

**MOLINA HEALTHCARE, INC.**  
**AUDIT COMMITTEE CHARTER**

**PURPOSE**

The Audit Committee's purposes shall include, but not be limited to:

- Assisting the Company's Board of Directors (the "Board") with oversight of, among other things:
  - the integrity of the Company's financial statements;
  - the Company's compliance with legal and regulatory requirements;
  - the Company's independent auditor's qualifications and independence;
  - enterprise risk management;
  - privacy, data security, and cybersecurity matters;
  - the performance of the Company's internal auditor (which term throughout this Charter shall include any outsourcing of the internal audit function).
- Maintaining, through regularly scheduled meetings, a line of communication between the Board and the Company's management, internal auditor, and independent auditor.
- Preparing the report of the Audit Committee to be included in the Company's annual proxy statement as required by the rules and regulations of the Securities and Exchange Commission (the "SEC").
- Evaluating the annual performance of the Audit Committee.

**COMPOSITION AND QUALIFICATIONS**

The Audit Committee shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall meet the independence requirements of the New York Stock Exchange ("NYSE"), the SEC, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and other applicable laws. Each member of the Audit Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. In addition, at least one member of the Audit Committee shall be a "audit committee financial expert" as such term is defined by the SEC. No Director that simultaneously serves on the audit committee of more than two other public companies may serve on the Audit Committee unless the Board determines that such simultaneous service would not impair the ability of such Director to effectively serve on the Audit Committee and this determination is disclosed in accordance with NYSE rules. Members of the Audit Committee shall be appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee. The Board shall

designate one of the members of the Audit Committee as its chairperson (the “Committee Chairperson”). The Board may, by majority vote, remove members of the Audit Committee.

## **POWERS, RESPONSIBILITIES AND DUTIES**

The Audit Committee shall:

1. Review the annual audited financial statements with management and the independent auditor. In connection with such review, the Audit Committee shall:

- Discuss with the independent auditor the matters required to be discussed by applicable rules of the Public Company Accounting Oversight Board (“PCAOB”) relating to the conduct of the audit.
- Review changes in accounting or auditing policies, including resolution of any significant reporting or accounting issues affecting the accuracy or completeness of the financial statements.
- Inquire as to the existence and substance of any significant accounting accruals, reserves or estimates made by management that had or may have a material impact on the financial statements.
- Review and discuss with the independent auditor and management (a) any problems or difficulties, including difficulties encountered by the independent auditor during its audit work (such as restrictions on the scope of services or their access to information or Company personnel), (b) any significant disagreements with management, and (c) management’s response to these problems, difficulties or disagreements; and attempt to resolve any disagreement between the independent auditor and management.
- Review with the independent auditor and the internal auditor the adequacy of the Company’s internal financial and accounting controls and any significant findings and recommendations.
- Review all reports required to be submitted by the independent auditor concerning (a) all critical accounting policies and practices used, (b) all alternative treatments of financial information within GAAP that have been discussed with management and the ramifications of such alternatives and the accounting treatment preferred by the independent auditor, and (c) any other material written communications between the independent auditor and management, including all written communications of accounting or reporting deficiencies and management’s response to any such communications.
- Review and discuss with management and the independent auditor (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection of application of accounting principles, and the adequacy of the Company’s internal control over financial reporting (“ICFR”) and any steps management has taken to address material

weaknesses in ICFR , and (b) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company, and (c) earnings press releases, paying particular attention to any use of “pro forma” or “adjusted” non-GAAP financial information.

- Oversee the structure, operation, and efficacy of the programs and practices of the Company designed to promote compliance with applicable laws and regulations, including those that apply to federal and state health care programs.

2. Review and discuss with management and the independent auditor the Company’s annual audited financial statements, including disclosures made in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (MD&A), prior to the filing of, and recommend to the Board whether the audited financial statements should be included in, the Company’s Form 10-K.

3. Review and discuss with management and the independent auditor the Company’s quarterly financial statements, including disclosures made in MD&A and the results of the independent auditor’s review of the quarterly financial statements, prior to the filing of the Company’s Form 10-Q.

4. Discuss the Company’s earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies. This may be done generally by discussing the types of information to be disclosed and the type of presentation to be made. The Audit Committee need not discuss in advance each earnings release or each instance in which the Company provides earnings guidance.

5. Oversee the external audit coverage. The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company (including resolution of any disagreements between Company management and the independent auditor or other registered public accounting firm regarding financial reporting), and the independent auditor and each such other registered public accounting firm must report directly to the Committee.. In connection with its oversight of the external audit coverage, the Audit Committee shall:

- Have the sole authority to appoint and replace the independent auditor.
- Have the sole authority to approve the engagement letter with, and the fees to be paid to, the independent auditor.
- Pre-approve all audit and non-audit services to be performed by the independent auditor and the related fees for such services (subject to the limited exceptions set forth in the Sarbanes-Oxley Act). The Audit Committee delegates preapproval authority to the Committee Chairperson. The decisions of the Committee

Chairperson with regard to fee preapprovals must be presented to the full Committee at its next scheduled meeting.

