-trustees may act for the trust.

14.13. Actions by Independent Trustee.

A. Powers Limited to Independent Trustee. If any of the following powers are granted the trustee by this Declaration, such powers shall be exercised only by an Independent Trustee:

(1) Directions to Make Distributions or Loans. Directions to make distributions or loans pursuant to paragraphs 9.06C, 9.06D, 9.07D, 9.07E, 9.12C, 9.12D, 9.13D or 9.13E.

(2) Timing of Distributions. To postpone or accelerate distributions to a Beneficiary pursuant to paragraph 10.04;

(3) Support Disbursements. If the trustee is legally obligated to support a Beneficiary, to make discretionary distributions of income or principal to or for the benefit of the Beneficiary for his or her support that would discharge, in whole or in part, the trustee's legal obligation to support the Beneficiary, except that if the Independent Trustee is legally obligated to support a Beneficiary, then the power to make such discretionary distributions shall be vested solely in the next designated successor trustee who does not have such legal obligation; and

(4) Other Powers. To exercise any other power exercisable by the Independent Trustee under the terms of this Declaration.

B. Liability of Independent Trustee Limited. An Independent Trustee shall not be liable for exercising or not exercising such powers, unless such exercise or non-exercise involves bad faith, willful misconduct, gross negligence or reckless indifference to the interest of the Beneficiary, as provided in California Probate Code Section 16461(b), and shall be entitled to be defended, indemnified and held harmless by the trust estate of the trust(s) with respect to which such powers were or could have been exercised (except for bad faith, etc.). The previous sentence does not relieve the

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Independent Trustee of any obligation to restore to the trust any profit received by the Independent Trustee as a result of breach of the trust.

C. Application to Independent Trustee; Delegation. The provisions of this Article shall apply to any person or corporation serving as Independent Trustee solely for such purpose; provided, however, that no Independent Trustee may delegate the powers granted such Independent Trustee by this paragraph 14.13 or described herein except to another Independent Trustee.

D. Independent Trustee Compensation and Limited Responsibility. A person or corporation serving as Independent Trustee for such purpose shall have no responsibility for the administration and management of the trust estate and shall receive reasonable compensation for his, her or its services in the same way as described in paragraph 14.11 for the trustee.

14.14. Certain Actions of Trustee Restricted. If a power conferred on a trustee under this Declaration would have the effect of invalidating a disclaimer made by such trustee, then the conferral of such power shall be void *ab initio* and such power shall instead be vested in any co-trustee or co-trustees designated herein whose holding of such power would not invalidate such disclaimer. If no such co-trustee or co-trustees are then serving, such power shall instead be vested in an Independent Trustee whose holding of such power would not invalidate such disclaimer.

14.15. Disclaimer of Fiduciary Powers. Any person or entity acting alone or jointly as a trustee of a trust may renounce or disclaim any one or more of the rights, powers, duties or discretions exercisable by such trustee of such trust without resigning as trustee, in which event any such renounced or disclaimed right, power, duty or discretion shall thereafter be exercisable solely by the other person(s) and/or entity(s) then acting as trustee of such trust who have not renounced or disclaimed such right, power, duty or discretion (if any). Except as hereinafter expressly provided otherwise, no such renunciation or disclaimer shall in any way affect the rights, powers, duties and discretions of any other person(s) and/or entity(s) then or thereafter acting as trustee of such trust. If the sole trustee or all of the person(s) and/or entity(s) acting jointly as trustee, in whom any such right, power, duty or discretion is vested, renounce or disclaim such right, power, duty or discretion, or resign or otherwise cease to act, such right, power, duty or discretion shall thereafter be vested exclusively in and exercisable solely by the person (s) and/or entity(s) named or appointed as herein provided to act as the next successor trustee of such trust who or which is (or are) then willing and able to become a trustee for the purpose of exercising such right, power, duty or discretion, and such successor trustee shall thereupon become and thereafter act as a trustee of such trust for the sole purpose of exercising such renounced or disclaimed right, power, duty or discretion, and such successor trustee so becoming a trustee for such limited purpose shall have no other right, power, duty or discretion except as may be expressly otherwise provided elsewhere herein.

ARTICLE XV. TRUST ADMINISTRATION.

15.01. Powers of Trustee. Subject to any limitations contained elsewhere in this Declaration, the trustee is granted all powers necessary to carry out the terms of this Declaration, powers granted by law and the following powers:

A. Employ Professional and Other Assistance. To employ, compensate and grant discretionary authority to agents, managers, attorneys, accountants, brokers, investment counselors and others, even if they are associated with a trustee. The trustee shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, prepared by such persons as to matters which the trustee reasonably believes to be within such person's professional or expert competence and shall not be liable for losses resulting therefrom.

B. Pay Expenses and Carry Insurance. To pay all expenses, taxes, assessments, compensation of the trustee and other expenses incurred in the administration of all trusts established hereunder, including the collection, care, administration and protection of the trust and such insurance as the trustee deems advisable to protect the trust estate from damage or loss and to protect the trustee personally from liability.

C. Receive and Retain Property. To receive and retain any property at any time subject to this Declaration, regardless of whether receipt or retention thereof violates sound diversification principles, or such property is under productive or unproductive.

D. Hold Property. To hold property in the name of the trustee (with or without revealing fiduciary capacity), or in the name of a nominee, or in bearer form.

E. Operate a Business. To hold and operate a business or an interest in a business at the risk of the trust estate and not at the risk of the trustee, and to incorporate or dissolve such business or to operate it as a corporation, limited liability company or partnership, limited or general, or in any other form. To exercise all voting and management rights attendant to owning an interest in such a business, including the right to vote securities, give proxies and pay assessments; to participate in voting trusts, pooling arrangements, foreclosures, reorganizations, consolidations, mergers and liquidations; to deposit securities with and transfer title to any protective or other committee; and to exercise or sell stock subscription or conversion rights.

F. Manage and Control Property. To manage, control, lease for terms within or beyond the duration of a trust created hereunder, grant options with respect to, partition, divide, improve, insure and repair any kind of property, real or personal, to have all the rights, powers and privileges of an owner of the securities held in the trust, including, but not limited to, the powers to vote, give proxies and pay assessments, to participate in voting trusts, pooling agreements, foreclosures, reorganizations,

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consolidations, mergers and liquidations, and, in connection therewith, to deposit securities with and transfer title and delegate discretions to any protective or other committee as the trustee may deem advisable; and to exercise or sell stock options, stock subscriptions or conversion rights.

G. Purchase and Sell. To purchase, exchange or sell for cash or upon terms at public or private sale any kind of property, real or personal, including trust funds administered by the trustee, shares of investment trusts, investment companies, mutual funds, mortgage participations, stocks, bonds, futures contracts and other securities, puts, calls, straddles and other options of every kind, general and limited partnership interests and interests in other business ventures, whether or not an interest in any such property is already included in the trust estate. The trustee may maintain brokerage accounts, including margin and commodity accounts, and in connection therewith borrow, pledge securities, make short sales and sell on margin or otherwise. If any security is purchased for a premium or at a discount, such premium or discount shall be amortized in a reasonable manner. The trustee's investment performance shall be evaluated in light of his, her or its overall investment performance and not in light of any isolated investment.

H. Create Restrictions. To create restrictions, easements and servitudes.

I. Borrow and Lend. To borrow and lend money and to encumber trust property by mortgage, deed of trust, pledge, or otherwise for the debts of the trust or the joint debts of the trust and any co-owner of the property in which the trust has an interest and in connection therewith to execute any mortgages, deeds of trust, pledges, guarantees or other loan or security documents reasonably attendant thereto. While both trustors are living, the trustee shall also guaranty any debt or other obligation of a trustor or the trustors or an entity in which they have an interest (direct or indirect) upon written request of the trustors. Any loan, guarantee, pledge or encumbrance may be for a period within or beyond the duration of the trust. While both trustors are living, the trustee shall lend money to, and/or encumber all or any of the assets of the trust by mortgage, deed of trust, pledge, guarantee or otherwise to secure any indebtedness of the trustors together, irrespective of whether such mortgage, deed of trust, pledge, guarantee or otherwise is for the benefit of the trust or for the exclusive benefit of a trustor or the trustors. The trustee shall do the same for the survivor as to the Survivor's Trust. The trustee may borrow from or lend money to the estate of a trustor or any trust created by a trustor or the trustors for adequate consideration (interest and security), as determined by the trustee in the trustee's discretion and without any court or Beneficiary approval, regardless of whether the trustee is also a fiduciary of the lender or borrower or a beneficiary of the lender or borrower.

J. Conduct Banking. To deposit trust funds in accounts of any kind, with any bank, savings and loan association or similar institution, including a trustee; to withdraw such funds; to designate in writing the persons, whether or not trustees, who

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may conduct such activities; and such institutions may rely, without liability, on such designation.

K. Combine and Divide Trusts. To combine two or more trusts having the same Beneficiaries and Inclusion Ratios, provided they have substantially the same terms, as determined by the trustee, into a single trust. The trustee may also divide any trust established hereunder into two or more separate trusts of equal or unequal value but on the same terms and with the same Beneficiaries for the purpose of creating an Exempt Trust and a Non-Exempt Trust or for any other purpose. Division of a trust shall be made according to the value of the assets of the trust at the time of the division. Whenever such division will result in the residual transfer of property after the satisfaction of a pecuniary payment, such pecuniary payment shall carry Appropriate Interest. If any provision of this Declaration provides that property is to be added to a trust by reason of the partial or complete distribution or termination of another trust or otherwise, the trustee shall add property having an Inclusion Ratio of zero only to an Exempt Trust and the trustee shall add property having an Inclusion Ratio greater than zero only to a Non-Exempt Trust. If a trust with the appropriate Inclusion Ratio does not exist, the trustee shall establish a new trust having the same terms, conditions and Beneficiaries as the trust to which such property would otherwise have been added so that such property may be added to the new trust without changing the Inclusion Ratio of such property.

L. Distribute Assets. To allocate or distribute trust assets, in cash or in kind or partly in each, including undivided interests, pro rata or non-pro rata, and for this purpose to sell trust assets. In making such allocation or distribution, the trustee is not required to consider the income tax bases of such assets or the potential income tax consequences to the distributees. Property distributed in kind shall be selected and valued as required by the Code, Treasury Regulations and Revenue Rulings. Unless otherwise required by the Code, Treasury Regulations and Revenue Rulings, the trustee shall value property distributed in kind at its value on the date or dates of distribution. Whenever the distribution of property would result in the residual transfer of property after the satisfaction of a pecuniary payment, such pecuniary payment shall carry Appropriate Interest.

M. Pay a Deceased Beneficiary's Death Taxes. To pay a deceased Beneficiary's Death Taxes, including interest, attributable to such Beneficiary's interest in the trust estate. The trustee may purchase assets from and make loans to such Beneficiary's personal representative or trustee, as determined by the trustee.

N. Deal With Insurance. To acquire by purchase, bequest, gift or in any other manner one or more policies insuring the life, health, or income of any Beneficiary or any person in whom any Beneficiary has an insurable interest, and to retain each policy as a part of any trust established hereunder, the benefits thereunder to be payable to such trust; and to exercise all options, benefits, rights and privileges of an owner thereof, including the right to borrow against and to pledge such insurance, to surrender it

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for its cash value, to name and change beneficiaries, to select and change settlement options, and to receive any benefits thereunder, all for the exclusive benefit of such trust.

(1) Premiums. The trustee may but is not obligated to pay premiums for such life insurance or cause them to be paid by others and shall incur no liability if such premiums are not paid. If the trustee has actual notice that any premium has not been paid when due or will not be paid when due, the trustee may apply the cash value of such insurance to the purchase of paid-up insurance, borrow against such insurance for the payment of premiums, use other assets of the trust to pay such premiums, surrender such insurance or take such other action as the trustee deems reasonable and appropriate under the circumstances.

(2) Trustee Powers Regarding Insurance. On receipt of proof of death of an insured, or on receipt of proof of the prior maturity of any policy, and on receiving possession of the policies, the trustee shall use reasonable efforts to collect all sums payable on them, which sums on receipt shall be principal and any interest paid thereon by the insurer shall be income. The trustee may maintain,

defend, compromise, arbitrate or settle any suit or claim with respect to such insurance. However, the trustee shall not be responsible for any acts or omissions of the insured in connection with any policy and shall not be required to prosecute any action to collect any insurance or to defend any action relating to any policy unless indemnified in a manner and amount satisfactory to the trustee.

(3) Reliance by Insurers. Insurers shall have no obligation to inquire into the terms of this Declaration or see to the application of the proceeds of any policy, and may rely without liability on a receipt, release or other document executed by the trustee.

(4) Ownership. If the trust estate includes insurance on the life of a trustee, all other trustees or, if there are none, the next successor trustee shall exercise all incidents of ownership with respect to such insurance.

O. Deal With Certain Treasury Bonds. The trustee may purchase and retain United States of America Treasury Bonds which may be redeemed at par in payment of the Federal estate tax which will be imposed upon the estate of any person in whose Gross Estate all or any portion of the assets of any trust established hereunder shall be included. The trustee may borrow to purchase such bonds and secure such borrowing in such manner as the trustee determines appropriate. Such borrowings shall bear interest at such rate as the trustee shall agree with the lender, even if one or more trustees are lenders. The trustee shall submit such bonds for redemption in payment of such person's Federal estate tax liability without regard to the assets comprising his or her probate estate. The trustee may rely upon any written estimate by the executor of such person's estate of the amount of the Federal estate tax imposed upon such estate and the amounts of Treasury bonds which may be redeemed at par in payment of that tax.

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Any bonds purchased by the trustee shall be the separate property of the person on whose behalf such bonds were purchased and any liability incurred for such purchase shall be the separate liability of such person.

P. Abandon Property. To abandon or decline to administer any property or interest in property belonging to the trust when, in the trustee's discretion, the property has no material value or insufficient value to justify its collection or continued administration, or the abandonment is in the best interest of the trust and its Beneficiaries.

Q. Leasing. To lease trust property for terms within or beyond the term of the trust for any purpose, including exploration for and removal of gas, oil, and other minerals; and to enter into community oil leases and pooling and unitization agreements.

R. Deal With Claims. To pay, initiate, defend or contest any claim; to settle a claim by or against the trust by compromise, arbitration or otherwise; to release, in whole or in part, any claim belonging to the trust to the extent that the claim is uncollectible in the trustee's opinion; and to institute, compromise and defend actions and proceedings relating to the trust, the interpretation of the trust, the performance of duties or exercise of discretion by the trustee or any property of the trust the trustee deems advisable, whether in court, by mediation or by arbitration. The trustee's powers under this paragraph shall apply during the term of the trust and after distribution of trust assets. The trustee shall have no obligations or duties, however, for any litigation or claims occurring after distribution of trust assets, unless the trustee is adequately indemnified by the distributees for any loss connected with these matters.

S. Partition. To partition, allot or distribute in cash, in undivided interest or in kind or partly in each at valuations determined by the trustee and to sell such property as the trustee may deem necessary to make divisions for distributions.

T. Purchase or Sell From Estate or Trust. To purchase or sell property at its fair market value (i.e., for adequate and full consideration in money or money's worth), as determined by the trustee in the trustee's discretion, from or to a trustor's probate estate or any trust established by either trustor or the trustors, regardless of whether the trustee is also a fiduciary of any such estate or trust or a beneficiary of any such estate or trust, all without approval of any Beneficiary or court.

U. Withhold Distributions Subject to Disputes. To withhold from distribution, without the payment of interest, all or any part of the property that is to be distributed, as long as the trustee shall determine in the trustee's discretion that such property may be subject to conflicting claims, to tax deficiencies, or to liabilities, contingent or otherwise.

V. Allow Occupancy. To permit any person having an interest in the income of the trust to occupy any real property owned by the trust on such terms as the

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trustee shall deem proper, whether rent free or in consideration of payment of taxes, insurance, maintenance and ordinary repairs, or otherwise.

W. Real Property. With respect to an interest in real property, to construct, or make ordinary or extraordinary repairs to, alterations to, or improvements in, buildings or other structures, demolish improvements, raze existing or erect new party walls or buildings, subdivide or develop land, dedicate land to public use or grant public or private easements, and make or vacate plats and adjust boundaries

X. Appoint Trustee in Other Jurisdiction. To appoint a trustee to act in another jurisdiction regarding trust property in the other jurisdiction, confer on the appointed trustee all powers and duties of the appointing trustee, require that the appointed trustee furnish security, and remove any trustee so appointed.

Y. Resolve Disputes. To resolve a dispute over the interpretation of the trust or its administration by mediation, arbitration or other procedure for alternative dispute resolution.

Z. No Need to Make Adjustments. The trustee shall not be required to make adjustments in the rights of any Beneficiaries, or among the principal and income accounts, to compensate for the consequences of any tax decision or election that has had the effect, directly or indirectly, of preferring one Beneficiary or a group of Beneficiaries over others.

AA. Powers on Termination. On termination of the trust, the powers of the trustee granted herein shall continue until distribution of the property to the persons entitled thereto, and the trustee may exercise the powers appropriate to wind up the administration of the trust and distribute the trust property to the persons entitled to it.

BB. Limitations on Trustee's Duty of Loyalty. Except in cases of willful misconduct, bad faith, gross negligence or reckless indifference to the interests of the Beneficiaries, as provided in California Probate Code Section 16461(b), it is not a breach of the trust for the trustee to take any of the following actions:

- (1) Lend the trustee's own funds to the trust for any trust purpose, with interest at current rates, and receive reasonable security for such a loan;
- (2) Purchase for the trustee's personal account trust property from the trust for adequate and full consideration in money or money's worth;
- (3) Lease or sell the trustee's own property to the trust at a rent or price not in excess of its fair market value;
- (4) Employ the trustee, a relative of the trustee, or a business in which the trustee has an interest, to perform needed services for the trust or any business

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in which the trust has an interest and to pay compensation not exceeding fair market value;

- (5) Acquire or retain an interest in property in which the trust also has an interest;
- (6) Acquire or retain stock of a corporate trustee or an affiliate of a corporate trustee unless the acquisition or retention would violate the trustee's duties in the case of stock of a similar corporation other than the trustee or its affiliate;
- (7) Deposit funds in a bank in which the trustee has an interest;
- (8) Perform as trustee any action described above with a relative of the trustee or a business in which the trustee has an interest; and
- (9) Hold property of multiple trusts without segregating or dividing the property and without separately titling the property of each trust, but instead keeping accounts sufficient to identify the property of each trust.

15.02. Income and Expenses. Income accrued on property distributed to a trust shall be treated as income. Income accrued at the termination of an interest in a trust shall retain its character as income and be administered as a part of the next succeeding interest. At the termination of an interest, the trustee shall not apportion periodic payments of principal not then due but may prorate taxes and other expenses.

15.03. Accounting for Separate Trusts. If separate trusts are established hereunder, each trust shall constitute a separate and independent trust. The trustee shall keep an account for each trust and may, but shall not be required to, segregate trust assets. Each trust established hereunder may be designated by the name of its Income Beneficiary and the date of its creation or by such other designation as trustee deems appropriate.

15.04. Delay in Distribution. If any trust established hereunder is subject to the Federal estate or generation-skipping transfer tax, the trustee may delay distribution or division of such trust until after the alternate valuation date under Code Section 2032; provided, however, that all rights to income and principal established under other provisions of this Declaration shall not be affected by such delay.

15.05. Annual Accounting. Any person who is a Current Beneficiary of any trust being administered under this Declaration shall be entitled to receive an annual accounting of such trust. Any such account may be settled pursuant to California Probate Code Section 16060, et seq., or by sending the account to all Current Beneficiaries of such trust, or their Agents, at their respective last known addresses by certified mail, return receipt requested. If a Beneficiary is a minor and has no Agent, then such account may be sent to the parent of the Current Beneficiary and such parent, if not also a trustee,

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may approve the account with the same effect as if the Beneficiary were an adult and approved the account. No guardian ad litem shall be required for any minor, unborn or unascertained Beneficiary. Unless written objections are received by the trustee within one hundred eighty (180) days of mailing such account, the account and all transactions set forth therein shall be deemed settled and approved.

15.06. Receipts Upon Distribution. As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a Beneficiary entitled thereto the trustee may require such Beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such Beneficiary. As an alternative, the trustee may furnish such Beneficiary with an accounting of the acts and doings of the trustee then acting hereunder or of any predecessor trustee and may require such Beneficiary to deliver to the trustee a receipt for the portion of the trust estate then paid to such Beneficiary together with a release and discharge of the trustee from all liability for any act, investment, transaction or distribution of the trustee shown on that accounting up to and including the date of such distribution. If any such Beneficiary, after being furnished with the foregoing accounting of the trustee, refuses or neglects to furnish the trustee with such receipt, release and discharge, then the trustee, prior to making such distribution and at the expense of the appropriate trust(s), may submit its account or accounts to a court of proper jurisdiction in order to obtain a decree absolving the trustee from all further liability hereunder after the making of such distribution.

