MOLINA HEALTHCARE INC
Form DEF 14A
March 25, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. ___)
Filed by the Registrant þ
Filed by a Party other than the Registrant ¨
Check the appropriate box:

¨	Preliminary Proxy Statement
¨	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ	Definitive Proxy Statement
¨	Definitive Additional Materials
¨	Soliciting Material Pursuant to §240.14a-12

MOLINA HEALTHCARE, INC.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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þ No fee required.
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Notice of 2019 Annual Meeting of Stockholders
and
Proxy Statement

YOUR VOTE IS IMPORTANT TO US!
Please vote by using the Internet, the telephone or by signing, dating, and returning your proxy card.

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Notice of 2019 Annual Meeting of Stockholders

Date and Time	Location
Wednesday, May 8, 2019 10:00 a.m., Eastern time	Park Hyatt New York The Onyx Room 153 West 57th Street New York, NY 10019

Items to be Voted On

1 To elect three Class II directors to hold office until the 2022 annual meeting.

2 To consider and approve, on a non-binding, advisory basis, the compensation of our named executive officers.

3 To adopt amendments to the Company's Certificate of Incorporation, as amended, to phase out and eliminate the classified Board of Directors to provide for the annual

	election of all directors.
4	To approve the Molina Healthcare, Inc. 2019 Equity Incentive Plan.
5	To approve the Molina Healthcare, Inc. 2019 Employee Stock Purchase Plan.
6	To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2019.
7	To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Voting

We hope that you will participate in the Annual Meeting. In all cases, have your proxy card available when you start the voting process.

By internet www.proxyvote.com	By toll-free telephone 1-800-690-6903
By mail Follow instructions on your proxy card	In person At the Annual Meeting

Record Date

The Board of Directors has fixed the close of business on March 11, 2019 as the record date for the determination of stockholders entitled to notice of, and to vote, at the annual meeting and at any continuation, adjournment, or postponement thereof. This notice and the accompanying proxy statement are being mailed or transmitted on or about March 26, 2019 to the Company's stockholders of record as of March 11, 2019.

March 26, 2019	By Order of the Board of Directors Dale B. Wolf Chairman of the Board

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ABOUT MOLINA HEALTHCARE

Molina Healthcare, Inc., a FORTUNE 500, multi-state healthcare organization, arranges for the delivery of health care services to individuals and families who receive their care through the Medicaid and Medicare programs, and through the state insurance marketplaces (the “Marketplace”).

Our Mission

Molina’s mission is to provide quality health care services to financially vulnerable families and individuals who are covered by government programs.

2018 Financial Performance versus 2017 Financial Performance

In 2018, we earned $10.61 per diluted share on net income of $707 million. These results reflect the successful execution of the first phase of our margin recovery and sustainability plan.

	2018	2017
	(Dollars in millions, except per-share amounts)	
Total Revenue	$18,890	$19,883
Pre-Tax Income (Loss)	$999	$(612)
Medical Care Ratio	85.9%	90.6%
Pre-Tax Margin	5.3%	(3.1)%
After-Tax Margin	3.7%	(2.6)%
Net Income (Loss) per Diluted Share	$10.61	$(9.07)

The following graphs illustrate the magnitude of the turnaround in the Company’s financial performance in 2018 under the leadership of its new president and chief executive officer, who was hired in late 2017:

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2018 Management and Board Changes

In 2018, the Company continued with the restructuring of its senior management ranks that had commenced in May 2017 with the termination of both our former chief executive officer and former chief financial officer. Joseph M. Zubretsky was appointed president and chief executive officer on November 6, 2017. In February 2018, Terry P. Bayer retired as chief operating officer of the Company, and in June 2018, Joseph W. White retired as chief financial officer and treasurer of the Company. In January 2018, Mr. Zubretsky recruited Pamela S. Sedmak as executive vice president of health plan operations, and Mark L. Keim as executive vice president of strategic planning and corporate development. In May 2018, Mr. Zubretsky recruited James E. Woys as executive vice president of health plan services, and in June 2018, recruited Thomas L. Tran as chief financial officer and treasurer. In late 2018, Mr. Zubretsky recruited Maurice S. Hebert as chief accounting officer and in early 2019 Mr. Zubretsky recruited Larry D. Anderson as executive vice president and chief human resources officer. Jeff D. Barlow continues to serve as the Company's chief legal officer and secretary, positions which he has held since 2010. We believe that the Company's current senior management team, which has extensive health care experience, is well poised to execute on the Company's business strategy.