- Obtain confirmation and assurance as to the independence of the independent auditor, including ensuring that it submits on a periodic basis (not less than annually) to the Audit Committee a formal written statement delineating all relationships between such independent auditor and the Company. The Audit Committee is responsible for actively engaging in a dialogue with the independent auditor regarding any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for taking appropriate action in response to the independent auditor's report to satisfy itself of its independence.
- At least annually, obtain and review a report by the independent auditor describing (a) the firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues and (c) all relationships and services between the independent auditor and the Company.
- Meet with the independent auditor prior to the annual audit to discuss planning and staffing of the audit.
- Review and evaluate the performance of the independent auditor, including an evaluation of the lead audit partner, as the basis for a decision to reappoint or replace the independent auditor.
- Assure regular rotation of the lead audit partner, as required by the Sarbanes-Oxley Act, and consider whether rotation of the independent auditor is required to ensure independence.

6. Oversee activities related to cybersecurity risks, including reviewing and discussing with management:

- The Company's privacy, data security exposures, and cybersecurity risks.
- The potential impact of those exposures on the Company's business, operations and reputation.
- The steps the Company's management has taken to monitor and mitigate such exposures.
- The Company's information governance policies and programs.
- Major legislative and regulatory developments that could materially impact the Company's exposure regarding privacy, data security risk, and cybersecurity.

The Audit Committee shall regularly report to the Board the substance of such reviews and discussions and, as necessary, recommend to the Board such actions as the Audit Committee deems appropriate.

7. Oversee internal audit coverage. In connection with its oversight responsibilities, the Audit Committee shall:

- Review the appointment or replacement of the internal auditor.
- Review (in consultation with management, the independent auditor, and the internal auditor) the plan, scope, and cost of internal audit activities.
- Review significant reports to management prepared by the internal auditor and management's responses to such reports.

8. Serve as the audit committee of each of the Company's licensed health plan subsidiaries as permitted by applicable state law, and issue reports of such audit committee to be included in statutory financial filings.

9. Establish procedures for (i) receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

10. Discuss policies with respect to risk assessment and risk management.

11. Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.

12. Set clear hiring policies for employees or former employees of the independent auditor.

13. Meet periodically (and not less than annually) in separate executive session with each of the chief financial officer, the internal auditor, and the independent auditor.

14. In consultation with the Corporate Governance and Nominating Committee of the Board, make disclosure decisions regarding all related person transactions as defined in SEC Regulation S-K, Item 404.

15. Keep the Company's independent auditor informed of the Audit Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and to review and discuss with the Company's independent auditor the auditor's evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

16. Review periodically with the Company's Chief Legal Officer, Chief Compliance Officer, and Medicare Compliance Officer, as appropriate, each having the express authority to communicate directly with the Audit Committee as necessary, (a) legal and regulatory matters which may have a material effect on the financial statements of the Company, (b) the Company's

compliance program, including the material issues identified, investigated, and resolved by the compliance program, and (c) the Company's corporate compliance and ethics policies, including its Code of Business Conduct and Ethics (the "Code") and the procedures in place to enforce the Code.

17. Report regularly to the Board with respect to Audit Committee activities.

18. Prepare the report of the Audit Committee required by the rules and regulations of the SEC to be included in the proxy statement for each annual meeting.

19. Review and reassess periodically the adequacy of this Audit Committee Charter and recommend any proposed changes to the Board of Directors.

20. Participate in an annual evaluation of the performance of the Audit Committee as directed by the Corporate Governance and Nominating Committee.

21. Have authority to form, and where legally permissible may delegate authority to, a subcommittee of the Audit Committee.

## **MEETINGS AND ACTION BY WRITTEN CONSENT**

The Audit Committee shall meet at least quarterly or more frequently if circumstances dictate. A majority of the members on the Audit Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum for transaction of business by the Audit Committee so long as one of the members present is an "audit committee financial expert." A majority of the members present at a meeting at which quorum is present shall decide any question brought before the Audit Committee. The Audit Committee may act outside of meetings by unanimous written consent of its members.

## **OUTSIDE ADVISERS**

The Audit Committee, in its sole discretion, shall have the authority to retain or obtain the advice of one or more consultants, independent legal counsel or other advisers. The Audit Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of any such advisers retained by the Audit Committee. In addition, the Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of reasonable compensation to such consultants, independent legal counsel, and other advisers retained by the Audit Committee.

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