15.07. Other Property May Be Added. Upon the trustee's written acceptance, other property may be added to any trust established hereunder.

15.08. Environmental Hazards and Compliance With Environmental Laws.

A. Authorization to Inspect Property Prior to Accepting Property or Consenting to Serve as Trustee.

(1) Due Diligence Prior to Acceptance. Prior to accepting assets as part of the trust estate and prior to consenting to serve as a trustee or co-trustee of any trust established hereunder, any person named or designated herein to so serve may take the following actions at the expense of the trust estate:

(a) Site Inspection. To enter and inspect any existing or proposed asset of such trust (or of any partnership or corporation in which the trust holds an interest) for the purpose of determining the existence, location, nature, and magnitude of any past or present release or threatened release of any hazardous substance; and

(b) Document Inspection. To review records of the currently serving trustee or either of the trustors (or of any partnership or corporation in which the trust or either of the trustors holds an interest) for the purpose of determining compliance with any Federal, state or local environmental laws or regulations, including

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those records relating to permits, licenses, notices, reporting requirements, and governmental monitoring of hazardous waste.

(2) Equivalent Rights. The right of the person named or designated to serve as trustee to enter and inspect assets and records of a partnership or corporation under subparagraph (1) above shall be treated as equivalent to the right under state law of a partner or shareholder to inspect assets and records under similar circumstances.

(3) No Consent From Due Diligence. Acts performed under this paragraph by a person named or designated as trustee shall not constitute consent to serve as a trustee or co-trustee.

(4) Trustee Acceptance of Specific Assets. If, upon any review of a trust's assets under this paragraph, the person named or designated to serve as trustee discovers that an asset of the trust or of an entity in which the trust holds an interest is contaminated with hazardous waste or otherwise not in compliance with any environmental law or regulation, he, she or it may decline to so serve solely as to such asset or interest while consenting to so serve as to all other assets and interests of the trust. Similarly, any currently acting trustee or co-trustee may refuse to accept the transfer of any asset or interest proposed to be transferred to the trustee. If there is no person willing to serve as trustee or co-trustee with respect to any asset or interest in or proposed to be transferred to any trust, the court having jurisdiction over such trust shall appoint a receiver or special trustee to hold and manage the rejected asset or interest, pending its final disposition.

B. Termination, Bifurcation or Modification of Trust Due to Environmental Liability.

(1) Permissible Actions. If any trust established hereunder holds one or more assets, either directly or through any corporation or partnership, the nature, condition or operation of which is likely to give rise to liability under, or is an actual or threatened violation of, any environmental law or regulation, the trustee may take one or more of the following actions:

(a) Modify. Modify the trust provisions by granting the trustee such additional powers as are required to protect the trust and its Beneficiaries from liability or damage relating to the actual or threatened violation of any such environmental law or regulation;

(b) Bifurcate. Bifurcate the trust;

(c) Appoint Special Trustee. Appoint a special trustee to administer any such assets or business interests which fail to comply with or may give rise to liability under any environmental law and regulation; or

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(d) Abandon. Abandon such assets or business interests.

(2) Terminate. With court approval, the trustee may terminate the trust or partially or totally distribute its assets to its Beneficiaries.

(3) Broad Discretion. It is the trustors' intent that the trustee have the widest possible discretion in identifying and responding to administration problems associated with the potential environmental liability of any trust or the trustee, in order to protect the interests of such trust, the trustee and the Beneficiaries of the trust.

C. Trustee's Powers Relating To Environmental Laws. The trustee may, on behalf of any trust established hereunder, take any action necessary or appropriate to prevent, abate, avoid or otherwise remedy any actual or threatened violation of any environmental law or regulation or any condition that may reasonably give rise to liability under any environmental law or regulation, including but not limited to performing investigations and audits and taking action considered a "response" under 42 U.S.C. Section 9601(25), relating to any asset which is or has been held as part of such trust.

D. Indemnification of Trustee for Environmental Expenses.

(1) Environmental Expenses. The trustee shall be entitled to be indemnified and reimbursed from any trust for any liabilities, losses, damages, penalties, costs or expenses incurred arising out of or relating to the actual or threatened violation of any environmental laws or regulations (hereinafter "environmental expenses"). Environmental expenses shall include, but not be limited to:

(a) Investigation and Remediation. Costs of investigation, removal, remediation, response, or other cleanup costs of contamination by hazardous substances, as defined under any environmental law or regulation;

(b) Legal Fees. Legal fees and costs arising from any judicial, investigative or administrative proceeding relating to any environmental law or regulation;

(c) Other Fees and Fines. Civil or criminal fees, fines or penalties levied with respect to the violation of any environmental law or regulation; and

(d) Consultants and Other Experts. Fees and costs payable to environmental consultants, engineers or other experts, including legal counsel, relating to the identification, avoidance or prevention of or in any other manner related to any environmental law or regulation.

(2) Expenses for Assets Owned Directly or Indirectly. This right to indemnification or reimbursement shall extend to environmental expenses relating to:

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(a) Owned by Trust Outright. Any real property or business enterprise which is or has at any time been owned or operated by the trustee as part of any trust; and

(b) Owned by Business. Any real property or business enterprise which is or has at any time been owned or operated by a corporation or partnership in which the trustee holds or has held at any time an ownership or management interest as part of any trust.

(3) Expenses Paid From Trust. The trustee need not expend his, her or its own funds in payment of environmental expenses; instead, environmental expenses may be paid directly from trust assets. Any environmental expenses paid directly by the trustee shall be reimbursed from the trusts holding the assets giving rise to the environmental expenses. Pending reimbursement from such trusts, the trustee shall have a primary lien against the assets of such trusts.

(4) Bad Faith. Notwithstanding anything in this paragraph 15.08D to the contrary, this right of indemnification or reimbursement shall not apply to any environmental expenses resulting from the trustee's negligence, intentional wrongdoing, bad faith or reckless disregard of fiduciary obligation.

E. Indemnification of Trustee for Environmental Expenses In Excess of Trust Value. If the assets of any trust are insufficient, or there is insufficient liquidity in any trust to satisfy the obligation of indemnification or reimbursement for environmental expenses provided in the preceding paragraph D, the trustee shall notify the trustors and the Current Beneficiaries thereof. If the assets giving rise to the environmental expenses were directly or indirectly transferred to the trust by the trustors, then the trustors shall within thirty (30) days thereafter indemnify or reimburse the trustee for such environmental expenses. Any indemnification under this paragraph shall be in a form reasonably acceptable to the trustee. Upon the death of a trustor prior to the indemnification or reimbursement of the trustee as required under this paragraph, the obligation of indemnification or reimbursement shall constitute a lien upon the property of such trustor and such trustor's estate, and a legally enforceable debt of such trustor.

F. Exoneration of Trustee for Acts Relating To Environmental Law. The trustee shall not be liable to any Beneficiary or to any third party for any action or inaction relating to any environmental law or regulation, or for the payment of any environmental expenses; provided, however, that the trustee shall be liable for any such action, inaction or payment which is a breach of trust or is committed negligently, in bad faith or with reckless or intentional disregard of the trustee's fiduciary obligations hereunder.

G. Allocation of Environmental Expenses and Receipts Between Income and Principal. The trustee may allocate all environmental expenses paid and all

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reimbursements or other funds received relating to environmental expenses between income and principal of the trust estate. In making such allocation, the trustee shall consider the effect of such allocation upon income available for distribution, the value of trust principal, and the income tax treatment of such expenses and receipts. The trustee may create a reserve for payment of anticipated environmental expenses.

15.09. Special Provisions Regarding Business Interests. In respect to any ownership interest ("Ownership Interest") in any business or entity (including but not limited to partnerships, corporations, limited liability companies, sole proprietorships or fee ownership of real estate) initially transferred to the trust by one or both trustors or initially acquired while one or both trustors are serving as trustee, or after such initial transfer or acquisition, held by another trust established under this Declaration (or activities related to any of the foregoing), but subject to paragraph 6.06, the following shall apply:

A. Powers to Accept and Continue Ownership. The trustee is authorized within the trustee's absolute discretion to accept transfer of any Ownership Interest from a trustor or the trustors (or from the estate of a trustor or a trust established by a trustor or the trustors) and to invest in and continue to own any such Ownership Interest and to retain any such Ownership Interest so acquired; to acquire additional Ownership Interests in such entity; and to become a limited or general partner, sole proprietor, member or stockholder in any new enterprise or enterprises related to such entity. Without independent investigation, the trustee may accept as correct and rely on financial or other statements rendered by an accountant, an officer or a principal of any entity in which the trustee is authorized to retain an Ownership Interest.

B. No Diversification. All of the powers given to the trustee in paragraph 15.09A may, in the trustee's absolute discretion, be exercised without regard to the normal principals of diversification or prudence applicable to trust investments, including but not limited to California Probate Code Sections 16007, 16048 and 16049, and the California Prudent Investor Act, especially with respect to any Ownership Interest transferred to the trust by a trustor or the trustors (or from a trustor's estate or a trust established by a trustor or the trustors) or any Ownership Interest acquired by the trust while a trustor is the trustee or the trustors are the trustees.

C. Control of Ownership Interests. Subject to fiduciary duties, the trustee shall have all powers with respect to all Ownership Interests, including, without limitation, the power to incorporate any business entity, to dissolve or liquidate any business entity, to retain, sell, exchange, merge, reorganize or otherwise dispose of any Ownership Interest, to loan money to an entity, to make capital contributions to an entity, to guarantee obligations of an entity in his capacity as trustee and to take any action that may be taken by shareholders, partners, members or owners.

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D. Profits and Losses. Profits and losses shall inure to and be chargeable to the trusts owning such Ownership Interests, and not to the trustee personally.

E. No Liability for Losses or Misconduct, Etc. The trustee shall not be liable to any Beneficiary or to any other person for losses resulting from retaining any of Ownership Interests or for misconduct, mismanagement or negligence on the part of any partner, shareholder, member, employee, director or officer who is not the trustee himself. The trustee shall be held harmless against and be indemnified from the trust for any claims, liability, losses or damages chargeable against the trustee arising from or connected with the trustee's possession, management or ownership as trustee of any Ownership Interest, regardless of its form, provided the trustee (a) shall not be indemnified for the trustee's own acts or omissions while acting in the capacity of an employee, officer, manager or director and (b) did not fail to mitigate the loss or correct the negligence after having notice of it.

F. Trustee's Activities. Notwithstanding any fiduciary duty that might otherwise apply, the trustee in his individual capacity may serve as a manager, officer (including chief executive officer), director or employee of any entity in which the trustee is permitted to hold as trustee an Ownership Interest under this paragraph 15.09. Notwithstanding any fiduciary duty that might otherwise apply, the trustee may also own in his individual capacity or as trustee of another trust an interest in any entity in which the trustee is permitted to hold as trustee an Ownership Interest under this paragraph 15.09.

15.10. Tax Elections and Allocations. The trustee may make all tax elections and allocations the trustee may consider appropriate; however, this authority shall be exercised only in a fiduciary capacity and may not be used to enlarge or shift any beneficial interest except as an incidental consequence of the discharge of fiduciary duties. All tax elections and allocations made by the trustee in good faith shall not require equitable adjustments.

15.11. Special Provisions Regarding Trustees and Interested Trustees.

A. Interested Trustee. "Interested Trustee" means for any trust a trustee or Independent Trustee who is or in the future may be eligible to receive income or principal pursuant to the terms of the trust, including from a trust to which any portion of the trust estate is transferred pursuant to this Declaration, even if the person's only interest is a remote contingent remainder interest. A person is not an "Interested Trustee" if the person's only interest is as a potential appointee under a non-fiduciary power of appointment held by another person the exercise of which will take effect only in the future, such as a testamentary power held by a living person.

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B. Certain Tax Elections by Non-Interested Trustees. No Interested Trustee shall make or participate in any decision with respect to any tax election or option under Federal, state or local law that could diminish or shift his or her beneficial interest hereunder to the beneficial interest hereunder of another person, or diminish or shift the beneficial interest of another person hereunder in favor of him or her. Any such tax election or option shall be made only by fiduciary or fiduciaries that do not have a beneficial interest hereunder or whose beneficial interest could not be enlarged, diminished or shifted by the election or option. If the only fiduciary or fiduciaries who otherwise could exercise such tax election or option hold beneficial interests hereunder that could be so enlarged, diminished or shifted, another individual or a bank or trust company (but not an individual, bank or trust company that is related or subordinate within the meaning of Code Sec. 672(c) to any acting fiduciary hereunder) shall be appointed by the Independent Trustee by an acknowledged instrument delivered to the person so appointed and the fiduciary so appointed shall alone exercise any such election or option.

C. Trustee/Beneficiary. Notwithstanding any other provision of this Declaration, no Interested Trustee who is a Beneficiary of any trust created hereunder shall ever participate as trustee of that trust in (i) the exercise, or decision not to exercise, any discretion over beneficial payments, distributions, applications, uses or accumulations of income or principal by the trustee to or for any Beneficiary other than pursuant to an ascertainable standard, if any, expressly set forth and authorized in this Declaration, or (ii) the exercise of any general power of appointment described in Code Sections 2041 or 2514 (but this shall not apply to a general power of appointment, if any, granted in a non-fiduciary capacity). If a power to make discretionary distributions of income or principal is conferred on two or more trustees, the power may be exercised by any trustee who is not a current permissible beneficiary of that power. If, and as long as there is no trustee who is not a current permissible beneficiary of that power, the Independent Trustee shall appoint a trustee who is not a current permissible beneficiary of that power, and the power may be exercised by the trustee appointed by the Independent Trustee.

D. Life Insurance Policies. Except as to the Survivor's Trust, if any trust holds an interest in a life insurance policy on the life of a trustee of such trust, such trustee shall exercise no powers or rights with respect to such policy and all such powers and rights shall be held by and exercised (or not exercised) by the co-trustee of such trust, or if or while there is no co-trustee of such trust the next successor trustee designated herein shall hold and exercise (or not exercise) such powers and rights.

ARTICLE XVI. PAYMENT OF DEBTS, EXPENSES AND TAXES

16.01. Payment of Debts and Expenses. Upon the death of a trustor, the trustee may pay the following obligations and liabilities of such trustor as soon as reasonably convenient, not necessarily in the order stated: (a) all bona fide debts of such trustor that

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are properly payable by such trustor's probate estate if a timely creditor's claim is filed, (b) the expenses of last illness and funeral of such trustor, (c) necessary and proper expenses of administration of this trust and such trustor's probate estate, including without limitation, trustee's fees, out of pocket expenses, and all other expenses directly associated with the administration of this trust or such trustor's probate estate, and (d) the costs and expenses, including professional fees and appraisals, necessary to institute any legal proceeding and to file any tax returns required to determine the amount of any tax owed by such trustor or arising by reason of the death of such trustor; provided, however, that any property taxes, liens, encumbrances or other debts directly related to any property not held in or passing to this trust shall be charged to and paid from such property. Upon the death of the decedent, any payments so made shall be allocated and charged to the separate and community property of the decedent as provided by California law, and the trustee shall take such action as is necessary to recover from the survivor or the Survivor's Trust amounts paid that are chargeable to the survivor's property or the Survivor's Trust. Upon the death of the survivor, any payments so made shall be allocated and charged to the Survivor's Trust.

16.02. General Rule for Payment and Apportionment of Death Taxes. Except as provided in paragraph 16.03 or elsewhere in this Declaration, each Death Tax arising by reason of a trustor's death shall be paid by the trustee and charged to, prorated among, or recovered in the manner provided by California and Federal law in effect at the time of such trustor's death (not to the exclusion of laws of other jurisdiction when applicable).

16.03. Exceptions and Clarifications to General Rule for Payment and Apportionment of Death Taxes. The following exceptions and clarifications shall modify the general rule for the payment and apportionment of Death Taxes provided in paragraph 16.02:

A. Gifts Indicated as Free of Death Tax. No Death Taxes (or the minimum amount possible) shall be charged to any property designated in this Declaration or in a trustor's Will as passing without sharing in apportionment of Death Tax (using language by way of example and not limitation such as "without apportionment of Death Tax" or "free of all Death Taxes"). To the extent Death Taxes would have been charged to such property but for the application of this provision, such Death Taxes shall instead be charged among the other property subject to apportionment in a reasonable manner as determined by the trustee.

B. Qualified Retirement Plans or Other "Outside" Assets. The trustee, in the trustee's sole discretion, may, but need not, pay all or any part of any Death Tax chargeable against a Beneficiary's interest in property held outside of the trust (including by way of example and not limitation a Qualified Retirement Plan) using funds provided by the Beneficiary, funds from the Beneficiary's share of trust assets, or both. The trustors request, but do not require, the trustee to so pay taxes when doing so enhances the Beneficiary's ability to benefit from income tax deferred compounding associated

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with property held outside of the trust (including by way of example and not limitation a Qualified Retirement Plan). The trustee shall not apply Qualified Retirement Plan assets passing under this Declaration to pay any Death Taxes to the extent such amounts are chargeable to other assets.

C. Disclaimed Property. Any increase in Death Taxes resulting from a qualified disclaimer shall be paid to the greatest extent possible from the disclaimed property.

D. Charitable Deduction Property. No Death Taxes (or the minimum amount possible) shall be charged against property includible in a trustor's Gross Estate that qualifies for the charitable deduction under Code Section 2055, and each trustor waives the right to recover Federal estate tax from such property under Code Sections 2206 and 2207.

E. Exempt QTIP Assets Pass Free of Death Tax. With respect to property transferred by the decedent during life or at death for the benefit of the survivor that is included in the survivor's Gross Estate for federal estate tax under Code Section 2044, no Death Taxes (or the minimum amount possible) shall be charged against any of such property that is Exempt by reason of allocation of the decedent's generation skipping transfer tax exemption. Each Death Tax shall instead be charged to the maximum extent possible against the balance of such property that is not so Exempt.

G. Lifetime Transfers; 2207B Confirmation. Each trustor hereby reaffirms the right to recover Federal estate tax under Code Section 2207B.

H. Gift Tax on Lifetime Gifts. If any Death Taxes are payable because gift taxes paid are included in a trustor's Gross Estate under Code Section 2035(b), then the trustee shall prorate and charge such Death Taxes to the recipient(s) of the gift(s) that generated such gift taxes (on an equitable basis), to the extent reasonably possible. To the extent such proration and charge is not reasonably possible, such Death Taxes shall be charged among the various property that would have been subject to apportionment regardless of such inclusion of gift taxes, in a reasonable manner as determined by the trustee.

I. Payment From Exempt and Non-Exempt Assets. If two or more trusts established under this Declaration have substantially identical terms and substantially identical Beneficiaries, but have differing inclusion ratios, the portion of Death Taxes allocated to the substantially identical trusts shall be paid first from such substantially identical trusts with an inclusion ratio of one and thereafter from such substantially identical trusts with progressively smaller inclusion ratios. The preceding provisions of this paragraph shall not apply to the extent that charging and paying such taxes as provided above increases the Inclusion Ratio of any trust hereunder.

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16.04. Payment of GST Tax. Upon an event causing a "direct skip," a "taxable distribution," or a "taxable termination" for the purposes of the Federal or other generation-skipping transfer tax, the trustee may pay the amount of generation-skipping transfer tax due from the assets subject to such tax (including the property being distributed), but the amount paid shall not exceed the amount of such tax generated by the treatment of such trust property as property subject to tax; provided, however, the trustee shall not apply Qualified Retirement Plan assets passing under this Declaration to pay any generation-skipping transfer tax to the extent such amounts are chargeable to other assets.

16.05. Allocation of GST Exemption; Other Tax Elections. The trustee shall have the power to allocate each trustor's available generation-skipping transfer exemption in such amounts and to such assets as the trustee, in the trustee's sole discretion, believes will best minimize the aggregate transfer taxes paid by the trustors and other Beneficiaries of the trusts established by this Declaration and shall not make any offsetting adjustments to the interests of income or principal Beneficiaries or among various trust or gifts to compensate for any benefits or detriments arising from the allocation. Otherwise, whenever the trustee may have an election allowable under the Code or the tax law of any other jurisdiction, the trustee may make any one or more, or none, of such elections as the trustee, in the trustee's sole discretion, deems best, and the trustee need not, but may, make offsetting adjustments to the interests of income or principal Beneficiaries or among various trusts or gifts to compensate for any benefit or detriments arising from making any such election.

16.06. Portability; No Code Section 2010(c)(5) Election. If the trustee is serving as the decedent's "executor," the trustee shall not make the election under Code Section 2010(c)(5).

ARTICLE XVII. AMENDMENT AND REVOCATION.