- Mr. Zubretsky has been serving as our president and chief executive officer since November 6, 2017. He served as the president and chief executive officer of The Hanover Insurance Group, Inc. from June 2016 to October 2017. Prior to that, Mr. Zubretsky served almost nine years at Aetna, Inc., where he most recently served as chief executive officer of Healthagen Holdings, a group of healthcare services and information technology companies at Aetna, from January 2015 to October 2015. Prior to that, he served as a senior executive vice president leading Aetna's National Businesses from 2013 to 2014 and served as Aetna's chief financial officer from 2007 to 2013.
- Mr. Tran has over 35 years of experience in health care, previously having served as the chief financial officer for Sentry Data Systems from 2014 to 2018, and as the chief financial officer of WellCare Health Plans, Inc. from 2008 to 2014.
- Mr. Barlow has over 29 years of legal experience, including counseling clients regarding federal securities laws, corporate governance, mergers and acquisitions, and litigation.
- Ms. Sedmak brings more than 25 years of Medicaid managed care leadership experience in operations, strategy, and finance. Most recently, she was a senior adviser at McKinsey & Company, serving clients in the health care services and global corporate finance practice areas, and prior to that she served as president and chief executive officer for Aetna Medicaid/Dual Eligibles. Before Aetna, Ms. Sedmak held C-level leadership positions at Blue Cross and Blue Shield of Minnesota, CareSource, and General Electric.
- Mr. Woys also has over 35 years of health care experience, of which he spent 30 years at Health Net where he most recently served as the executive vice president and chief financial and operating officer.
- Mr. Keim has experience in the managed care and financial services fields, having served as executive vice president of corporate development and strategy for The Hanover Insurance Group, and prior to that having lead major strategic initiatives for Aetna, and having served as senior vice president of strategy and business development at GE Capital.
- Mr. Hebert joined the Company from Tufts Health Plan, where he served as senior vice president of finance from 2016 to 2018, and prior to that, Mr. Hebert served as chief accounting officer at WellCare Health Plans, Inc. from 2010 to 2016.
- Mr. Anderson has previously served as the chief human resources officer for WellCare Health Plans from October 2010 to August 2016, and most recently served as the chief administrative officer for Meduit LLC from April 2017 to December 2018.

In addition, the Board also experienced additional changes in 2018, as John C. Molina resigned as a director in February 2018, and Richard C. Zoretic joined the Board as a Class II director effective as of August 1, 2018.

Business Strategy

The new senior management team has embarked on a deliberate turn-around strategy aimed at margin recovery and sustainability, pursuit of targeted growth opportunities, enhancement of our talent and culture to align with our strategic initiatives, and development of the future capabilities needed to address the evolving healthcare environment. Our strategy focuses on the following four key areas, which are described in detail below: margin recovery and sustainability, growth opportunities, talent and culture, and future capabilities.

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Margin Recovery and Sustainability

We are executing a comprehensive, short-term plan designed to restore margins through expense reductions, operating improvements, execution of managed care fundamentals, and divestiture of non-strategic assets. In addition, we are working to enhance our balance sheet by implementing a disciplined approach to capital management.

We are simplifying our provider networks. We are terminating or renegotiating high-cost providers, narrowing networks in certain geographies, evaluating stop-loss thresholds and carve-outs, implementing value-based contracting, and evaluating ancillary services and pharmacy benefit management pricing and operations. In addition, we have exited substantially all direct delivery operations.

We are striving to improve the effectiveness of utilization review and care management. Areas of focus include specialist referrals, pre-authorization, concurrent review, high acuity populations and high utilizers of services, emergency room utilization, and behavioral and medical integration.

We are addressing at-risk revenues and risk adjustment. We seek to more effectively engage in state rate setting, improve Medicare Star Ratings, increase retention of quality revenue withholds, and focus on coding and documentation to achieve risk scores commensurate with the acuity of our population.