17.01. During Trustors' Lives. As long as both trustors are living, this Declaration may be amended or revoked as follows:

A. Either trustor acting alone may revoke this Declaration.

B. This Declaration may be amended only by written agreement of both trustors.

C. This Declaration may be amended by a trustor with respect to such trustor's community estate, quasi-community estate and separate estate in a writing signed by such trustor and the trustee.

17.02. During the Survivor's Life. Following the death of the first trustor, the survivor may amend, revoke or terminate the Survivor's Trust; however, no other trust

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established upon the death of the decedent may be amended, revoked or terminated, except as otherwise specifically provided in this Declaration. On the survivor's death, none of the trusts created by this Declaration may be amended, revoked or terminated, except as otherwise specifically provided in this Declaration.

17.03. Agents. Notwithstanding paragraphs 17.01 and 17.02, the Agent of a trustor may revoke or amend this Declaration at such times and in such ways as such trustor could revoke or amend this Declaration, except that an Agent under a durable power of attorney shall be limited in action as provided for in the durable power of attorney.

17.04. Method of Revocation or Amendment. Any revocation or amendment of this Declaration may be made only by a written instrument delivered to the trustee.

17.05. Revocation by Gift. While both trustors are living, the procedural requirements of this Article for revoking or amending trusts do not apply to gifts of trust property made from the trust estate that would be valid if the gifted property were not subject to this trust. While the survivor is living, the procedural requirements of this Article for revoking or amending trusts do not apply to gifts of trust property made from the Survivor's Trust trust estate that would be valid if the gifted property were not subject to this trust. Any gift described above revokes the trust with respect to the gifted property.

17.06. Effect of Defective Documents. The procedural requirements of this Article for revoking or amending trusts are intended to prevent fraud, reduce the risk of undue influence and provide certainty with respect to the intentions of the trustors or the survivor with respect to the Survivor's Trust. A court, in order to give effect to the actual intentions of a trustor, may give effect to a document not satisfying all procedural requirements for revoking or amending a trust if the court finds that: (1) the trustor taking the action was competent; (2) the attempted revocation or amendment was not the result of fraud, undue influence or duress; (3) the document was clearly intended to amend or revoke the trust and (4) there is no reason to deny equitable relief. The proponent of the document shall have the burden of proof. The standard of proof with respect to these matters shall be: (1) preponderance of the evidence with respect to amendments having no impact or only incidental impact on distribution of the trust after the trustor's death; and (2) clear and convincing evidence in the case of changes that substantially affect distribution of a trust.

17.07. Effect of Amendment Not Acceptable to Trustee. The consent of the trustee is not required for a valid amendment. In the event a trust amendment substantially increases the duties or liabilities of the trustee or changes the trustee's compensation without the trustee's consent, the trustee shall have the right to resign.

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17.08. Limitation on Exercise of Powers by Conservator or Guardian of Estate. No conservator or guardian of a trustor's estate shall have any power to amend or revoke the trust or exercise any power of appointment; provided, however, that if the conservator or guardian is acting under a court order made in compliance with a "substituted judgment" statute, then the conservator or guardian shall have the power to amend or revoke the trust to the same extent the trustor would have had such power. Until such an order is made, no conservator or guardian shall be deemed to hold such a power for any purpose.

ARTICLE XVIII. DEFINITIONS.

As used in this Declaration, the terms set forth below shall have the following meanings:

18.01. Agent. An individual's "Agent" means (i) the individual's attorney-in-fact acting under a durable power of attorney, to the extent such durable power of attorney authorizes the exercise of a particular power, or (ii) the individual's duly appointed conservator or guardian, to the extent such conservator or guardian gives notice to the trustee and obtains approval for the exercise of such power from the Court which appointed the Agent as such conservator or guardian.

18.02. Appropriate Interest. "Appropriate interest" means interest payable at the statutory rate of interest set forth in California Probate Code Section 12001, beginning from the date specified in California Probate Code Section 12003 and continuing until the date of payment.

18.03. Beneficiary. "Beneficiary" means any person who may receive mandatory or discretionary distributions of income or principal hereunder, or is a remainder beneficiary.

18.04. Charity. "Charity" means an organization described in Code Sections 170(c), 2055(a) and 2522(a).

18.05. Child, Grandchild and Issue. "Child" means (i) lawful blood descendants, (ii) persons legally adopted before attaining majority, whether born or adopted before or after the date of execution of this Declaration, and (iii) illegitimate offspring provided that a parent-child relationship is determined to exist with the parent in question under the California Uniform Parentage Act in effect from time to time; provided, however, that if the parent in question is competent for more than one year (at any time) after an illegitimate offspring is born, such offspring shall be considered a child only if the parent has, for some period, had a normal parent-child relationship with such offspring. "Child" specifically excludes foster children and stepchildren. "Grandchild" refers to a child of a child. "Issue" includes a person's lineal descendants, determined as provided in this

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paragraph, of all generations, except for illegitimate offspring who do not satisfy clause (iii) above.

18.06. Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

18.07. Current Beneficiary. "Current Beneficiary" means any person entitled, at the time such person's status is to be determined, to mandatory or discretionary distributions of income or principal from the trust estate.

18.08. Death Taxes. "Death Taxes" means any foreign, state, or Federal estate, inheritance, succession, or other transfer tax that may arise by reason of a person's death, including any interest and penalties in connection with such various taxes, and including any "recapture" taxes (e.g., under Code Section 2032A), but specifically excluding any generation skipping transfer tax (or interest or penalties thereon).

18.09. Discretion. Unless the discretion is made sole or absolute, the trustee must act reasonably and not in bad faith. If the discretion is made sole or absolute, the trustee must not act in bad faith.

18.10. Education. "Education" includes elementary and secondary schooling, including instruction in music, art and other subjects conducted either before or after the regular school day, vocational training, college and postgraduate study, at an institution of the individual's choice and payments for such education shall include tuition, books, supplies, tutors and reasonable travel and living expenses.

18.11. Exempt; Exempt Trust. "Exempt" means having an Inclusion Ratio of zero for purposes of the generation-skipping transfer tax. An "Exempt trust" is a trust which has an Inclusion Ratio of zero for purposes of the generation-skipping transfer tax.

18.12. Income Beneficiary. "Income Beneficiary" means any person entitled, at the time such person's status is to be determined, to mandatory or discretionary distributions of income from the trust estate.

18.13. Independent Trustee. "Independent Trustee" means a trustee who is none of (i) a Beneficiary of the trust with respect to which such trustee is serving, (ii) a person who has transferred or joined in the transfer of property to such trust, or (iii) a Related or Subordinate Party to any person described in clauses (i) or (ii) above. If a General Power of Appointment held by a Beneficiary of a trust may only be exercised with the consent of the Independent Trustee, the term "Independent Trustee" also means a person who does not have a substantial interest in the property subject to the power which is adverse to the exercise of the power in favor of the Beneficiary, his or her estate, his or her creditors or the creditors of his or her estate.

18.14. May. "May" is discretionary.

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18.15. Non-Exempt; Non-Exempt Trust. "Non-Exempt" means having an Inclusion Ratio of greater than zero for purposes of the generation-skipping transfer tax. A "Non-Exempt trust" is a trust which has an Inclusion Ratio of greater than zero for purposes of the generation-skipping transfer tax.

18.16. Pay To. "Pay to" includes applications of benefits for a Beneficiary and payments to a Beneficiary's Agent. If the trustee is directed to pay all of the net income of a trust to an Income Beneficiary, such payments or applications shall be in monthly or other convenient installments, but not less frequently than quarterly, unless otherwise specified herein. The trustee may budget the estimated annual income and expenses of any trust treated herein in such manner as to equalize, as far as practicable, periodic income payments to Current Beneficiaries of such trust where such equalization appears advisable.

18.17. Qualified Retirement Plan. "Qualified Retirement Plan" means any employee benefit plan or individual retirement arrangement that is allowed to accumulate any part of its earnings on an income tax deferred basis under the Code including, by way of example and not limitation, plans described under Code sections 401, 403, 408, 408A, and 457. A Qualified Retirement Plan includes a plan that is reasonably believed to qualify under one or more such Code provisions even if it is subsequently determined that such plan does not so qualify.

18.18. Right of Representation. Distribution of property to or division of property among the issue of a person by "right of representation" means to divide the property into as many equal shares as there are living children of such person, if any, and deceased children of such person who leave issue then living. Each living child of such person shall be allocated one share, and the share of each deceased child who leaves issue then living shall be allocated in the same manner.

18.19. Shall. "Shall" is mandatory.

18.20. Spouse. Reference to an individual's "spouse" is to the person who is such individual's lawfully married spouse, determined by the laws of the jurisdiction in which such individual resides. A person shall not be considered a "spouse," however, unless he or she is living with such individual as husband or wife (disregarding temporary absences due to vacation, business or employment, illness or emergency) and no action for separation, separate maintenance, dissolution of marriage or similar proceeding is then pending.

18.21. Tax Terminology. If used in this Declaration, the following terms shall have the meanings set forth or determined in accordance with the Code: "Adjusted Gross Estate," "Adjusted Taxable Gifts," "Direct Skip," "General Power of Appointment," "Gross Estate," "Inclusion Ratio," "Income in Respect of a Decedent," "Maximum

Federal Estate Tax Rate," "Nonadverse Party," "Related or Subordinate Party," "S Corporation," "Taxable Estate" and "Tentative Tax."

18.22. Trust. "Trust" means a separate share of the trust estate established pursuant to this Declaration, as further divided into Exempt and Non-Exempt Trusts or otherwise divided herein.

18.23. Value. "Value" means fair market value as defined in Treasury Regulation Section 20.2031-1(b).

ARTICLE XIX. MISCELLANEOUS PROVISIONS.

19.01. Captions. Article numbers, the division of this Declaration into articles and the use of captions are for convenience to aid in interpretation, but are not to be considered in the construction and interpretation of this Declaration if there is a conflict between a caption and the text.

19.02. Partial Invalidity. If any provision of this Declaration is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

19.03. Rules of Construction and Change of Situs. The validity, construction and all rights under this Declaration are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the trustee's administration of real property shall be governed by the laws of the situs of such real property, including such state's conflict of law principles. This paragraph shall apply regardless of any change of residence of any trustee or any Beneficiary, or the appointment or substitution of a trustee residing in another state. The trustee may, with the consent of a majority in percentage interest of all Income Beneficiaries of any trust or their Agents, change the situs of such trust and elect to have such trust be governed by the laws of another state.

19.04. Interpretation. The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

19.05. Intentional Omission. The trustors have intentionally omitted to provide in this Declaration for any person or persons not mentioned herein who, if the trustors had died intestate, would be entitled to share in his or her estate as an heir at law or otherwise, including but not limited to any person who does not meet the definition of a "child" pursuant to clause (iii) of paragraph 18.05.

19.06. Trust Name. While both trustors are living, the trust shall be known as the DENTINO FAMILY TRUST.

Date: 9-20, 2017.

/s/ William Dentino
WILLIAM DENTINO, Trustor

/s/ Rebecca R. Dentino
REBECCA R. DENTINO, Trustor

Acceptance by Trustees

We accept the transfers of the properties described in the attached Schedule A and acknowledge that we will hold and distribute the assets of the trust in accordance with the provisions of this Declaration of the Sixth Amendment and Restatement of the Dentino Family Trust by William Dentino and Rebecca R. Dentino.

Date: 9-20, 2017.

/s/ William Dentino
WILLIAM DENTINO, Trustee

/s/ Rebecca R. Dentino
REBECCA R. DENTINO, Trustee

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF PLACER)

On 9/20, 2017, before me, Susan J. Stewart, Notary Public (here insert name and title of the officer), personally appeared WILLIAM DENTINO, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person, or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



[Seal]

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF PLACER)

On 9/20, 2017, before me, Susan J. Stewart, Notary Public (here insert name and title of the officer), personally appeared REBECCA R. DENTINO, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person, or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Susan J. Stewart



[Seal]

DECLARATION OF THE SIXTH AMENDMENT AND RESTATEMENT OF THE DENTINO FAMILY TRUST
ACKNOWLEDGEMENTS

SCHEDULE A

DENTINO FAMILY TRUST

All assets described in that certain General Transfer dated March 14, 2012, executed by WILLIAM DENTINO and REBECCA R. DENTINO as trustees, and all other assets transferred to the Dentino Family Trust.

**TRUST AGREEMENT
FOR THE
CURTIS AND ROSI PEDERSEN 2012 TRUST**

We, Curtis Pedersen ("Curtis") and Rosi Pedersen ("Rosi"), as Settlers and Trustees, declare that we have entered into this Trust Agreement on March 29, 2012.

We hereby grant, assign, transfer and deliver to ourselves as the initial Trustees the property described in Schedule A, attached to this Trust Agreement. As Trustees we acknowledge that we now hold the property in trust and agree to administer the property, together with any other property added to the trust estate, in trust, under the terms of this Trust Agreement. Definitions of certain important terms used in this Trust Agreement are provided in Article 23.

The revocable trust initially established under this Trust Agreement shall be known as the Curtis and Rosi Pedersen 2012 Trust. Successor trusts established under this Trust Agreement shall be known by the names designated below in this Trust Agreement or as named by the Trustees. The Trustees may refer to these trusts by reference to the name of the income beneficiaries of these trusts or the tax elections made with respect to these trusts.

**ARTICLE 1
DECLARATIONS**

1.1 Family Information. We are married to each other. We have two (2) children of our marriage, namely, Christina Paddock, born March 26, 1967 and Anne-Marie Pedersen, born March 23, 1972. We have no other living or deceased children.

1.2 Property Information. At this time, all our property is community property, including property held in each of our names alone or in both our names jointly. The property we have transferred to the Trustees is our community property and shall continue to be our community property while held in the trust estate.

**ARTICLE 2
RIGHTS RESERVED BY US**

As Settlers, we reserve the following rights under this Trust Agreement.

2.1 Right to Add Property to the Trust Estate. We each reserve the right to transfer additional property to the Trustees during our lifetimes and at our respective deaths. All such property transferred to the Trustees shall be added to the trust estate and administered as provided in this Trust Agreement. The Trustees are authorized and directed to accept the additions to the trust estate. Any other person may transfer property to the Trustees to be added to the trust estate, provided the property is acceptable to us (if living) and the Trustees.

2.2 Right to Withdraw Property from the Trust Estate. We each reserve the right to withdraw at any time all or any portion of our property held in the trust estate. The property described in any notice of withdrawal shall be delivered immediately to us. Upon any

withdrawal, the property shall be transferred to us as our community or separate property as if the trust had not been created.

2.3 Right to Amend the Trust Agreement. We, acting together, reserve the right to amend at any time all or any part of this Trust Agreement, without obtaining the consent of or giving notice to any beneficiary.

2.4 Right to Revoke the Trust Agreement. We each reserve the right to revoke at any time all or any part of this Trust Agreement, without obtaining the consent of or giving notice to any beneficiary. If this Trust Agreement is revoked in whole or in part during our joint lifetimes, the Trustees shall immediately deliver to us the entire trust estate or the portion of the trust estate subject to revocation. Upon any such revocation, the property shall be transferred to us as our community or separate property as if the trust had not been created.

2.5 Right to Appoint and Remove Trustees. We, acting together, reserve the right to appoint, designate, and remove trustees.

2.6 Right to Direct and Approve the Trustees' Actions. We, acting together, reserve the right to direct and approve the Trustees' actions, including the Trustees' investment decisions and the use of trust property as collateral for any personal obligations of ours. Our approval of the Trustees' actions shall be binding upon all other beneficiaries.

2.7 Exercise of Our Reserved Rights by the Surviving Spouse. Upon the death of either of us, this Trust Agreement shall become irrevocable, except that the Surviving Spouse shall retain, during his or her lifetime, the rights of withdrawal, amendment, and revocation with respect to the Survivor's Trust and all the provisions of the Trust Agreement relating to the Survivor's Trust. Further, except as otherwise provided in this Trust Agreement, the Surviving Spouse shall retain the right to appoint, designate, and remove Trustees. All the trusts created by this Trust Agreement shall become irrevocable and not subject to amendment upon the death of the Surviving Spouse.

2.8 Exercise of Our Reserved Rights by Others. The rights reserved to us as described above are personal to us and shall not be exercisable on our behalf by any other person.

2.9 Manner of Exercise of Our Reserved Rights. We may exercise the rights reserved to us only by a signed writing delivered to the Trustees. This Trust Agreement may not, however, be revoked or amended by either of us in our respective Wills.

**ARTICLE 3
THE SETTLORS' TRUST**

The following provisions shall apply to the distribution of the trust estate during our joint lifetimes.

3.1 Distributions of Income and Principal. During our joint lifetimes, the Trustees shall distribute to us from our community property that amount of net income and principal as either of us directs. The Trustees shall distribute to each of us from his or her separate property

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that amount of net income and principal as the Settlor directs. If either of us is incapacitated, the other spouse shall have the right to exercise the incapacitated spouse's rights to request or direct distributions. Further, if both of us become incapacitated, the Trustees are authorized to distribute to any person whom either of us is then legally obligated to support or who has been receiving support from either of us that amount of net income and principal as the Trustees deem appropriate in their discretion to continue this support. Also, the Trustees are authorized to distribute to us that amount of net income and principal, up to the whole of the trust estate, as the Trustees deem appropriate in the exercise of their discretion, using our accustomed manner of living as a guide and without regard to our other sources of support. Upon distribution, property shall retain its character as our community property or either of our separate property. The Trustees shall exercise this discretion in a liberal manner, and the rights of remainder beneficiaries shall be of no importance. The Trustees shall accumulate and add any undistributed net income to principal.

3.2 Gifts. The Trustees are authorized to make distributions directly to persons designated by either of us. Furthermore, the Trustees are authorized to make gifts to our issue and to continue any gift program we start, including consent gifts by either of us and gifts made to use our available federal gift tax annual exclusion amounts or lifetime exemption or exclusion amounts, at the same level and to the same persons as we made gifts. The Trustees may fulfill any charitable pledges made by us. Gifts may be made outright or in trust. In making the gifts authorized under this section, the Trustees may follow the directions given them by any agent acting for either of us under a durable power of attorney that expressly grants to the agent the power to continue our plan of giving. Also, the Trustees may distribute income or principal to an agent acting under a durable power of attorney executed by either of us to enable the agent to make gifts as provided under the durable power of attorney, including gifts to our issue and to charitable organizations.

3.3 Qualification for Government Benefits. We authorize the Trustees to take any actions that the Trustees determine to be appropriate or necessary in connection with our qualification for or receipt of government benefits, including benefits (whether income, medical, disability, or otherwise) from any agency (whether state, federal, or otherwise), such as Social Security, MediCal, Medicare, or supplemental security income/state supplemental programs. In particular, we authorize and direct the Trustees, upon receiving written notice from either of us, the conservator of either of us, or the person holding a Durable Power of Attorney for either of us, to partition all of the community property of the Trust for the purpose of transmuted such community property to be the separate property of either of us. Upon such partition, if one of us is incompetent, the Trustees shall have the authority to award our residence and our other assets to the one of us who is competent and not receiving or seeking to obtain any such government benefits.

3.4 Distribution Upon the Death of the Deceased Spouse. Upon the death of the first Settlor to die (the "Deceased Spouse"), the balance of the trust estate administered under this article in the Settlers' Trust shall be allocated and distributed as provided in Article 4.

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ARTICLE 4
ALLOCATION AND DISPOSITION OF THE TRUST ESTATE

Upon our deaths, subject to the payment of, or satisfactory provision being made for, all debts and taxes (including Estate taxes), the following allocations and dispositions of the trust estate shall be made by the Trustees.

4.1 Division of the Trust Estate Upon the Death of the Deceased Spouse. Upon the death of the Deceased Spouse, the Trustees shall divide the remaining trust estate, including any additions to the trust estate resulting from the Deceased Spouse's death, into two separate shares.

- (a) The Trustees shall allocate to the Deceased Spouse's share:
 - (i) Any and all ownership interests in all life insurance policies on the life of the Surviving Spouse (including all contractual rights to receive the proceeds of such policy) owned by the Deceased Spouse as his or her separate property.
 - (ii) The Deceased Spouse's separate property, if any.
 - (iii) The remaining trust estate not allocated to the Surviving Spouse's share.

The Trustees shall allocate the Deceased Spouse's share as provided in Section 4.2.

- (b) The Trustees shall allocate to the Surviving Spouse's share:
 - (i) Any and all ownership interests in all life insurance policies on the life of the Surviving Spouse (including all contractual rights to receive the proceeds of such policy) owned by us as our community property.
 - (ii) The Surviving Spouse's separate property, if any.
 - (iii) The portion of the trust estate determined to represent the Surviving Spouse's interest in our community property held in or received by the trust (not reduced by Estate taxes). The Trustees shall have the discretion to determine how our community property will be divided and allocated. The assets selected shall be valued at the date or dates of allocation.

The Trustees shall administer the property allocated to the Surviving Spouse's share as provided in Article 6.

4.2 Disposition of the Deceased Spouse's Share. Upon the Deceased Spouse's death, the Trustees shall allocate the Deceased Spouse's share of the trust estate, including the property held in the trust estate at the date of the Deceased Spouse's death and the property transferred to the trust estate by reason of his or her death, as follows:

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- (a) **Gifts of Tangible Personal Property.** The Trustees shall make distributions of the Deceased Spouse's tangible personal property as provided in Article 5.

(b) **Balance of the Deceased Spouse's Share of the Trust Estate.** The balance of the Deceased Spouse's share of the trust estate shall be allocated to the Survivor's Trust. The Trustees shall administer the property allocated to the Survivor's Trust as provided in Article 6.

4.3 Disposition of Survivor's Trust Upon the Death of the Surviving Spouse. Upon the Surviving Spouse's death, the Trustees shall allocate the remaining trust estate of the Survivor's Trust, including the property held in the trust estate at the date of the Surviving Spouse's death and the property transferred to the trust estate by reason of his or her death, as follows:

- (a) **Gifts of Tangible Personal Property.** The Trustees shall make distributions of the Surviving Spouse's tangible personal property as provided in Article 5.

(b) **Balance of the Trust Estate.** The balance of the trust estate of the Survivor's Trust shall be allocated as follows: one equal share for each of our children who survives the Surviving Spouse and one equal share for each deceased child of ours who has issue who survive the Surviving Spouse. Each share created for a deceased child of ours who has issue who survive the Surviving Spouse shall be divided into shares for such issue by right of representation. If no issue of ours survive the Surviving Spouse, the undistributed amount shall be distributed as provided in Section 4.5. Each share created under this provision for an adult beneficiary shall be distributed outright to that beneficiary, and each share created for a minor beneficiary shall be transferred to a custodian, selected by the Trustees, under the California Uniform Transfers to Minors Act, for that beneficiary, until he or she attains age twenty-one (21).

4.4 Disposition of the Marital Disclaimer Trust Upon the Death of the Surviving Spouse. Upon the death of the Surviving Spouse, the Trustees shall allocate the remaining trust estate of the Marital Disclaimer Trust as follows: one equal share for each of our children who survives the Surviving Spouse and one equal share for each deceased child of ours who has issue who survive the Surviving Spouse. Each share created for a deceased child of ours who has issue who survive the Surviving Spouse shall be divided into shares for such issue by right of representation. If no issue of ours survive the Surviving Spouse, the undistributed amount shall be distributed as provided in Section 4.5. Each share created under this provision for an adult beneficiary shall be distributed outright to that beneficiary, and each share created for a minor beneficiary shall be transferred to a custodian, selected by the Trustees, under the California Uniform Transfers to Minors Act, for that beneficiary, until he or she attains age twenty-one (21).

4.5 Disposition of Otherwise Undisposed of Property. If at any time before the complete distribution of the trust estate of any trust created under this Trust Agreement, the disposition of all or any portion of that trust estate is not otherwise directed under the provisions of this Trust Agreement, or if all the beneficiaries otherwise described in this Trust Agreement die before the complete distribution of the trust estate, the Trustees shall distribute the remaining trust estate one half to the heirs at law of each of us. The respective identities and shares of

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these heirs shall be determined at the time of the event as though our deaths occurred simultaneously immediately following the event, and according to the California laws of intestate succession then in effect relating to separate property not acquired from a previously deceased spouse. If, however, after nine months of reasonable search following the occurrence of the event, the Trustees have been unable to identify and locate the heirs of one of us, the remaining trust estate otherwise distributable to those heirs shall instead be distributed to the heirs at law of the other of us as provided in this section. If within that time period the Trustees have been unable to identify and locate any heirs of either of us, the undisposed of property shall be distributed to one or more charitable organizations selected by the Trustees.

4.6 Rules Governing the Allocation of Trust Property. The Trustees shall select a date or dates of allocation or distribution for purposes of satisfying gifts and funding shares. The Trustees may provide for allocations prior to the final determination of federal estate taxes, with the allocations being made upon the information then available to the Trustees. The Trustees may thereafter from time to time adjust properties among the shares or trusts created under this Trust Agreement, when and if it is determined that the allocation should have been made differently.

In allocating property to satisfy gifts and fund shares, the Trustees are authorized to allocate property in appropriate undivided interests. Each gift or share may be satisfied or funded in cash or in kind, or partly in each. Assets allocated in kind shall be deemed to satisfy gifts or fund shares, including all of the marital deduction gift or share, on the basis of their fair market values at the date or dates of allocation or distribution.

In selecting assets to satisfy gifts and fund shares, property that would produce income recognition if allocated to fund a pecuniary amount shall, if possible, be allocated to fund non-pecuniary shares. These assets should be allocated on a non-pro rata basis when funding fractional shares. These assets include: items of income in respect of a decedent (particularly interests in pension plans or contracts of deferred compensation paid in installments); installment sale contracts; and life insurance contracts to which the transfer for value rule under I.R.C. §101 may apply.

ARTICLE 5
GIFTS OF TANGIBLE PERSONAL PROPERTY

Upon our deaths, subject to the payment of, or satisfactory provision being made for, all our debts and taxes (including all Estate taxes), the following distributions shall be made by the Trustees from the trust estate in which the property is held.

- 5.1 Gifts on Death of Deceased Spouse.** Upon the Deceased Spouse's death, the following gifts of tangible personal property shall be made by the Trustees from the trust estate:

All of the Deceased Spouse's interest in his or her tangible personal property, together with any insurance on the property, shall pass in trust to the Trustees of the Survivor's Trust, to be administered under Article 6.

- 5.2 Gifts on Death of the Surviving Spouse.** Upon the death of the Surviving Spouse, the Trustees shall distribute all tangible personal property held in the trust estate to our

children who survive the Surviving Spouse, to be divided among them in shares of substantially equal value as they agree. Our children are requested to divide the tangible personal property in accordance with any instructions we or either of us may leave. If our children fail to agree on the division of the tangible personal property, the property shall be divided among them as the Trustees may determine in their discretion. Alternatively, the Trustees may instead sell the property and the net proceeds of sale shall be distributed as part of the trust estate. If none of our children survive the Surviving Spouse, this gift shall lapse and the tangible personal property shall be administered as part of the trust estate. It is anticipated that if our children do not want items of approximately equal value, then the Trustees shall distribute only so much as will result in equal shares for the children based on the child who wants the least items. The balance of the items will then be sold in a way that any child may purchase a desired item, in a manner similar to a public auction.

ARTICLE 6 THE SURVIVOR'S TRUST

Upon the death of the Deceased Spouse, the Surviving Spouse's share of the trust estate shall continue in trust and shall be administered as a separate trust, called the Survivor's Trust, according to the terms of this Trust Agreement, specifically including the following provisions. All references in this Trust Agreement to the "Survivor's Trust" shall be to the trust or trusts established under this article.

6.1 Our Residences. In dividing our community property, the Trustees are authorized to allocate our entire community property interest in our principal residence and other personal residences to the Surviving Spouse's one-half share of our community property to be administered as provided in this article.

6.2 Right to Direct and Approve the Trustees' Actions. The Surviving Spouse reserves the right to direct and approve the actions of the Trustees of the Survivor's Trust, including the Trustees' investment decisions and the use of trust property as collateral for any personal obligations of the Surviving Spouse. The Surviving Spouse's approval of the Trustees' actions shall be binding upon all other beneficiaries.

6.3 Distributions of Net Income and Principal. During the Surviving Spouse's lifetime, the Trustees shall distribute to him or her from the trust estate of the Survivor's Trust that amount of net income and principal as he or she directs. Also, the Trustees are authorized to distribute to the Surviving Spouse that amount of net income and principal, up to the whole of the trust estate, as the Trustees deem appropriate in the exercise of their discretion, using the Surviving Spouse's accustomed manner of living as a guide and without regard to his or her other sources of support. The Trustees shall exercise this discretion in a liberal manner, and the rights of remainder beneficiaries shall be of no importance. Further, if the Surviving Spouse becomes incapacitated, the Trustees are authorized to distribute to any person whom the Surviving Spouse is then legally obligated to support or who has been receiving support from him or her that amount of net income and principal as the Trustees deem appropriate in their discretion to continue that support.

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6.4 Gifts. The Trustees are authorized to make distributions directly to persons designated by the Surviving Spouse. Furthermore, the Trustees are authorized to make gifts to the Surviving Spouse's issue and to continue any gift program the Surviving Spouse starts, including gifts made to use the Surviving Spouse's available federal gift tax annual exclusion amounts or lifetime exemption or exclusion amounts, at the same level and to the same persons as he or she made such gifts. The Trustees may fulfill any charitable pledges made by the Surviving Spouse. Gifts may be made outright or in trust. In making the gifts authorized under this section, the Trustees may follow the directions given them by any agent acting for the Surviving Spouse under a durable power of attorney that expressly grants to the agent the power to continue the Surviving Spouse's plan of giving. Also, the Trustees may distribute income or principal to an agent acting under a durable power of attorney executed by the Surviving Spouse to enable the agent to make gifts as provided under the durable power of attorney, including gifts to the Surviving Spouse's issue and to charitable organizations.

6.5 General Power of Appointment. The Surviving Spouse shall have a General Power of Appointment over the entire trust estate, including any accrued and undistributed income, administered under this article in the Survivor's Trust. Upon the death of the Surviving Spouse, the Trustees shall distribute all or any part of the property remaining in the Survivor's Trust as the Surviving Spouse may direct by the exercise of such General Power of Appointment.

6.6 Distribution Upon the Death of the Surviving Spouse. The Survivor's Trust shall terminate on the death of the Surviving Spouse. Upon the death of the Surviving Spouse, the Trustees may pay from the remaining trust estate of the Survivor's Trust the expenses of the Surviving Spouse's last illness and funeral. Thereafter, subject to the payment of debts and taxes and the exercise of the General Power of Appointment provided in Section 6.5, the remaining trust estate of the Survivor's Trust shall be allocated and distributed as provided in Article 4.

ARTICLE 7 THE MARITAL DISCLAIMER TRUST

Upon the Deceased Spouse's death, all trust property subject to the provisions of this article shall be held by the Trustees in trust for the Surviving Spouse for his or her lifetime, and shall be administered as a separate trust, called the Marital Disclaimer Trust, according to the terms of this Trust Agreement, specifically including the following provisions. All references in this Trust Agreement to the "Marital Disclaimer Trust" shall be to the trust or trusts established under this article.

7.1 Distributions of Net Income. The Trustees shall pay all of the net income of the Marital Disclaimer Trust at least annually to the Surviving Spouse during his or her lifetime. The Surviving Spouse shall be entitled to this net income commencing as of the Deceased Spouse's death.

7.2 Distributions from IRAs. The Trustees shall, if required by federal law, withdraw from an Individual Retirement Account ("IRA") as to which the Marital Disclaimer Trust is a beneficiary, and shall distribute to the Surviving Spouse, at least annually, the greater of (1) all income earned by the IRA, and (2) the amount necessary to satisfy the applicable

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minimum distribution requirements. Distributions from the IRA must be made at least as rapidly as under the method of distribution in effect at the time of the Deceased Spouse's death.

7.3 Distributions of Principal. The Trustees may distribute to the Surviving Spouse at any time during his or her lifetime that amount from trust principal, up to the whole trust estate, as the Trustees may determine to be reasonably necessary for the Surviving Spouse's health, education, maintenance, and support in a manner enjoyed by us during our joint lifetimes. The Trustees shall exercise this discretion in a liberal manner, and the rights of remainder beneficiaries shall be of secondary importance. In exercising this discretion, the Trustees shall not take into consideration other income and property available to the Surviving Spouse.

7.4 Distribution Upon the Death of the Surviving Spouse. The Marital Disclaimer Trust shall terminate upon the death of the Surviving Spouse and the remaining trust estate of the Marital Disclaimer Trust shall be allocated and distributed as provided in Article 4.

7.5 Last Illness and Funeral Expenses. The Trustees may pay from the trust estate of the Marital Disclaimer Trust the expenses of the Surviving Spouse's last illness and funeral.

ARTICLE 8 DISCLAIMERS

8.1 Disclaimers Allowed. In addition to any rights granted by law, any person granted any right, title, interest, benefit, privilege, or power under this Trust Agreement, including the Surviving Spouse, may at any time renounce, release, or disclaim all or any part of that right, title, interest, benefit, privilege, or power, including his or her right, title, and interest in and to trust income or principal. The natural or legal guardians of a minor shall have the authority and power to disclaim the interests of the minor; the conservator of the estate of the person shall have the authority and power to disclaim the interests of the conservatee; the fiduciary of a trust or estate shall have the authority and power to disclaim the interests of the trust or estate; and the youngest adult ancestor of any unborn, unknown, or unascertained issue shall have the power to disclaim the interests of those issue.

8.2 Disclaimers of Property Interests. In general, a disclaimer or renunciation of a property interest shall accelerate the succeeding interest. Except as otherwise expressly provided in this Trust Agreement, any interest in property so disclaimed shall be allocated or distributed as if the beneficiary had predeceased the person from whom the interest in the property would have been received. Further, except as otherwise expressly provided in this Trust Agreement, if a beneficiary disclaims his or her entire interest in one or more specific assets held in any trust, the assets shall be distributed from the trust as if the beneficiary predeceased the person from whom the interest in the assets would have been received. If all living current and contingent beneficiaries of a trust provided for under this Trust Agreement disclaim their interests in the trust, any contingent remainder interest shall be destroyed and the remaining trust property shall pass as provided in Section 4.5.

8.3 Disclaimers by the Surviving Spouse. The Surviving Spouse shall have the power to disclaim all or any portion of or interest in the Deceased Spouse's property allocable to or otherwise passing to the Survivor's Trust or the Marital Disclaimer Trust. Notwithstanding any other provision of this Trust Agreement, if the Surviving Spouse effectively disclaims all or

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any portion of his or her interest in the property in or passing to the Survivor's Trust, the portion of the property or interests so disclaimed shall immediately pass to the Marital Disclaimer Trust. Similarly, if the Surviving Spouse effectively disclaims all or any portion of his or her interest in the property in or passing to the Marital Disclaimer Trust, the portion of the property or interests so disclaimed shall immediately pass as provided in Section 4.4. In the event of a disclaimer, however, there shall first be deducted from the disclaimed property or interests the additional Estate taxes, if any, which may become payable because no marital deduction is allowable to the Deceased Spouse's estate for the property or interests disclaimed.

Finally, notwithstanding any contrary provision in this Trust Agreement, if the Surviving Spouse disclaims any interest in property otherwise passing to him or her or for his or her benefit, the Surviving Spouse shall have no power, as a Trustee or otherwise, to distribute, allocate, or appoint income or principal from such disclaimed property to or for the benefit of any person other than himself or herself, whether by exercising a special power of appointment or the powers of a Trustee. Moreover, the Trustees shall keep a separate account for the property comprising the disclaimed interest and any power of appointment granted the Surviving Spouse over the property distributed to the Marital Disclaimer Trust shall not apply to such property.

8.4 Disclaimers by Trustees. Any person granted any fiduciary power, authority, right, privilege, or discretion ("Fiduciary Power") under this Trust Agreement or under the law applicable to this trust may at any time renounce, release, or disclaim all or any part of such Fiduciary Power. Unless otherwise expressly provided in the disclaimer, if any Fiduciary Power shall be disclaimed, the power shall cease to exist and shall not pass to any successor fiduciary. The disclaimer may expressly provide that the Fiduciary Power shall be exercisable by the remaining Trustees, if any, or any successor Trustees.

8.5 Effective Disclaimers. To be effective, disclaimers must be in writing, signed by the disclaiming person, and irrevocable. Disclaimers shall be effective only upon delivery to the Trustees or to a court having jurisdiction over the administration of the trust.

ARTICLE 9 POWERS OF APPOINTMENT

The following provisions apply to Powers of Appointment granted under this Trust Agreement:

9.1 Manner of Exercise. A Power of Appointment may be exercised by an acknowledged written instrument delivered to the Trustees during the beneficiary's lifetime or by the provisions of the beneficiary's Will (whether or not admitted to probate), but, in either case, only by specific reference to the power being exercised.

9.2 Permissible Donees--Powers Exercisable by the Surviving Spouse. A General Power of Appointment granted to the Surviving Spouse may be exercised in favor of any person or entity without limitation: A Limited Power of Appointment granted to the Surviving Spouse may be exercised only in favor of our issue.

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9.3 Terms and Conditions of Exercise. Any Power of Appointment granted to a beneficiary may be exercised outright or in further trust, in such shares and on such terms and conditions as the holder may specify.

9.4 Limitation on Appointments in Favor of Spouses of Issue. Notwithstanding the provisions of Section 9.3, no portion of a trust may be appointed outright in favor of a spouse of our issue. Any appointment in favor of a spouse of our issue must be in trust, and the maximum benefits that may be given to such spouse are: (1) the right to income from the trust for his or her lifetime (or a unitrust amount not to exceed five percent (5%) of the net value of the trust assets valued as of the first day of each taxable year of the trust); and (2) the right to receive principal payments as determined by the Trustees for the spouse's proper health, maintenance, support, and education, after taking into consideration the spouse's outside income and resources that are known to the Trustees.

ARTICLE 10 PAYMENT OF DEBTS AND EXPENSES

The following provisions shall apply upon the death of each of us to the payment of our debts and expenses.

10.1 Payment of Debts and Expenses. Upon the death of each of us, the Trustees may pay on behalf of the deceased Settlor from his or her share of the trust estate, in the manner and at the time the Trustees determine, any and all of the deceased Settlor's outstanding unsecured debts (including unpaid tax liabilities arising prior to the Settlor's death and interest and penalties imposed on those tax liabilities), expenses of last illness, burial and funeral claims, expenses of estate administration, any allowances by court order for those persons dependent upon the deceased Settlor, and any other proper expenses of the deceased Settlor's estate. In making such payments, the Trustees shall charge the community debts (except last illness and burial and funeral expenses) to our community property. All other debts and expenses shall be charged to the Deceased Spouse's separate property and his or her one-half share of community property as set forth in Section 10.3.

10.2 Payment from Trust. The Trustees are authorized to pay from the assets of the trust the deceased Settlor's debts and expenses that the deceased Settlor's Executors may request. If there are insufficient assets in the deceased Settlor's probate estate to make any gifts provided under the deceased Settlor's Will or to pay the deceased Settlor's debts and expenses, or if there are sufficient assets in the deceased Settlor's probate estate but, in the sole judgment of the Trustees, it would be to the advantage of the estate that those gifts or payments be made from the assets in the trust, the Trustees may pay from the assets of the trust all of those gifts, debts, and expenses. If the assets of the deceased Settlor's probate estate (exclusive of residential real property and tangible personal property) are insufficient to pay all unsecured debts, funeral expenses, and expenses of administration, the Trustees may pay to the deceased Settlor's estate from the principal of the trust estate that amount that the deceased Settlor's Executors may request for those purposes. The Trustees shall not be under any duty to take part in determining the amount of those debts or expenses, and may rely upon the written certification of the deceased Settlor's Executors for the amount to be paid as authorized by these provisions. The

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Trustees shall be under no duty to see to the application of any such payment. The Trustees shall not require any reimbursement for payments made to the deceased Settlor's Executors.

10.3 Charging of Payments. Debts and expenses paid by the Trustees, as authorized above, shall first be charged against and paid from assets or the proceeds from assets subject to the federal estate tax on the deceased Settlor's estate but which do not qualify for the marital deduction. If possible, those payments shall not be made from or charged against property otherwise qualifying for the federal estate tax marital deduction or property exempt from GST tax, but shall be made from other trust property. Those amounts shall not be prorated or apportioned against any beneficiary's interest under this Trust Agreement. The Trustees shall also make payments in a manner to preserve, in so far as is possible, all tax exemptions applicable to life insurance proceeds that become part of the trust estate. In allocating the payment of expenses, the Trustees shall have the power to determine which expenses are chargeable to income or principal or partly to each. In making these determinations, the Trustees shall be guided by the principles set forth in the California Uniform Principal and Income Act, but the final determination of the Trustees shall control and be binding.

ARTICLE 11 PAYMENT OF ESTATE TAXES

Except as otherwise expressly provided in our respective Wills and this Trust Agreement, any and all Estate taxes imposed on or payable with respect to property included in the deceased Settlor's gross taxable estate, including property in the deceased Settlor's probate estate or held as part of the deceased Settlor's share of the trust estate, shall be apportioned, charged, and paid as set forth below. For these purposes, the trust estate shall include property subject to probate administration passing from a Settlor's probate estate to the trust estate by reason of a Settlor's death.

11.1 General Rule: Estate Taxes Shall Be Prorated. Except as otherwise expressly provided, Estate taxes imposed on property includible in the deceased Settlor's gross taxable estate shall be equitably prorated and apportioned among, charged to, and paid by the persons who receive the property subject to the Estate taxes (including the separate trust estates of the trusts created under this Trust Agreement), as provided in Probate Code §§20100 through 20225 and the applicable provisions of the I.R.C. In accordance with Probate Code §20100(e), the proration shall be based on the federal estate tax value of the property.

11.2 Property Excluded from Apportionment of Estate Taxes. No Estate taxes shall be apportioned to, charged against, or paid from the following property.

(a) **Tangible Personal Property and Specific Gifts.** No Estate taxes shall be apportioned to, charged against, or paid from any tangible personal property or specific gifts made by us under our respective Wills or this Trust Agreement.

(b) **Gifts to Charitable Organizations.** No Estate taxes shall be apportioned to, charged against, or paid from any gift made to a charitable organization that qualifies for a charitable deduction under I.R.C. §2055.

(c) **Marital Deduction Gifts.** No Estate taxes shall be apportioned to,

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charged against, or paid from any property qualifying for the marital deduction under I.R.C. §2056.

(d) **Other Property Excluded from Apportionment.** No Estate taxes shall be apportioned to, charged against, or paid from any other property excluded from the measure of Estate taxes by reason of any exemption, exclusion, or deduction applicable to the property, or because of (i) provisions of our respective Wills or this Trust Agreement that expressly exclude the property from taxation; (ii) the relationship between the deceased Settlor and the beneficiary of the property; or (iii) the character of the property. All such property shall pass free of Estate taxes.

11.3 Property Charged with Incremental Estate Tax. The general rule of proration shall be further modified as set forth below.

(a) **QTIP Property.** All Estate taxes imposed on QTIP property includible in a Settlor's gross taxable estate under I.R.C. §2044 shall be apportioned to, charged against, and paid from the QTIP property as provided under I.R.C. §2207A. If, however, any QTIP property is exempt from GST tax pursuant to I.R.C. §2631, the QTIP property is relieved of the obligation to pay Estate taxes and the Trustees may determine whether and to what extent to allocate the increment in Estate taxes to the holders or recipients of the QTIP property. Notwithstanding the foregoing, if a reverse QTIP election is made under I.R.C. §2652(a)(3), no Estate taxes shall be charged against or paid from the QTIP property subject to the election.

(b) **Property Subject to Power of Appointment.** All Estate taxes imposed on property includible in a Settlor's gross taxable estate under I.R.C. §2041 by reason of a general power of appointment held by the deceased Settlor shall be charged to and paid from the property. Further, we direct that the amount of the general power of appointment property equal to the Estate taxes attributable to the value of the property shall be paid to the Trustees, to be held in this trust and used to pay Estate taxes. The amount of Estate taxes attributable to the property shall equal (i) the amount of all Estate taxes imposed on the Settlor's taxable estate (including the value of the general power of appointment property), less (ii) the amount of all Estate taxes that would have been imposed on the Settlor's taxable estate excluding the value of the general power of appointment property.

(c) **Property Subject to Life Interest.** Any increment in Estate taxes attributable to other property in which a deceased Settlor had a life interest or a term interest that did not end prior to his or her death (including a life estate or life income interest) and which is included in the deceased Settlor's gross taxable estate shall be borne by the holder or recipient of that property.

11.4 Collection of Estate Taxes. As to property included in a Settlor's gross taxable estate, but not in the deceased Settlor's probate estate or in the possession or control of the Trustees, the Trustees are authorized to collect and recover the amount of Estate taxes owed by reason of this property from the persons possessing or receiving the property, which persons shall be charged with and shall pay the Estate taxes as provided in this article. The Trustees and the Executors may petition the probate court for an order prorating Estate taxes pursuant to Probate Code §20120.

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11.5 Abatement. Notwithstanding the other provisions of this article, if all other assets are insufficient to pay the Estate taxes, then the Estate taxes shall be apportioned among, charged against, and paid from the property otherwise passing free from Estate taxes in accordance with Probate Code §§20100 through 20225 and applicable federal estate tax laws.

11.6 Reserves. The Trustees may establish reserves from trust income and principal that they consider necessary for the payment of Estate taxes.

11.7 Tax Elections. The Trustees shall have the power, in their discretion, to take any action and to make any election to minimize the tax liabilities of our probate estates, any trust, and the beneficiaries. The Trustees may make those elections and allocations under the tax laws as they deem advisable. The Trustees may, but shall not be required to, allocate the benefits of an election among the various beneficiaries or make adjustments in the rights of any beneficiaries or between the income and principal accounts to compensate for the consequences of any tax election or any investment or administrative decision made by the Trustees that may have had the effect of directly or indirectly preferring one beneficiary or group of beneficiaries over another.

ARTICLE 12 THE APPOINTMENT OF TRUSTEES

The following provisions shall apply to the appointment, designation, and removal of the Trustees of each of the trusts established under this Trust Agreement.

12.1 Our Powers of Appointment, Designation, and Removal. During our joint lifetimes, we shall have the power to appoint, designate, and remove, with or without cause, Trustees and Cotrustees. We may appoint or designate individuals or entities to serve as Trustee. We may appoint or designate Trustees to serve alone, to serve with both or either of us, or to serve with other persons and to serve currently or in the future. We may also prescribe the conditions and terms governing the actions, authority, and duties of the Trustees we appoint or designate. Further, we may designate a series of persons to serve as Trustees following our deaths or following the death, resignation, or inability, failure, or refusal to serve of any Trustee. There shall be no limit on the number of times we may exercise the foregoing powers. The appointments and designations shall be in writing and shall be filed with the current Trustees of the trust. All our appointments and designations shall be revocable and amendable by us unless we provide otherwise. All our appointments and designations shall continue to be effective after our deaths and shall take precedence over the appointments made under any other provisions of this article.

12.2 Initial Trustees. Pursuant to our powers to appoint Trustees, we appoint ourselves as the initial Trustees under this Trust Agreement. If either of us becomes unwilling or unable to serve as Cotrustee, the other of us shall serve alone as sole Trustee.

12.3 Successor Trustees.

(a) **The Surviving Spouse's Right to Appoint, Designate, and Remove Trustees.** Upon the death of the Deceased Spouse, the Surviving Spouse shall have the right to exercise the power to appoint, designate, and remove Trustees reserved to

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us under Section 12.1. The Surviving Spouse may appoint any individual (including himself or herself) or entity to serve as a Trustee of any one or more of the established trusts under this Trust Agreement, and remove that person and appoint and remove successor Trustees. The Surviving Spouse shall have the power to remove any person appointed or designated by both of us to serve as Trustee. The Surviving Spouse shall have no liability for the acts or omissions of any person appointed by him or her to serve as a Trustee. Further, the Surviving Spouse shall have the right to renounce the power granted him or her to appoint and remove Trustees by delivering a written renunciation to the current Trustees of the trust.

(b) **Named Successor Trustees.** If both of us become unable or unwilling to serve as Trustees, we appoint Christina Paddock and Anne-Marie Pedersen to serve as Cotrustees of each of the trusts established under this Trust Agreement. If either of Christina Paddock and Anne-Marie Pedersen should fail or become unable or unwilling to serve as Trustee, the other Trustee shall serve alone.

12.4 Filling Vacancies. If a vacancy in a Trustee position is not filled as otherwise provided in this Trust Agreement, a successor Trustee shall be appointed by a majority of the beneficiaries currently entitled to receive trust income, or if none, a majority of beneficiaries who are entitled to distribution in the discretion of the Trustees (with the guardian of any minor beneficiary acting on his or her behalf). If the beneficiaries entitled to appoint the successor trustee fail to act, the court having jurisdiction over the trust shall appoint one or more Trustees upon the application of any former Trustee or any trust beneficiary, current or contingent.

12.5 Temporary Incapacity of a Trustee. If, due to illness or other cause, an individual Trustee is temporarily, but not permanently, unable to give prompt and intelligent consideration to the financial and administrative matters affecting the trusts for which he or she serves as Trustee, the other Trustees may, during such temporary incapacity, make any and all decisions regarding the trust estate as though the incapacitated Trustee were not then serving. In determining the temporary incapacity of an individual Trustee, the other Trustees may rely on a certificate or other written statement from a licensed physician who has examined the incapacitated individual Trustee. The other Trustees shall incur no liability whatsoever to any beneficiary as a result of any action taken under this section.

12.6 Removal of Trustees. Following the death of both of us, a majority of the current beneficiaries of any trust currently entitled to receive trust income, or if none, a majority of beneficiaries who are entitled to distribution in the discretion of the Trustees, may remove any corporate Trustee (with or without cause). Notwithstanding Section 12.4 any corporate Trustee removed by the majority of the current beneficiaries shall be replaced only with a corporate Trustee. In addition, a majority of the current beneficiaries of any trust currently entitled to receive trust income, or if none, a majority of beneficiaries who are entitled to distribution in the discretion of the Trustees, with the concurrence of a majority of the presumptive remainder beneficiaries of such trust, may remove any individual Trustee of the trust, provided at least one presumptive remainder beneficiary joins in the exercise of this power. The natural or legal guardians of any minor beneficiary shall exercise the vote of such minor beneficiary.

12.7 Effective Dates. Any and all appointments, designations, removals, or revocations affecting a Trustee position shall be made by a written instrument executed by the person entitled to make the appointment, designation, removal, or revocation. The written

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instrument shall be effective upon its delivery to the current Trustees of the trust affected; provided, however, that the appointment of a successor Trustee or Cotrustee shall become effective only upon the new Trustee's written acceptance of the appointment and the delivery of this written acceptance to the person who appointed him or her, the other Trustees, or the current beneficiaries.

12.8 No Bond. No bond or other security shall be required of any Trustee named in this Trust Agreement or of any Trustee appointed or designated in the manner provided under this Trust Agreement unless the terms of the appointment or designation require a bond. The foregoing provisions shall apply whether the Trustee serves alone or together with one or more other Trustees.

ARTICLE 13 THE APPOINTMENT OF SPECIAL TRUSTEES

13.1 Power to Appoint Special Trustee. The current Trustees may appoint one or more individuals or corporate Trustees to serve as a Special Trustee. A Special Trustee shall have all the rights and powers granted to the Trustees under this Trust Agreement solely and exclusively with reference to the subject matter and duties and responsibilities specified by the persons appointing the Special Trustee, such as making discretionary distributions to certain beneficiaries (including beneficiaries who are Trustees) or managing specific trust property.

13.2 Scope and Exclusivity of Special Trustee's Powers. While serving, a Special Trustee shall have all the rights and powers necessary to carry out the duties and responsibilities specified with respect to the matters under the Special Trustee's authority, including, limited by the scope of those duties and responsibilities, all rights and powers granted to the Trustees under this Trust Agreement for the administration and management of the trust estate. A Special Trustee also shall have all special powers granted by the persons appointing the Special Trustee. The powers granted to the Special Trustee shall not limit or restrict the powers granted to the Trustees, except that while the Special Trustee is serving, no other Trustee may exercise the powers granted to the Special Trustee with respect to the subject matter reserved exclusively to the management and discretion of the Special Trustee.

13.3 Protection Provided Special Trustee. Except as otherwise expressly provided by the persons appointing the Special Trustee, a Special Trustee shall be entitled to all the protection provided the Trustees under Article 14. However, the Trustees shall determine the compensation to be paid to the Special Trustee and the trust assets from which the compensation will be paid.

ARTICLE 14 THE PROTECTION PROVIDED THE TRUSTEES

The following provisions shall apply to each of the trusts established under this Trust Agreement.

14.1 Resignation. Each Trustee shall have the right to resign his or her position at any time without the consent of any beneficiary or the approval of any court. A Trustee shall

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have the right to resign as Trustee of one or more separate trusts created under this Trust Agreement without resigning as Trustee of all separate trusts. A Trustee may resign for any reason by delivering a written resignation signed by him or her to the other currently serving Trustees. The resignation shall be effective according to its terms. But, if the resigning Trustee is the sole Trustee, the resigning Trustee shall continue to be responsible for the trust property until it is delivered to the successor Trustee and shall continue to hold title and custody to the trust assets and administer the trust assets and perform the actions that are reasonably necessary to preserve the trust property and to complete the Trustee's administration of the trust, until a successor Trustee has been appointed and has accepted the position of Trustee.

14.2 Compensation. As to each separate trust, the Trustees shall be entitled to pay themselves a reasonable compensation for the performance of their duties and services rendered as Trustees. A Trustee that is a corporation or partnership shall be entitled to compensation for its services in the amount and at the time specified in its Schedule of Fees and Charges established from time to time by it for the administration of trust accounts of a character similar to this one and in effect when services are rendered. This compensation may be paid without prior court approval. All Trustees shall be reimbursed for reasonable expenses actually and properly incurred by them in the administration of the trusts for which they serve as Trustees.

The Trustees also are authorized to pay to the attorneys and accountants retained by the Trustees to advise them in the administration of the trust those amounts for fees and costs as the Trustees shall determine in their discretion. The Trustees are authorized to pay these fees and costs without first obtaining approval of the trust beneficiaries or the court having jurisdiction over the trust. These fees and costs shall not be offset against the compensation payable to the Trustees.

A Trustee may waive his or her right to compensation for his or her services to be rendered to the trust estate. The waiver must be in writing and signed by the person in advance of rendering the services for which compensation is being waived. A waiver may be limited in duration or limited to specific services.

14.3 Dual Compensation. A Trustee serving as a director, officer, partner, or employee of any corporation, partnership, or other business in which the trust owns an interest shall also be entitled to receive reasonable compensation for his or her services rendered as Trustee in addition to the compensation being paid to him or her by such business. The compensation paid to the Trustee in either capacity shall not be offset against the other. A Trustee who is an investment advisor, attorney, accountant, or other professional shall not be disqualified from rendering professional services to the trust and being compensated on a reasonable basis therefore in addition to any compensation that he or she otherwise is entitled to receive as Trustee. Neither shall a firm with which a Trustee is associated as a partner, officer, or employee be disqualified from dealing with, rendering services to, or discharging duties for the trust and being compensated therefore on a reasonable basis. A Trustee is authorized to retain himself or herself or any firm with which he or she is associated to render investment, legal, accounting, or other professional services. Fees may be paid for such services without respect to such relationship and without respect to any agreement that the Trustee may have with his or her firm concerning the division of fees and commissions after complying with the requirements of Probate Code §15687, if applicable.

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14.4 Right of Indemnification and Reimbursement. A Trustee shall be entitled to indemnification and reimbursement from the trust estate of which that person serves as Trustee for any expense, loss, damage, liability, costs, or claim (including, without limitation, attorney's fees and costs of litigation) incurred by the Trustee by reason of any act performed or omitted to be performed by the Trustee, acting in good faith, in the administration of the trust. The Trustee shall be deemed to have acted in good faith on behalf of the trust if the Trustee acted in a manner reasonably believed by the Trustee to be within the scope of his or her authority and in the best interest of the trust and its beneficiaries. Notwithstanding the foregoing, a Trustee shall not be indemnified or reimbursed with respect to any expense, loss, damage, or claim incurred by reason of any breaches of trust, by acts or omissions, committed intentionally, with gross negligence, in bad faith, or with reckless indifference to the interests of the beneficiaries.

14.5 Notice to the Trustees. Until the Trustees receive written notice of any birth, marriage, death, or other event affecting the rights of beneficiaries to payments or distributions from the trust, the Trustees shall incur no liability to any persons whose interests may have been affected by that event for payments or distributions made by the Trustees in good faith as though the event had not occurred.

14.6 Confidentiality of Trust Agreement. Except as otherwise provided in this Trust Agreement, the Trustees shall not disclose the contents of this Trust Agreement, or the fact of its existence unless required to do so by law or applicable regulation, regulatory authorities, or legal process, without our prior written consent. The Trustees may, however, disclose the terms of this Trust Agreement where necessary to carry out their powers, to enforce the rights and remedies belonging to the trust, or as required by a court in its supervision of the trust. The Trustees may also disclose the contents of this Trust Agreement to persons employed by them to advise or assist them in the administration of the trusts, including attorneys and accountants, provided these professionals agree to keep the disclosed information confidential on the same terms as provided in this section.

14.7 Disclosure to the Beneficiaries. During our lifetimes, the Trustees shall have no duty to provide any information regarding the trust to anyone other than us. After the Deceased Spouse's death, the Trustees shall have no duty to provide any information regarding the trust or subtrusts created under this Trust Agreement to any one other than the Surviving Spouse, except as required by law. Prior to the death of the Surviving Spouse, the Trustees shall have no duty to disclose to any beneficiary other than the Surviving Spouse the existence of this trust or any information about its terms or administration, except as required by law.

14.8 Reports and Accounts. We hereby waive all statutory requirements, including the requirement under Probate Code § 16062(a), that the Trustees of any trust created under this Trust Agreement render a report or account to the beneficiaries of the trust. The Trustees shall not be required to make any current reports or render any annual or other periodic accounts to any trust beneficiary or to any court, whether or not required by statute, except pursuant to court order. The Trustees may take action for the approval of their accounts at the times and before the courts, or without court proceedings, as they determine in the exercise of their discretion. Any Trustees' account may, at the Trustees' option, either be settled pursuant to the provisions of Probate Code §16060 et seq. or by sending the account to all beneficiaries of such trust, at their respective last known addresses by certified mail, return receipt requested. Unless written objections are received by the Trustees within one hundred eighty (180) days of mailing such

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account, the account and all transactions set forth in the account shall be deemed settled and approved. The Trustees shall pay the costs and expenses of such action, including the compensation and expenses of accountants, attorneys, and guardians, from the principal or income, or both, of the trust as they determine.

14.9 Our Right to Release Trustees. We, acting together or the survivor of us acting alone, reserve the right to execute a release, with or without an account, approving the administration of the trust by the Trustees. A release shall discharge the Trustees from any accountability and liability to us or our estates or to any other persons interested or claiming to be interested in the trust as to all matters covered by the release or in the account, if any, with the same effect as if an account of the Trustees for the period concerned had been judicially settled and allowed in a proceeding to which these other persons (including all interested persons) were parties. No beneficiary other than us or our Executors shall have the right to question or assert any liability by the Trustees for the Trustees' acts or omissions during our lifetimes.

14.10 Right of Trustees to Secure Releases. As to each separate trust, the Trustees are authorized to secure from any beneficiary a full and complete release from any and all liabilities arising from the Trustees' administration of the trust and the beneficiary's written approval of any account or report of the Trustees. The release or approval shall be binding and conclusive upon the beneficiary and upon all of the beneficiary's issue (including then unborn, unknown, and unascertained issue) and other successors in interest who may then have or later acquire any interest in the separate trust. All written instruments to be delivered to or executed by a beneficiary may be delivered to or executed by the legally appointed conservator of any incompetent beneficiary or a parent or legal guardian of a minor beneficiary. When so delivered or executed, the written instrument shall be binding upon the beneficiary and shall be of the same force and effect as if delivered to or executed by a beneficiary acting under no legal disability. The foregoing provisions shall apply to all reports, statements, accounts, releases, and notices, as well as documents appointing, removing, or designating Trustees. However, the Trustees may not condition the performance of their duties on the delivery of such a release.

14.11 Consultation with Legal Counsel. The Trustees may retain and consult with legal counsel on any matters related to the administration of the trusts created under this Trust Agreement or the construction or interpretation of this Trust Agreement, and we encourage the Trustees to do so. The Trustees may select the legal counsel to advise or represent them, and the Trustees are expressly authorized to pay the fees and costs of the legal counsel from the trust estate. The time, place, subject matter, and content of any such consultation with legal counsel, all communication (written or oral) between the Trustees and

legal counsel, and all work product of legal counsel shall be privileged and confidential and shall be absolutely protected and free from any duty or right of disclosure to any successor Trustee or any beneficiary and any duty to account. The Trustees shall, however, include the amount of any disbursement for the legal counsel fees and costs in any report or account prepared by the Trustees for the period during which the expenses were paid.

14.12 Reliance on Experts and Others. The Trustees shall be entitled to rely on the information, opinions, reports, or statements (including financial statements and other financial data) prepared by their managers, attorneys, accountants, brokers, investments counselors, and other experts, even if they are associated with a Trustee, prepared by such persons as to matters which the Trustees reasonably believe to be within that person's profession or expert

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competence, and shall not be liable for losses resulting therefrom. The Trustees may act without independent investigation upon the recommendations of any attorneys, auditors, accountants, investment advisers, appraisers, or other qualified experts retained by the Trustees, even if they are associated or affiliated with the Trustees. The written opinion of any such expert submitted to the Trustees shall be a full and complete authorization and protection with respect to any action taken or not taken by the Trustees in good faith.

14.13 Extent of Liability. We do not want the Trustees to be personally liable for their good faith efforts in administering the trust estate.

(a) **In general.** A Trustee shall not be personally liable to the trust or its beneficiaries, and shall be held harmless, for any loss, expense, damage, or claim incurred by the Trustee by reason of any act performed or omitted to be performed by the Trustee, acting in good faith, in the administration of the trust. The Trustee shall be deemed to have acted in good faith on behalf of the trust if the Trustee acted in a manner reasonably believed by the Trustee to be within the scope of his or her authority and in the best interest of the trust and its beneficiaries. Further, a Trustee shall not be personally liable for obligations arising from the Trustee's ownership or control of trust property or for torts committed in the course of the Trustee's administration of the trust unless the Trustee is personally at fault. Notwithstanding the foregoing, a Trustee shall be personally liable for his or her breach of trust by acts or omissions, committed intentionally, with gross negligence, in bad faith, or with reckless indifference to the interests of the beneficiaries, and as to any profit that the Trustee derives from any breach of trust.

(b) **While trust is revocable.** During our lifetimes, the Trustees shall follow all written directions given from time to time to them by us or by the person or persons to whom we delegate the right to direct the Trustees. In consenting to and carrying out those directions, the Trustees shall not be liable to any person having a vested or contingent interest in the trust for any act performed or omitted pursuant to those directions. Moreover, the Trustees may follow those directions regardless of any fiduciary obligations to which the directing party may also be subject. These provisions shall be construed consistently with Probate Code §§16001 and 16462.

(c) **As to other Trustees.** The liability of the Trustees is further limited as follows.

(i) **As to prior Trustees.** No successor Trustee shall be responsible or liable for any acts, omissions, or default of any prior Trustee. Unless requested in writing by a beneficiary within 60 days of the appointment of the successor Trustee, no successor Trustee shall be required or have any duty to review or investigate the actions or omissions of a prior Trustee. A successor Trustee shall not be required or have any duty or obligation to review, audit, or examine the transactions, accounts, or records of any prior Trustee, or any allocation of the trust estate made by any prior Trustee. No successor Trustee shall have any obligation to take any action to obtain redress for any breach of trust by any prior Trustee unless instructed by a court to do so. Each Trustee is responsible only for those assets that are actually delivered to the Trustee's custody or control.

(ii) **As to Cotrustees.** A Trustee shall be liable to the beneficiaries

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for the acts or omissions of a Cotrustee only as provided in Probate Code §16402.

(d) **As to agents and investment managers.** We want the Trustees to be able to rely on the advice of professionals hired to advise them. Accordingly, the Trustees' liability is further limited as follows.

(i) **As to agents.** A Trustee shall be liable to the beneficiaries for the acts or omissions of an agent only as provided in Probate Code §16401.

(ii) **As to investment managers.** A Trustee shall not be liable for the acts or omissions of any investment manager, or be under an obligation to invest or otherwise manage any asset that is subject to the management of an investment manager.

(e) **As to taxes.** We want the Trustees to be aggressive in minimizing the taxes, including estate and income taxes, imposed on the trust estate. Accordingly, the Trustees shall not be liable for any accuracy-related penalty, such as is currently imposed under I.R.C. §6662, arising from the preparation and filing of any income tax or estate tax return.

(f) **Liability insurance.** Individual Trustees may carry errors and omissions or fiduciary liability insurance and may charge the premiums to trust income or principal, or both, as a cost of administration.

ARTICLE 15 THE AUTHORITY OF THE TRUSTEES

The following provisions shall apply to each of the trusts established under this Trust Agreement. A successor Trustee shall be vested with all the rights, powers, and authority of an original Trustee.

15.1 Trustee Authority. Except as otherwise expressly provided, all successor Trustees upon commencing to serve as Trustee shall immediately become vested with all the rights, titles, powers (including discretionary powers), and obligations, with like effect as if named as an initial Trustee. Where this Trust Agreement states that the Trustees "shall" perform an act, the Trustees are required to perform that act. Where this Trust Agreement states that the Trustees "may" do an act or Trustees are "authorized" to act, the Trustees are expressly permitted or authorized to do the act described, and their decision to do or not to do the act shall be made in the Trustees' sole discretion in the exercise of their fiduciary powers and duties. The decision of the Trustees as to all discretionary actions and decisions shall be conclusive and binding on all persons.

15.2 Release of Power or Authority by a Trustee. The Trustees, or any one or more of them, may at any time release, surrender, disclaim, relinquish, either in whole or in part, or may reduce or restrict in scope, any of the powers, rights, authority, or discretion granted to the Trustees under this Trust Agreement, either expressly or implied. Such action shall be taken by means of a written notice filed in the records of the trust, signed and dated by the releasing Trustee, and mailed to all of the adult current beneficiaries. Unless otherwise specified by the releasing Trustee, any such action as it affects that Trustee shall be irrevocable. Such action shall be effective only as to the Trustee giving such written notice and shall in no way affect the

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rights, powers, authority, and discretion of successor Trustees. The powers, rights, authority, or discretion released or restricted shall continue to exist as to all Trustees and successor Trustees other than the releasing Trustee.

15.3 Trustees' Consideration of Beneficiary's Other Assets. Except as otherwise provided in this Trust Agreement, in exercising their discretion to distribute trust funds to any beneficiary, the Trustees may, but shall not be required or have any duty to, consider all income and assets, including other sources of income or financial support, reasonably available to the beneficiary, as are actually known to the Trustees. The Trustees shall have no duty of inquiry as to the property owned by or held for the benefit of the beneficiary. In making discretionary distributions from any trust created under this Trust Agreement, the Trustees may rely absolutely upon a declaration executed under penalty of perjury by the beneficiary describing his or her expenses and financial needs and any other financial resources available to him or her, without further investigation. The Trustees may continue to rely upon a declaration until otherwise advised in another declaration from the beneficiary.

In making principal distributions to the Surviving Spouse from any trust held for his or her benefit the following additional rules shall apply. The Trustees shall use their best efforts not to make distributions of principal to the Surviving Spouse from a trust estate that will not be includible in the Surviving Spouse's gross taxable estate until the principal of the trust estates that will be includible in the Surviving Spouse's taxable estate has been substantially exhausted. It is not, however, our intent to force sales of assets that are being used by the Surviving Spouse for his or her living requirements, such as his or her residence or automobiles, nor to force a sale of any assets that would result in a sale disadvantageous to the owner of such assets because of market conditions or timing.

15.4 Limitation on Discretion of a Beneficiary Serving as Trustee. Notwithstanding any other provisions of this Trust Agreement, a Trustee who is also a beneficiary of the trust shall not have, and shall not participate in the exercise of, the power to use, apply, or distribute trust principal for his or her own benefit, except as necessary to provide for his or her health, education, maintenance, and support in his or her accustomed manner of living. Further, a Trustee who is also a beneficiary of the trust shall not participate in the exercise of any power to advance or loan funds to himself or herself or to guarantee or secure any debt of such beneficiary/Trustee.

15.5 Voting. While more than two Trustees are serving, the decision of the majority of the Trustees shall prevail and be binding with respect to all matters affecting the trust estate. If one or more Trustees are excluded or precluded from participating in making a decision with respect to a particular matter, the remaining Trustees acting by majority vote shall make the decision. Any act by or instrument

executed by the majority of the Trustees shall constitute the action of the Trustees as if done by all Trustees. Any dissenting or nonconcurring Trustee shall not be liable to any person for the action or failure to act of the other Trustees acting by majority vote.

15.6 Delegation by One Trustee. Each Trustee may at any time, by a signed revocable instrument, delegate to another Trustee the exercise of all or less than all of the powers conferred on a Trustee. Nonetheless, the delegating Trustee shall be liable for the proper exercise of the delegated powers by the other Trustee.

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15.7 Delegation by All Trustees. The Trustees may delegate their powers to one or more of the Trustees in a writing signed by all of them. The writing must state the powers delegated to the particular Trustees and provide a date when the delegation will terminate automatically if not previously terminated. Any delegation shall be revocable by any one Trustee in a writing delivered to the delegate. Trustees acting pursuant to a delegation shall have the authority to bind the trust and third persons may rely on their authority to act for the trust. Any act by or instrument executed by Trustees acting pursuant to this delegation shall constitute the action of the Trustees as if done by all Trustees.

15.8 Delegation of Power to Expend. The Trustees may delegate to one or more of the Trustees, for any period, the power to bind the trust in any transaction obligating the trust to expend up to or less than a certain sum of money as specified by the delegating Trustees. The Trustee to whom the power is delegated may be the sole signatory of all checks necessary to accomplish the expenditure. The Trustees may also delegate to a property management company authority to be the sole signatory of all checks written on behalf of the trust relating to real estate owned by the trust or on checks written on behalf of the trust in an amount less than the amount specified by the Trustees.

15.9 Delegation of Investment Authority. The Trustees, acting by majority vote, may delegate to one or more Trustees or to agents (including independent investment advisors, investment counsel or managers, banks, or trust companies) the power and authority to act for the Trustees in the investment and reinvestment of trust assets. The Trustees, acting by majority vote, may also authorize the payment of compensation for investment advisory or management services. The Trustees may delegate to the retained investment counsel the power to instruct the custodian of trust property with respect to all matters affecting the property, and the custodian shall comply with those instructions.

15.10 Agents. The Trustees may act under this Trust Agreement through an agent or attorney-in-fact acting under a power of attorney duly executed by the Trustees.

15.11 Dealing with the Trustees. In accordance with Probate Code §18100, if a third person dealing with the Trustees or assisting them in the conduct of a transaction acts in good faith and for a valuable consideration and without actual knowledge that the Trustees are exceeding the Trustees' powers or improperly exercising them, the third person is not bound to inquire whether the Trustees have power to act or are properly exercising a power and may assume without inquiry the existence of a trust power and its proper exercise. That third person shall be fully protected in dealing with or assisting the Trustees just as if the Trustees have and are properly exercising the powers the Trustees purport to exercise. In addition, that person has no duty to see to the application of any money paid or property transferred to or upon the order of one or more Trustees.

15.12 Reliance on Representations by the Trustees. A third person dealing with the Trustees also shall be fully protected in relying on written statements of fact, certified or declared under penalty of perjury by any one or more of the persons who appear from the original or certified copy of this Trust Agreement (or documents of appointment) to be a Trustee or successor Trustee, regarding the Trustees' authority to act under this Trust Agreement, the calling of any meeting of the Trustees, the giving of any notice of a meeting, the action taken at a meeting, and other facts concerning the trusts established under this Trust Agreement. Anyone

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may rely on a copy of this Trust Agreement certified by a Trustee, by the Trustee's legal counsel, or by a Notary Public, to be a counterpart or true copy of this Trust Agreement.

15.13 Reliance on the Authority of Trustees. No persons or organizations employed by the Trustees or retained by the Trustees as provided in this article shall be required to oversee or supervise the activities of the Trustees or to inquire into the Trustees' powers, authority, or discretion. Each person or organization so employed or retained may rely implicitly upon the written instructions of the Trustees with respect to the property and business of the trust, including instructions of the Trustees to deal directly with investment counsel employed by the Trustees. In no event shall any person or organization so employed or retained be liable for any act or omission of any Trustee in which that person or organization may also have participated.

ARTICLE 16 THE POWERS OF THE TRUSTEES

Subject in all instances to their fiduciary duties and the limitations set forth elsewhere in this Trust Agreement, with regard to the entire trust estate and all trusts established under this Trust Agreement, the Trustees shall have all the powers described below, all powers granted by law (including all the powers set forth in Probate Code §16220 et seq.), and all powers reasonably necessary to carry out their duties as Trustees to administer, manage, protect, and invest the trust estate. The Trustees in their discretion, without court approval, authorization, or supervision, may exercise these powers except as expressly required in this Trust Agreement.

16.1 To Accept Property. The Trustees may accept or receive additions and contributions to the trust estate from either of us or any other person and hold the property in trust under the provisions of this Trust Agreement. If the Trustees receive property from another fiduciary and if the Trustees believe the action to be in the best interests of the trust estate, the Trustees are authorized to waive an accounting from the fiduciary, to approve his other actions, to consent to his or her proposed actions, and to consent to his or her discharge.

16.2 To Disclaim or Reject Property. The Trustees may renounce or otherwise disclaim all or any part of any interest in property passing to the trust, by gift or bequest, and any right, power, privilege, or discretion granted the Trustees under this Trust Agreement. The Trustees may reject any property or interest in property passing to the trust, including property that by reason of hazardous materials or substance the Trustees determine (after investigation at the expense of the trust) would be detrimental to the trust purpose.

16.3 To Retain Property. The Trustees may retain trust property received at the inception of the trust or at any other time, from either of us or any other person until, in the judgment of the Trustees, disposition or distribution of the property should be made. The property may be retained even though the property is unproductive, is property in which a Trustee is personally interested or in which the Trustee owns an undivided interest personally or as trustee of another trust, or there is known or later discovered to be hazardous materials or substances requiring remedial action pursuant to environmental laws. Notwithstanding Probate Code §§16048 and 16049, the Trustees shall have no duty to dispose of any part of the trust property included in the trust at the time of its creation, or later added to the trust by either of us or another person, that would not be a proper investment for the Trustees to make. The Trustees

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may, without liability, continue to hold that property. The Trustees may hold trust property in bearer form so that title may pass by delivery, or in the name of any one Trustee or a nominee without indication of any fiduciary capacity by the nominee. The Trustees may keep all or part of the trust property at any place within the United States or abroad.

16.4 To Operate a Business. The Trustees may continue or participate in the operation of any business or other enterprise (including a partnership as a general or limited partner and a limited liability company as a member or a manager) that is part of the trust property for as long as the Trustees deem advisable, at the risk of the trust estate and not at the risk of the Trustees. The Trustees may incorporate, dissolve, or change the form of the organization of the business or enterprise, or operate it as a partnership or limited liability company, or in any other form. The profits and losses from any business or other enterprise shall be chargeable to and borne by the trust, and not the Trustees. A Trustee, as an individual, may continue to be a shareholder, director, officer, employee, member, manager or partner of any business or enterprise in which the trust holds any interest.

16.5 To Invest and Reinvest Trust Property. The Trustees may invest and reinvest trust property (including income and principal) in any kind of property, whether real, personal, or mixed, including (1) real property (including leaseholds; royalty interests; interests in mines, oil and gas wells, timberlands, and other wasting assets), (2) intangible personal property (including common and preferred stock and all other kinds of securities (on margin or otherwise); investment company shares, mutual funds, index funds, common trust funds (including any common trust fund under the management of a corporate trustee) and other sole or collective business and investment vehicles; interests in partnerships (whether as a general or limited partner); commodities; governmental obligations of every kind; obligations of corporations or unincorporated associations; and patents, copyrights, trademarks, and other intangible rights), and (3) tangible personal property (including precious metals, works of art, and other collectibles). The Trustees are authorized to establish and maintain brokerage accounts, including margin accounts, for the purpose of purchasing, acquiring, possessing, pledging, hypothecating, selling and otherwise disposing of, and generally dealing in and with any of the foregoing types of investments.

16.6 To Administer Securities. The Trustees may purchase, exchange, or sell stocks, bonds, futures contracts, and other securities, and puts, calls, straddles, and other options. The Trustees may maintain brokerage accounts, including margin and commodity accounts, and in connection with such accounts, may borrow, pledge securities, make short sales, and sell on margin or otherwise. With respect to all securities held by in the trust estate, the Trustees may exercise the rights, powers, and privileges, and responsibilities of an owner, including the right to vote; to give general or limited proxies; to pay calls, assessments, and other sums; to participate in voting trusts, pooling arrangements, foreclosures, reorganizations, consolidations, mergers, and liquidations; to deposit securities with and transfer title to any protective or other committee; and to exchange, exercise, or sell stock subscription or conversion rights. The Trustees may also accept and retain as an investment any securities received through the exercise of any of the foregoing powers.

16.7 To Conduct Banking Activities. The Trustees may establish financial accounts of any kind, including checking, money market, and savings accounts, with any bank, savings and loan association, credit union, brokerage firm, or other financial institution (including such

accounts in the banking department of a Trustee that is a corporation or partnership). The Trustees may deposit trust funds into such accounts, withdraw funds from such accounts, and transfer funds among such accounts. The Trustees may designate in writing the persons, whether or not Trustees, who may conduct such banking activities, and the financial institutions may rely, without liability, on such designations.

16.8 To Purchase and Sell Trust Property. The Trustees may buy, purchase, acquire, sell, convey, dispose of, exchange, or otherwise transfer any trust property, or any interest in property, for cash or on credit, at public or private sale, with or without notice, and for the prices and upon the terms as the Trustees determine. The Trustees may grant or acquire options and rights of first refusal involving the acquisition or disposition of any trust property.

16.9 To Manage Trust Property. The Trustees may manage, control, divide, develop, improve, repair, exchange, partition, change the character of, or abandon trust property or any interest in trust property. The Trustees may enter into a lease for any purpose as lessor or lessee with or without the option to purchase or renew and for a term within or extending beyond the term of the trust. The Trustees may amend or extend existing leases. The Trustees may also demolish or remove buildings or other improvements on trust property.

16.10 To Borrow Money and Encumber Trust Property. The Trustees may borrow money for any trust purpose from any person upon such terms and conditions as may be determined by the Trustees, and obligate the trust to make repayment from trust property. We or the Trustees may loan or advance funds to the trust, and the loans or advances together with the interest charged shall be treated as a first lien on the trust estate until repaid. The Trustees may also encumber, mortgage, or pledge trust property for a term within or extending beyond the term of the trust in connection with the exercise of any power vested in the Trustees, or to create restrictions, easements, or other servitudes on trust property.

16.11 Providing Guarantees. The Trustees may guarantee any indebtedness incurred by either of us, or by any entity owned directly or indirectly by either of us or by the trust, as we may direct.

16.12 To Make Loans. The Trustees may loan or advance trust property of any kind (including money) for any trust purpose to any person on terms and conditions as determined by the Trustees, subject to limitations stated in this Trust Agreement. The Trustees may make loans out of trust property to the current beneficiary on terms and conditions that the Trustees determine are fair and reasonable under the circumstances, and guarantee loans to the current beneficiary by encumbrances on trust property.

16.13 To Purchase Liability Insurance. The Trustees may purchase and pay the premiums on policies to insure the property of the trust estate against damage or loss and to insure the Trustees against liability with respect to third persons. The Trustees shall not be liable for any omission to purchase any type or amount of insurance. The premiums shall be a proper expense to be charged against the trust.

16.14 To Purchase and Administer Life Insurance. The Trustees may purchase, own, and pay the premiums on life insurance on the life of either of us, and collect the proceeds of life insurance policies payable to the trust. The Trustees shall have the power to compromise,

arbitrate, or otherwise adjust any claim, dispute, or controversy arising under any policy payable to the trust and shall have authority to initiate, defend, settle, and compromise any legal proceeding necessary in the Trustees' discretion to collect the proceeds of any policy. The Trustees' receipt to any insurer shall be a sufficient release of the insurer. The insurer shall not be under any duty to inquire concerning the Trustees' application of the policy proceeds.

16.15 To Pay, Contest, and Settle Claims. The Trustees may pay or contest any claim; settle a claim by or against the trust by compromise, arbitration, or otherwise; and release, in whole or in part, any claim belonging to the trust.

16.16 To Litigate. In accordance with their duties to enforce claims and defend actions as set forth in Probate Code §§16010 and 16011, the Trustees may prosecute or defend actions, claims, or proceedings for the protection of the trust estate and the Trustees in the performance of their duties.

16.17 To Deal with Environmental Hazards. The Trustees may deal with matters involving the actual or threatened contamination of trust assets (whether real or personal) by hazardous substances, or involving compliance with environmental laws and regulations, including conducting environmental assessments, audits, and site monitoring, and taking remedial action (whether or not required by governmental authorities) to contain, clean up, or remove any environmental hazard.

16.18 To Pay and Allocate Trust Expenses. The Trustees may pay taxes and other assessments imposed on the trust estate or trust income; reasonable compensation of the Trustees and of the employees and agents of the trust; and other expenses incurred in the collection, care, management, administration, and protection of the trust estate. In allocating the payment of expenses, the Trustees shall have the power to determine which expenses are chargeable to income or principal or partly to each. The Trustees are authorized, but not directed, to allocate and charge post-death expenses incurred in the administration of the trusts or sub-trusts to post-death income. In particular, all expenses of administration claimed as income tax deductions may be entirely allocated to and charged against post-death income. In making these determinations, the Trustees shall be guided by the principles set forth in the California Uniform Principal and Income Act, but their final determination shall be binding.

16.19 To Hire and Employ Persons. The Trustees may hire and employ persons (including individuals, corporations, partnerships, associations, and other companies), including accountants, attorneys, auditors, investment advisers, appraisers, or other agents or experts, even if they are associated or affiliated with a Trustee, to advise or assist the Trustees in the performance of their duties and obligations. The Trustees may grant discretionary authority to such persons, but may not delegate either the administration of the trust or acts that are not delegable except as expressly provided in this Trust Agreement.

16.20 To Maintain Custody. The Trustees may keep any or all of the trust property at any place in California or elsewhere, within the United States or abroad, or with a depository or custodian at those places. If no bank or trust company is acting as sole or a Cotrustee hereunder, the Trustees are authorized to appoint a bank or trust company as custodian for securities and any other trust assets. Any appointment shall terminate when a bank or trust company begins to serve as sole or as a Cotrustee under this Trust Agreement. The custodian

shall keep the deposited property; collect and receive the income and principal; and hold, invest, disburse, or otherwise dispose of the property or its proceeds (specifically including selling and purchasing securities and delivering securities sold and receiving securities purchased) upon the order of the Trustees. The custodian shall not be liable to any person interested in the trust for any action taken pursuant to the order or instructions of the Trustees or their authorized agents.

16.21 To Use a Nominee. The Trustees may hold securities or other property of the trust estate in the names of the Trustees, in the name of a nominee, or in street name accounts with brokers, or in the name of a custodian (or its nominees) selected by the Trustees, with or without disclosure of this Trust Agreement. The Trustees shall be responsible for the acts of such custodian, broker, or nominee affecting such property. The Trustees may also acquire and retain securities in unregistered form so that ownership passes by delivery.

16.22 To Execute and Deliver Instruments. The Trustees may execute and deliver all documents and instruments (including checks withdrawing or disbursing trust funds, stock powers, deeds and other conveyances, receipts, releases, contracts, and other agreements and transfer documents) which are needed to accomplish or facilitate the exercise of the powers vested in the Trustees, and to disclose the provisions of this Trust Agreement whenever in the Trustees' discretion disclosure is appropriate.

16.23 Other Powers.

- (a) The Trustees may invest in obligations of the United States Government as authorized in Probate Code §16224.
- (b) The Trustees may deposit trust funds at reasonable interest in any of the accounts listed in Probate Code §16225, whether or not the account is insured by a government agency or collateralized. The accounts may be maintained in the name of any one of the Trustees or in the name of a nominee.
- (c) The Trustees may make repairs, alterations, and improvements, and perform the other acts affecting trust property as authorized in Probate Code §16229.
- (d) The Trustees may develop land in the ways authorized in Probate Code §16230.
- (e) The Trustees may enter into leases and other arrangements regarding minerals as authorized in Probate Code §16232.
- (f) The Trustees may grant or take options as authorized in Probate Code §16233.
- (g) The Trustees may exercise the powers granted in Probate Code § 16234 (voting rights), Probate Code §16235 (payment of calls and assessments), Probate Code §16236 (stock subscriptions and conversions), and Probate

- (h) The Trustees may hold securities as authorized in Probate Code §16238, and deposit securities in a securities depository as authorized in Probate Code §16239.

ARTICLE 17
SPECIAL DISCRETIONARY POWERS OF THE TRUSTEES

The following provisions shall apply to each of the trusts established under this Trust Agreement.

17.1 To Deal with Our Estates. The Trustees may loan money to and borrow money from, sell property to and buy property from, exchange property with, and otherwise deal with, on reasonable, arm's-length terms (including adequate security, fair market prices, and market rates of interest), our estates or the Trustees of other trusts created by us, for the purpose of providing liquidity to the estates or trusts or for any other purpose. The Trustees shall not be obligated to make any such loans or purchases.

17.2 To Sell Trust Assets. The Trustees may sell trust assets to obtain cash with which to pay our debts, income taxes, Estate taxes, expenses of administration, and other liabilities of the trust, or to satisfy pecuniary gifts provided for under this Trust Agreement. The Trustees' selection of assets to be sold for these purposes, and the tax effects of that selection, shall not be subject to question by any beneficiary. Property, assets, or funds otherwise excludable from a Settlor's gross estate for federal estate tax purposes shall not be used to make any of these payments.

17.3 To Postpone Distributions. Notwithstanding other provisions of this Trust Agreement, the Trustees shall have the power to postpone the distribution of any fractional portion or part of the principal of any trust estate or of an entire trust estate of any trust created under this Trust Agreement for any person other than either of us if the Trustees determine that there is a compelling reason to postpone the distribution. Compelling reasons shall include, but are not limited to, a serious disability, drug addiction or dependency, a pending divorce, a potential financial difficulty, pending or threatened litigation, a serious tax disadvantage, or similar substantial cause affecting the beneficiary who otherwise would be entitled to the distribution. In that event, the distribution from or termination of any trust may be postponed, and any postponement may be continued from time to time, up to and including the entire lifetime of the beneficiary. During the postponement, the retained portion or part of the trust estate shall be administered under the same terms as applied immediately prior to the postponement.

17.4 To Determine Values and Allocate Property. The Trustees, in their discretion, shall determine the valuations of trust property for purposes of divisions, allocations, and distributions, and those valuations, reasonably determined, shall be final and binding on all beneficiaries and other persons having an interest in the trust. The Trustees may adjust any valuations retroactively if a different valuation is finally determined for federal estate tax purposes. The Trustees are authorized to effect the division, allocation, or distribution of trust

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property in divided or undivided interests, in cash or in kind or partly in both, pro rata or non-pro rata, as the Trustees shall determine, and to sell any property in connection with the division, allocation, or distribution if the Trustees deem that action necessary or appropriate. A distribution in kind may be made pro rata or non-pro rata, and a beneficiary may receive all or a portion of any asset as part of a distribution or allocation in kind. The Trustees may allocate or distribute property (or the right to receive property) which is subject to estate tax and federal income tax as income in respect of a decedent ("IRD") to any one or more of the trusts created under this Trust Agreement or the beneficiaries of any trust; in such case, other trust assets shall be used to equalize any disproportionate allocation or distribution of items of IRD to any one or more trusts or beneficiaries. In making such divisions, allocations, and distributions, the Trustees are not required to consider the income taxes bases of such assets or the potential income tax consequences to the beneficiaries receiving the assets.

17.5 To Make Allocations between Principal and Income. Except as expressly provided otherwise herein, the Trustees shall be governed by the provisions of the then existing California Uniform Principal and Income Act in determining which funds shall be classified as income or principal and which expenses shall be chargeable to income or principal, but if any matter related to such determination is not provided for either in this Trust Agreement or in said law, the Trustees shall have the authority to determine such matter, according to the recognized rules of good trust accounting practice.

17.6 To Retain or Purchase Unproductive or Under-productive Property. The Trustees may retain, purchase, or otherwise acquire property that is unproductive or under-productive of current income. Because of the substantial potential for appreciation presented by unproductive assets such as unimproved real estate and growth stocks, we want the Trustees to have broad discretion to acquire those assets. The Trustees shall have a duty to make the trust property productive (Probate Code § 16007), but property may be made productive by appreciation in value as well as by the production of income. The Trustees may acquire and retain assets for appreciation as part of a portfolio that produces a reasonable level of current income.

17.7 To Invest Trust Assets Together. Each of the trusts and trust shares created under this Trust Agreement shall be a separate trust for trust, accounting, tax, and all other purposes. The Trustees shall keep an account for each trust and may, but shall not be required to, segregate trust assets. Rather, the Trustees may invest together the property of the separate trusts, allotting to each separate trust its proportionate undivided interest in the collective fund. The undivided interest always shall be equal to that trust's proportionate contribution to the mingled assets.

17.8 To Consolidate Trusts. If a trust is to be established or exists under this Trust Agreement for a beneficiary for whom another trust has been established under this Trust Agreement, the Trustees may allocate the property for the one trust to the other trust. Similarly, if either of us has established a trust for a beneficiary for whom a trust is to be established or exists under this Trust Agreement, and the dispositive provisions of that trust are substantially the same as the dispositive provisions of the trust to be established or existing under this Trust Agreement, the Trustees may transfer the property for the trust to be established or existing under this Trust Agreement to the Trustees of the other trust, to be held on the terms of that other trust. Further, where the dispositive provisions of each trust or trust share are substantially

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similar, the Trustees shall have the discretion to combine any trusts or trust shares into one trust because of changed circumstances, litigation among beneficiaries, administrative difficulties, or other reasons suggesting a need for such a combination. A combination must not materially impair the interests of any beneficiaries. Trusts may be combined or consolidated whether created inter vivos or by will, by the same or different trust instruments, by the same or different Settlers, whether the Trustees are the same, and regardless of where the trusts were created or administered. When combining trusts, however, the Trustees shall only combine Exempt Trusts with other Exempt Trusts.

17.9 To Divide Trusts. With respect to all trusts established under this Trust Agreement, the Trustees shall have the discretionary power, exercisable without need of court approval, to divide the trust into two or more separate trusts for any purpose, including, without limitation, any of the following purposes.

- (a) To create one or more separate trusts to hold the qualified and nonqualified portions of any trust where an election has been properly made to qualify a portion but not all of the trust for the federal estate tax marital deduction.
- (b) To create one or more separate trusts that qualify as a qualified S corporation shareholder or as any other type of special trust provided for under the I.R.C.
- (c) To create one or more separate trusts with assets completely exempt from any application of any generation-skipping transfer tax. If the Trustees exercise the election provided by I.R.C. §2652(a)(3) as to any trust, the Trustees are authorized in their discretion to hold the property of the trust in two separate fractional share trusts, one in an amount equal to the Deceased Spouse's GST exemption allocated to the trust and one in an amount equal to the balance of the property of the trust.
- (d) To create one or more separate trusts to accomplish other proper tax planning purposes.
- (e) To create a separate trust as to any share or portion of a trust disclaimed by a beneficiary, and to sever the disclaimed portion to be administered as a separate trust.
- (f) To create a separate trust for each current income beneficiary of a trust or trust share, and to divide any trust along family lines to be administered as separate trusts.
- (g) To create one or more separate trusts because of changed circumstances, litigation among beneficiaries, administrative difficulties, or other reasons suggesting a need for a division.

The allocation of property between or among separate trusts created from a single trust or trust share may be unequal in amount and in the type of assets, and the division may be non-pro

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rata. The fair market values of the trust property at the date or dates of allocation shall be used in making the allocations. All trusts so established shall be designated and named by the Trustees and the property allocated to the divided trusts shall be held and administered under the same terms and provisions as would have applied to the undivided trust or trust share. With regard to planning for the marital deduction, the QTIP election, the S corporation election, the GST tax inclusion ratio, the reverse QTIP election, or other tax purposes, this power to divide trusts shall be exercised in a manner that complies with the I.R.C. and applicable Treasury regulations.

17.10 To Terminate Trusts. We recognize that circumstances may change so that continuation of a trust provided for in this Trust Agreement may not be in the best interests of its current beneficiary, taking into account all relevant factors, including the costs of administration and tax consequences. Accordingly, after the death of the Surviving Spouse, the Trustees may for any reason terminate any trust created under this Trust Agreement and distribute any remaining trust estate, including principal and undistributed income, to any one or more of the current beneficiaries or the presumptive remainder beneficiaries of the

trust in those proportions as the Trustees determine, in a manner that conforms as nearly as possible to our intention. In exercising their discretion to terminate a trust, the Trustees may, but shall have no obligation to, consider the interests of any person other than the current income beneficiary, including any remainder beneficiaries.

If the Trustees determine that the size of a trust does not warrant the cost of continuing that trust or that continued administration of any trust would be impractical for any reason, the Trustees, without further responsibility or liability, may transfer that trust property outright to the person or persons then authorized or entitled to the income from it. If the principal of the trust has a fair market value less than fifty thousand dollars (\$50,000), a decision of the Trustees to distribute the trust shall not be subject to question by anyone.

The existence of spendthrift or similar protective provisions in this Trust Agreement shall not make this section inapplicable. A Trustee may not terminate a trust under this section if the Trustee is a beneficiary of the trust or has a duty of support for the beneficiary of the trust.

17.11 To Permit Use of Personal Residence. The Trustees are authorized to permit us and, following our deaths, the current beneficiary of a trust to occupy rent-free any residence held in the trust and to use the furnishings in the residence. The Trustees shall pay from the trust all taxes, insurance premiums, assessments, costs of repairs, and maintenance for these residences. The Trustees may sell the residence and, in their discretion, acquire other residences from trust property. The Trustees may also permit the guardian of a minor current beneficiary of the trust, along with the guardian's family, to reside rent free with the minor beneficiary in the residence so long as the minor beneficiary is entitled to reside there.

17.12 To Maintain Residence. The assets of the Marital Disclaimer Trust shall be used by the Trustees to maintain a residence for the Surviving Spouse, including all adjacent land owned by us and the furnishings in the residence. The Trustees shall pay from income or principal, or both, all liens and encumbrances on the residence; all taxes, insurance premiums, and costs for repairs, maintenance, and services rendered for the residence; and all costs for utilities supplied to the residence, including telephone and cable. The Trustees shall also pay

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the expenses incurred by the Surviving Spouse to employ persons to work in or about the residence.

The Trustees, with the approval of the Surviving Spouse, may substitute another residence for that owned by the trust. No new residence shall cost more to acquire than the greater of (1) the acquisition cost to the trust of the then-current residence or (2) the amount actually realized upon the sale of the residence.

17.13 To Hold Personal Articles in Trust. If the Trustees of any trust receive furniture or furnishings, household items, clothing and other personal effects, or vehicles or accessories to vehicles, the Trustees may distribute that property to the current beneficiary or beneficiaries of the trust, at the times and in the manner the Trustees, in their discretion, determine to be proper. In addition, the Trustees may allow the current beneficiaries to use this property. Neither the Trustees nor any beneficiary who uses this property shall be liable to other beneficiaries for permitting the use of this property or for the loss or damage of this property.

17.14 To Make Distributions from Qualified S Trusts. The Trustees are authorized to distribute to the beneficiary of any trust that has made a qualified S Corporation election under I.R.C. §1361 et seq. from income or principal, or both, funds sufficient to pay the federal and state income taxes imposed on the beneficiaries for the income or gain passing to the beneficiary from the S Corporation. No such distribution is required.

ARTICLE 18 DISINHERITANCE

We have intentionally omitted from this Trust Agreement any provision for any of our heirs, descendants, issue, relatives, or other persons who are not named, mentioned, designated, or described in this Trust Agreement. We have intentionally omitted any person who would be a pretermitted heir under the provisions of the California Probate Code or other applicable law and those persons referred to in California Probate Code §§21600 through 21623. We generally and expressly disinherit each and every person whomsoever claiming to be and who may be determined to be our heirs at law, except as they are otherwise expressly provided for in this Trust Agreement.

ARTICLE 19 NO CONTEST

19.1 No Contest Clause. We want the greatest deterrence against interference with our estate plan that the law allows. To that end, we direct that all Contestants (as defined below) shall take none of our property and nothing from our probate estate, the trust estate of any trust created by us, or the property passing under any Protected Instrument (as defined below). All Contestants are hereby expressly disinherited. Any and all gifts or property that otherwise would have gone to Contestants shall be forfeited and shall pass as if the Contestants (including all of them) had predeceased us without leaving living issue. Notwithstanding the foregoing, this no contest clause shall not be violated by any Permitted Action (as defined below).

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19.2 Contestant. "Contestant" shall mean and include any and all of the following persons:

- (a) Any person who undertakes, directly or indirectly, a "Direct Contest." A "Direct Contest" means a contest that alleges that a Protected Instrument or one or more of its terms or provisions is invalid, void, or a nullity based on one or more of the following grounds: (1) forgery; (2) lack of due execution; (3) lack of capacity; (4) menace, duress, fraud, or undue influence; (5) revocation of a Will pursuant to California Probate Code Section 6120, revocation of a trust pursuant to California Probate Code Section 15401, or revocation of an instrument other than a Will or trust pursuant to the procedure for revocation that is provided by statute or by the instrument itself; and (6) disqualification of a beneficiary under California Probate Code Section 6112 or Section 21350.
- (b) Any person who files, directly or indirectly, a pleading or prosecutes any action or proceeding to challenge a transfer of property by us on the grounds that it was not our property at the time of the transfer, whether such transfer occurred before or at our death, including (a) any person who files or prosecutes any action or proceeding, during our lifetime or following our death, to change the ownership title of our property already characterized in a document executed by us, and (b) any person who files a pleading asserting any claim that we entered into an oral agreement providing for the disposition or transfer of title to property to such person or others in any way inconsistent with the provisions of a Protected Instrument providing for the disposition of such property.
- (c) Any person who files a creditor's claim or prosecutes an action based on any creditor's claim, against this Trust Agreement, our probate estate, or any property owned by us, [except as to a creditor's claim evidenced by a written promissory note signed by us and claims related to our medical and funeral expenses incurred within a month of our death].

"Contestant" shall also include any person who assists or conspires with any Contestant as defined above.

19.3 Protected Instrument. "Protected Instrument" shall mean and include any and all of the following documents executed by us or by our authorized agent or conservator on our behalf and existing as of the date of the instrument containing these no contest provisions:

- (a) The Trust Agreement or any amendment to the Trust Agreement;
- (b) Our Wills or any codicil to our Wills;
- (c) Any beneficiary designation governing the disposition of our property (including any designation under an insurance policy, employee benefit plan, deferred compensation plan, retirement plan, or annuity);

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- (d) Any instrument, contract, agreement, or other document ("Will Substitute") providing for or directing the disposition of our property;
- (e) Any other document governing the disposition of our probate estate, the trust estate, or our other property; and
- (f) Any and all amendments to the foregoing documents and instruments.

19.4 Permitted Actions. "Permitted Actions" shall mean and include any and all of the following actions:

- (a) The disclaimer of any right or interest under a Protected Instrument;
- (b) Any action by our Executors or Trustees to confirm ownership of our property in our probate estate or the trust estate;

- (c) The participation in a mediation or settlement discussion or the filing of a petition for settlement or compromise affecting the terms of any Protected Instrument;
- (d) The filing of any petition or the taking of other action by the Trustees or our Executors seeking judicial construction or interpretation of any Protected Instrument; and
- (e) The commencement of any proceeding for declaratory relief to determine whether any action by any person would constitute a contest under these provisions.

19.5 Expenses of Contest. The Trustees and the Executors serving under our Wills are expressly authorized to defend against any and all of the actions described in this Article, including any contest or attack of any nature upon a Protected Instrument or any of its provisions. All expenses incurred in the defense of any of the actions or matters described in this Article shall be paid, as the Trustees determine, from either our probate estate or the trust estate as expenses of administration. If, however, a Contestant is or becomes entitled to receive any property or property interests included in our probate estate or the trust estate, whether under this Trust Agreement, our Wills, or any other Protected Instrument, then all expenses incurred by the Trustees or our Executors in the defense of the actions undertaken by the Contestant shall be charged against and paid from the property or property interests that the Contestant otherwise would be entitled to receive, whether or not the Trustees or our Executors were successful in the defense of the Contestant's actions.

ARTICLE 20 RULE AGAINST PERPETUITIES: MAXIMUM DURATION OF TRUSTS

Notwithstanding any other provision of this Trust Agreement, unless terminated at an earlier date, all trusts created under this Trust Agreement (including any interest created by the exercise of any limited power of appointment granted under this Trust Agreement, other than an appointed trust in which some or all of the appointed interests are allowed a new perpetuities

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period because of a new power of appointment or withdrawal conferred by the exercise of the original power) shall terminate one day prior to the date that is twenty-one (21) years after the date of death of the last survivor of the class of persons consisting of us, our issue, and the issue of our grandparents living on the Deceased Spouse's date of death, and each natural person who is designated in this Trust Agreement by name as a beneficiary. Any trust created by the exercise of a general power of appointment granted under this Trust Agreement shall terminate as provided in the instrument by which the power is exercised.

Upon termination, the Trustees shall immediately distribute the remaining trust estate of each separate trust to the person or persons who would have been entitled to receive income distributions from the trust estate if it had not been terminated under this provision. If more than one person would have been entitled to receive income distributions, the Trustees shall immediately distribute the property among these persons in the proportions in which income would have been distributed to them. If these proportions are not described in this Trust Agreement, the Trustees shall distribute the property in the proportions they determine in the exercise of their discretion. If no person would have been entitled to receive income distributions, but the income would have been held for possible distribution to one or more persons, the Trustees shall immediately distribute the property among those persons in the proportions in which income could have been distributed to them, or if those proportions cannot be determined from this Trust Agreement, in the proportions as the Trustees determine in the exercise of their discretion. If no person is identified under the foregoing provisions, the remaining trust estate shall be distributed to the presumptive remainder beneficiaries of the remaining trust estate, in proportion to their respective interests, or if none, to those persons and in those shares as determined by the Trustees, in their discretion, taking into account the other terms of this Trust Agreement.

Notwithstanding the foregoing provisions of this article, no trust shall terminate pursuant to the provisions of this article if the trust would otherwise be legally valid and lawfully permitted to continue under applicable state law without the application of the provisions of this article. For purposes of this provision, the state law of the situs of the trust as of the time such determination is to be made shall be the applicable state law.

ARTICLE 21 SPENDTHRIFT PROVISIONS

The following provisions shall apply only as to the separate irrevocable trusts established under this Trust Agreement following the Deceased Spouse's death. These provisions shall not, however, enable the Trustees to withhold any distributions otherwise payable to the Surviving Spouse.

21.1 No Voluntary Transfers of Trust Interests. A beneficiary's interest in trust income or principal shall not be subject to his or her voluntary transfer. Specifically, a beneficiary (including the Surviving Spouse as a beneficiary) may not sell, transfer, assign, alienate, encumber, hypothecate, or otherwise dispose of his or her interest in trust income or principal. This provision does not, however, prohibit a beneficiary from exercising any power of appointment granted under this Trust Agreement or from disclaiming or renouncing at any time all or any part of his or her interest in trust property. Also, a beneficiary may assign the

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right to receive the actual payment of any sum otherwise distributable to him or her under this Trust Agreement to his or her own revocable living trust. Further, the Trustees may deposit in any account at any financial institution designated in writing by the beneficiary, to his or her credit, income or principal immediately payable to such beneficiary. Notwithstanding the foregoing, a beneficiary may transfer all or any part of his or her interest in the trust to one or more of his or her descendants or siblings.

21.2 No Involuntary Transfers of Trust Interests. A beneficiary's interest in trust income or principal also shall not be subject to involuntary transfer. Specifically, a beneficiary's interest shall not be subject to the beneficiary's liabilities, contracts, debts, or other obligations; to the claims of the beneficiary's creditors or assignees or others; to the enforcement of a money judgment against the beneficiary; or to assignment, attachment, anticipation, levy, execution, garnishment, pledge, claims arising from bankruptcy proceedings, or any other form of legal or equitable levy or lien or legal process or proceedings. Income or principal of any trust created under this Trust Agreement shall not be used to discharge, in whole or in part, (1) the legal obligations of any person to support any beneficiary of the trusts, or (2) the legal obligation of any beneficiary to support any other person, except if required by court order.

ARTICLE 22 GENERAL TRUST PROVISIONS

The following provisions shall apply in all matters of construction and interpretation of this Trust Agreement.

22.1 Rules of Construction. Unless the specific provision or term being construed or the context of the provision or term otherwise requires, and except as otherwise expressly provided in this Trust Agreement, the general provisions and rules of construction and interpretation set forth in the Probate Code and in this article and the definitions set forth in Article 23 (Definitions) shall govern the construction and interpretation of this Trust Agreement. Where the provisions and rules of construction or definitions set forth in the Probate Code and in this article and Article 23 conflict, the provisions and rules and definitions set forth in this article and Article 23 shall govern. As to any questions of construction or interpretation of this Trust Agreement, the construction or interpretation that would favor the Surviving Spouse and our children, in that order, shall be adopted or applied.

22.2 Governing Law. This Trust Agreement has been executed in California, and its validity and construction, including the determination of all rights of the beneficiaries, shall be governed by the laws of California regardless of where the trusts are administered. Further, except as otherwise provided in this section, the trusts established under this Trust Agreement shall be administered in California regardless of where the Trustees or beneficiaries reside, and all matters and questions related to their administration shall be governed by the laws of California. Notwithstanding the foregoing, with the consent of a majority in percentage interest of all the beneficiaries of the trust then entitled to trust income (whether discretionary or not), the Trustees may transfer the situs of a trust established under this Trust Agreement to another state of the United States as they determine to be in the best interests of the trust beneficiaries. After any change of situs for a trust, the laws of the state of the new situs shall govern the

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administration of the transferred trust, but the validity of this Trust Agreement and its construction shall continue to be governed by the laws of California.

22.3 Successors in Interest. This Trust Agreement shall be binding upon our heirs, executors, successors, and assigns, the Trustees and the successor Trustees, and all the beneficiaries and interested persons under this Trust Agreement.

22.4 Court Supervision. Under California law the California courts have jurisdiction to consider petitions concerning each trust created by this Trust Agreement. We intend that the provisions of Probate Code §17000 et seq. shall be applicable to the trusts established under this Trust Agreement.

22.5 References to Statutes. Whenever a reference is made to any portion of the Internal Revenue Code, the Probate Code, or to any other law, the statutory reference shall be construed to refer to the statutory section mentioned, related successor or substitute sections, and corresponding provisions of any subsequent law, including all amendments and additions.

22.6 Gender, Tense, and Numbers. Unless the context clearly requires another construction, the masculine, feminine, and neuter genders shall each include the others as appropriate; the present tense shall include the past and future tenses, and the future tense shall include the present tense; and the singular number shall include the plural, and the plural shall include the singular.

22.7 Effect of Headings. Article, section, and paragraph numbers and headings, as well as titles, used in this Trust Agreement are used for convenience of reference only and shall not be considered in the construction or interpretation of this Trust Agreement. They are not intended to have any legal effect or to affect the scope, meaning, or intent of the provisions of this Trust Agreement.

22.8 Severability. If any part, clause, or provision of this Trust Agreement, or the application of any part, clause, or provision of this Trust Agreement to any person or circumstances, is held to be void, invalid, unenforceable, or inoperative, this invalidity shall not affect any other parts, clauses, or provisions or applications of this Trust Agreement that can be given effect without the invalid provision or application. The remaining provisions of this Trust Agreement shall be effective and fully operative as though the part, clause, or provision had not been contained in this Trust Agreement. To this end, the provisions of this Trust Agreement are severable.

ARTICLE 23 DEFINITIONS

The following definitions shall apply in all matters of construction and interpretation of this Trust Agreement.

23.1 Administer. The term “administer” means to hold, manage, administer, allocate, and distribute.

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23.2 Agent. The term “agent” means (1) an individual’s attorney-in-fact acting under a power of attorney, to the extent the power of attorney specifically authorizes the attorney-in-fact to take the proposed actions, or (2) an individual’s court-appointed conservator or guardian, to the extent the conservator or guardian has obtained, from the court that appointed the agent as conservator or guardian, approval of its proposed actions at a hearing for which the Trustees received timely notice.

23.3 Beneficiary. The terms “beneficiary” or “beneficiaries” mean a person to whom a donative transfer of property or a distribution from a trust is or could be made or that person’s successor in interest, and shall include an heir, devisee, legatee, a person with any interest in a trust, and any person entitled to enforce a charitable trust, as provided in Probate Code §24. “Income beneficiary” means a person currently entitled to receive distributions of net income from a trust or to whom distributions could be made by the Trustees in the exercise of their discretion.

23.4 Charitable Organization. The term “charitable organization” means an organization or trust described in I.R.C. §170(c), §2055(a), and §2522(a) to which contributions or bequests are deductible for both federal income and estate tax purposes.

23.5 Child, Parent, and Issue. The term “child” means any individual entitled to take as a child under the Probate Code by intestate succession from the parent whose relationship is involved. References to “child” or “children” mean descendants in the first degree of the parent designated. A child of ours shall include a child born or adopted after the execution of our respective Wills and this Trust Agreement. The term “parent” means any individual entitled to take as a parent under the Probate Code by intestate succession from the child whose relation is involved. The terms “issue” or “descendants” of a person means all the person’s lineal descendants of all generations, with the relationship of parent and child at each generation being determined by the definitions of parent and child. The term “grandchild” includes only a child of a child of the person referred to.

(a) Limitations as to Adopted Children. The terms “child,” “children,” “issue,” and “descendant” shall include “adopted children.” The term “adopted children” means all persons adopted by someone other than us only if the person was adopted before reaching the age of eighteen (18), or lived in the home of the adopting parent before reaching the age of eighteen (18) if not actually adopted before that time. Anyone that we jointly adopt shall be included as a child of ours regardless of the adopted person’s age at the time of the adoption. An adopted child and the adopted child’s issue shall be considered issue of the adopting parent or parents and of anyone who is by blood or adoption an ancestor of the adopting parent or of either of the adopting parents.

(b) Limitations as to Stepchildren and Foster Children. The terms “child,” “children,” “issue,” and “descendants” shall not include a foster child or a stepchild, even if a parent-child relationship existed between the foster parent and the foster child or between the stepparent and the stepchild.

23.6 Deceased Spouse; Surviving Spouse. The term “Deceased Spouse” means the first of us to die. The term “Surviving Spouse” means the one of us who survives the other. If we die under circumstances where it cannot be established whether or not one of us survived the

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other, then it shall be conclusively presumed that each of us survived the other for purposes of administering our respective shares of the trust estate, and we direct that this Trust Agreement be so construed.

23.7 Distribute. The term “distribute” means to pay directly to, or apply for the benefit of, the designated beneficiary, donee, or transferee or that person’s agent.

23.8 Education. The term “education” shall include, but not be limited to, elementary, primary, secondary, college, graduate, postgraduate, and professional study or schooling, and vocational training, as well as instruction in drama, music, art, science, computers, and other subjects taught before or after a regular school day. Payments for education shall include tuition, books, supplies, tutors, and the beneficiary’s reasonable related living and travel expenses, including clothing, room and board, and a reasonable living allowance.

23.9 Estate Taxes. The term “Estate taxes” means all estate, inheritance, transfer, succession, legacy, death, and other similar taxes, including any interest or penalties on these taxes, that may be imposed by reason of a Settlor’s death. “Estate taxes” excludes any income tax, generation-skipping transfer tax, excise tax, and other similar taxes.

23.10 Executors. The term “Executors” means an executor, administrator, administrator with the will annexed, special administrator, personal representative, or a person who performs substantially the same function under the law of another jurisdiction governing the person’s status, including all successors or persons holding the office temporarily. If, however, there is no Executor serving within the United States, the term means the Trustees of this trust for purposes of the property held in the trust estate, as provided in I.R.C. §2203. The terms “Executor” and “Executors” each include both the singular and the plural.

23.11 Expenses of Estate Administration. The term “expenses of estate administration” means those expenses incurred following the death of either of us by that spouse’s estate or by the Trustees of the trust that are deductible (whether or not so deducted) for estate tax purposes pursuant to I.R.C. §2053. Such expenses shall include attorney’s, appraiser’s, and accountant’s fees and all expenses incurred in determining the amount of any Estate tax.

23.12 Federal Estate Tax Value. The term “federal estate tax value” means the value of property included in the deceased Settlor’s gross estate, valued either as of the deceased Settlor’s date of death or the alternate valuation date, as finally determined for federal estate tax purposes. The federal estate tax value of any property acquired after the deceased Settlor’s death shall be deemed to be its adjusted basis at the time of its acquisition as finally determined for federal income tax purposes. References to “adjusted gross estate” shall mean the deceased Settlor’s gross estate as finally determined for federal estate tax purposes, but excluding property includible in the deceased Settlor’s gross estate pursuant to I.R.C. §2044 and subtracting allowable deductions under I.R.C. §2053 and §2054.

23.13 Generation-Skipping Transfer Tax. The terms “generation-skipping transfer tax” or “GST tax” refer to the federal generation-skipping transfer tax imposed by Chapter 13 of the I.R.C. The term “GST exemption” refers to the exemption provided in I.R.C. §2631(a).

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“Unused GST exemption” means the amount of a person’s GST exemption that is then remaining available for allocation to property or a trust as to which the person is the transferor. A “GST exempt trust” is a trust that has an inclusion ratio of zero for purposes of the GST tax. A “GST nonexempt trust” is a trust that has an inclusion ratio of greater than zero for purposes of the GST tax. The terms “GST reverse QTIP election” or “reverse QTIP election” refer to the election provided for qualified terminable interest property under I.R.C. §2652(a)(3) to treat all of a QTIP trust as if, for purposes of the GST tax, the QTIP election had not been made.

23.14 Gifts. The term “gifts” mean devises, legacies, bequests, and all other types of donative transfers, inter vivos and testamentary.

23.15 Guardian. The term “guardian” means the court-appointed guardian of the person or estate of a minor person. The term “natural guardian” means the child’s parents.

23.16 Health. The term “health” refers to all matters related to the health of the designated person, including medical, dental, hospital, and nursing expenses and expenses of home care and therapy incurred for the person’s benefit.

23.17 Heirs at Law. The terms “heirs at law” or “heirs” mean the persons determined according to the California laws of intestate succession then in effect relating to separate property not acquired from a previously deceased spouse.

23.18 Incapacity. The term “incapacity” when used with respect to any person appointed to serve or serving as Trustee shall have the following meaning. A person shall be considered to be incapacitated, and unable to serve or continue to serve as a Trustee, if the person is under a legal disability or by reason of illness or mental or physical disability is or would be unable to give prompt and intelligent consideration to the financial and administrative matters affecting the trust or trusts for which he or she serves as Trustee. The determination of a person’s inability at any time shall be made by either (1) the person’s primary physician, or (2) an order of a court appointing a conservator for that person.

23.19 Interested Person. The term “interested person” includes (1) an heir, devisee, child, spouse, creditor, beneficiary, and any other person having a property right in or claim against the trust estate; (2) any person having priority for appointment as a fiduciary under this Trust Agreement; and (3) a fiduciary representing an interested person.

23.20 Internal Revenue Code. The term “Internal Revenue Code” or “I.R.C.” means the United States Internal Revenue Code of 1986, as amended from time to time, and corresponding provisions of any subsequent federal internal revenue law.

23.21 Investment Counsel. The term “investment counsel” means reputable, professional, independent, and disinterested investment counsel that is (1) currently managing at least five other accounts of equal or larger size, (2) compensated for services on a fee basis, but not on any percentage of the price of assets purchased or sold, and (3) not personally or financially interested in the sale or purchase of assets to or by the trust. The term “discretionary investment counsel” means investment counsel that has been given the authority to manage the investment of all or any portion of the trust estate with full discretion to act without seeking the approval of the Trustees as to individual transactions.

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23.22 Marital Deduction. The term “marital deduction” means the federal estate tax deduction allowed for transfers to or for a spouse under the provisions of I.R.C. §2056 or the federal gift tax deduction allowed for transfers under I.R.C. §2523. The term “marital deduction gift” means a transfer of property that is intended to qualify for the marital deduction.

23.23 May and Shall. Wherever used in this Trust Agreement, the term “may” is discretionary and means the Executors or Trustees are authorized, at their option, to take or not take an action as they determine, in their sole discretion. The term “shall” is mandatory and means that the Executors or Trustees must take the designated action.

23.24 Probate Code. The term “Probate Code” means the California Probate Code, as amended from time to time, and corresponding provisions of any subsequent California laws.

23.25 Property. The term “property” means anything that may be the subject of ownership and includes real and personal property, tangible and intangible property, and any interest in such property.

- (a) The term “real property” (including any residence) includes the land (including all easements appurtenant to the land), all buildings and improvements on the land, all policies of insurance on the land and buildings and improvements on the land, and all oil, gas, mineral, and similar interests. A gift of real property, including any gift of a residence, shall be made subject to any and all liens, mortgages, deeds of trust, or other encumbrances on the property or secured by the property, whether or not recorded in the official county records.
- (b) The term “tangible personal property” includes clothing, jewelry, and other personal effects; household furniture, furnishings, equipment, and appliances (including rugs, linen, and other household decorations); china, silverware, glassware, crystal, and other household items of use and decoration; books, pictures, precious metals, works of art (including paintings, sculptures, and works on paper), antiques, stamp and coin collections, wine, and other collectibles; automobiles, boats, other vehicles, and accessories to vehicles; and other items of domestic, household, or personal use. “Tangible personal property” shall not include ordinary currency, cash, or bullion or property primarily held for investment purposes, such as investment funds, or any property held for use in a trade or business.
- (c) The term “intangible property” includes common and preferred stock and all other kinds of securities (on margin or otherwise); investment company shares, mutual funds, index funds, common trust funds (including any common trust fund under the management of a corporate trustee) and other sole or collective business and investment vehicles; interests in partnerships (whether as a general or limited partner); commodities; governmental obligations of every kind; obligations of corporations or unincorporated associations; and patents, copyrights, trademarks, and other intangible rights, such as rights in literary or musical properties,

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rights in works of art, contract rights, publishing rights, and rights to a deceased personality’s name, voice, signature, photograph, or likeness.

23.26 QTIP Property. The term “QTIP property” means “qualified terminable interest property” as defined in I.R.C. §2056(b)(7). The term “QTIP election” means an election under I.R.C. §2056(b)(7) to treat all of the property allocated to a trust or all of a trust as QTIP property. A “QTIP trust” means a trust with respect to which a valid QTIP election has been made.

23.27 Residence. The term “residence” means that dwelling or dwellings, as the case may be, in which either of us normally lived prior to either of our deaths. The term “residence” includes the fixtures, exterior planting, built-in appliances, and other items that in the ordinary course of the sale and purchase of the dwellings would remain in or be regarded as part of the dwellings.

23.28 Residue. The term “residue” means the property remaining after the payment of all expenses of administration and debts and the distribution of all specific gifts and tangible personal property, and before the payment of Estate taxes. Estate taxes shall be handled separately, and shall be paid and charged as specifically provided in this Trust Agreement.

23.29 Right of Representation. The term “right of representation” means that the property shall be distributed, divided, or taken in the manner provided in Section 246 of the Probate Code. Unless otherwise specified, distributions or allocations of property to or among children or issue, and among successor beneficiaries, shall in all cases be made in the manner provided in Section 246 of the Probate Code.

23.30 Share. The term “share” means a beneficiary’s proportional interest as determined by the provisions of this Trust Agreement in the principal and accumulated income of the trusts established under this Trust Agreement.

23.31 Survivorship. The term “survive” or “survivorship” means to live for at least thirty (30) days past the designated event. No beneficiary shall be considered to have survived a Settlor’s death, the death of a prior beneficiary, or the event terminating any trust (and be entitled to any trust funds) unless the beneficiary survives for at least thirty (30) days after the event. Any beneficiary required to survive any other person, who fails to survive the other person by thirty (30) days, shall be deemed to have predeceased that person. If it cannot be established whether a beneficiary has survived by thirty (30) days, the beneficiary shall be deemed to have failed to survive for the required time. Except as otherwise expressly provided, any gift or bequest to any person made contingent upon the survivorship of that person shall lapse and shall not be made if the conditions of survivorship stated in this section or elsewhere in this Trust Agreement are not met. The lapsed gifts or bequests shall pass instead as part of the residue of the trust from which the gifts or bequests were directed to be made. The foregoing provisions shall not apply, however, to the Surviving Spouse.

23.32 Trust Estate. The term “trust estate” means property transferred to the Trustees, in trust, to be administered under the terms of this Trust Agreement, including the property transferred to the Trustees upon the establishment of the trusts and following our respective deaths, and all the income from and appreciation in the property transferred to the Trustees. As

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a matter of convenience, all property at any time subject to this Trust Agreement is collectively referred to as the “trust estate.”

23.33 Trustees. The terms “Trustee” or “Trustees” mean the persons who are serving from time to time as the Trustees or Cotrustees under this Trust Agreement, including each initial, additional, or successor Trustee, whether or not appointed or confirmed by any court. Unless otherwise expressly provided, all references in this Trust Agreement to the “Trustees” shall include all Trustees. The terms “Trustee” and “Trustees” each include both the singular and the plural. The term “corporate Trustee” means a corporation, a bank, a trust company, or other entity that is authorized by law to serve as a professional Trustee. The term “Independent Trustee” means a Trustee who is not any of the following: (1) a beneficiary of the trust for which he or she is serving as Trustee, (2) a person who has transferred property to such trust or joined in any such transfer; or (3) a person who is a related or subordinate party as to any such beneficiary or grantor. In addition, if a General Power of Appointment held by a beneficiary of a trust may only be exercised with the consent of an Independent Trustee, the term “Independent Trustee” also means a person who does not have a substantial interest in the property subject to the power which interest is adverse to the exercise of the power in favor of the beneficiary, his or her estate, his or her creditors, or the creditors of his or her estate.

ARTICLE 24 RELIANCE ON CERTIFIED COPIES

To the same effect as if it were the original, anyone may rely upon a copy of this Trust Agreement, or any part of this Trust Agreement, certified by a Settlor or Trustee or their legal counsel to be a true and correct copy of all or any part of this Trust Agreement, or of any document required to be filed with or maintained at the office of the Trustees. Anyone may rely upon any statements of fact concerning this trust certified by anyone who appears from an original document, or a certified copy, to be serving as a Trustee under this Trust Agreement, including a certification of trust made pursuant to Probate Code §18100.5.

We have executed this Trust Agreement as of the day and year first written above, at Long Beach, California.

/s/ Curtis Pedersen
Curtis Pedersen

/s/ Rosi Pedersen
Rosi Pedersen

Settlers and Trustees

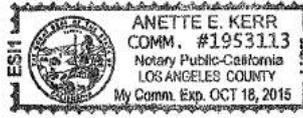
STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES)

On March 29, 2012, before me, Anette E. Kerr, Notary Public, personally appeared Curtis Pedersen and Rosi Pedersen, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature /s/ Anette E. Kerr

(Seal)