We are working to improve our claims payment function. The key areas of improvement we are focusing on include provider experience, payment accuracy, and oversight of claims fraud, waste and abuse.

We are evaluating and outsourcing certain elements of our information technology and management function. We seek to standardize our administrative platform, streamline operations and procedures, evaluate potential co-sourcing and/or outsource operational components, and consolidate data warehousing and data mining capabilities.

Growth Opportunities

Our immediate goal is to win re-procurements of state contracts and to capitalize on opportunities to achieve measured growth. We see numerous opportunities for growth in our legacy state health plans and programs. We have already experienced some success in the pursuit of new revenue and the defense of existing revenue:

- In May 2018, our Washington health plan was selected by the Washington State Health Care Authority to enter into a managed care contract for the eight remaining regions of the state’s Apple Health Integrated Managed Care program, in addition to the two regions previously awarded to us.
- In June 2018, our Florida health plan was awarded comprehensive Medicaid Managed Care contracts by the Florida Agency for Health Care Administration in Regions 8 and 11 of the Florida Statewide Medicaid Managed Care Invitation to Negotiate.
- In July 2018, our Puerto Rico health plan was selected by the Puerto Rico Health Insurance Administration to be one of the organizations to administer the Commonwealth’s new Medicaid Managed Care contract.
- Our Mississippi health plan commenced operations on October 1, 2018 and served approximately 26,000 Medicaid members as of December 31, 2018. In December 2018, our Mississippi health plan was awarded a contract by the Mississippi Division of Medicaid for the Children’s Health Insurance Program. Services under the new three-year contract were initially set to begin July 1, 2019; however, the start date is now pending the outcome of a protest of the contract awards.

Talent and Culture

We intend to drive our strategic initiatives by evolving to a more accountable and performance-driven culture with the right talent in the right jobs. We believe that the success we have had in recruiting new leaders to our current senior executive team has given us a strong start and we are optimistic about this initiative.

Future Capabilities

We are focused on building future capabilities needed to address the evolving healthcare environment and competitive pressures. We believe that key future differentiating capabilities include, but are not limited to, population health management, complex care management, advanced value-based contracting, advanced data analytics, and improved member experience. We are creating a road-map designed to meet these market demands by developing the people, processes, and technologies we require to build these capabilities.

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Stock Performance

The 2018 cumulative total return on our common stock in 2018 was 51.6% compared to the 2018 cumulative total return of the Standard & Poor’s Corporation Composite 500 Index (S&P 500) of -6.2%. The following line graph compares the percentage change in the cumulative total return on our common stock against the cumulative total return of S&P and a peer group index for the period from January 1, 2017 to February 2, 2019. The peer group index consists of our peer group used for the 2018 and 2019 compensation studies for our named executive officers (except for Aetna, Inc. which was acquired in 2018), as follows: Acadia Healthcare Company, Inc., Anthem, Inc., Centene Corporation, Cigna Corporation, Community Health Systems, Inc., DaVita Inc., Humana, Inc., Magellan Health, Inc., Tenet Healthcare Corporation, Triple-S Management Corporation, Universal Health Services, Inc., and WellCare Health Plans, Inc.

The comparison assumes $100 was invested on January 1, 2017, in our common stock and in each of the foregoing indices and assumes reinvestment of dividends. The stock performance shown on the graph below represents historical stock performance and is not necessarily indicative of future stock price performance.

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Matters for Stockholder Voting

At this year's annual meeting, we are asking our stockholders to vote on the following six matters:

Proposal	Board Vote Recommendation
To elect three Class II directors to hold office until the 2022 annual meeting.	FOR
To consider and approve, on a non-binding, advisory basis, the compensation of our named executive officers.	FOR
To adopt amendments to the Company's Certificate of Incorporation, as amended, to phase out and eliminate the classified Board of Directors to provide for the annual election of all directors.	FOR
To approve the Molina Healthcare, Inc. 2019 Equity Incentive Plan.	FOR
To approve the Molina Healthcare, Inc. 2019 Employee Stock Purchase Plan.	FOR
To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2019.	FOR

Election of Directors

You are being asked to vote for three Class II directors, Barbara L. Brasier, Steven J. Orlando, and Richard C. Zoretic - each for a three-year term expiring in 2022. This proposal requires for each nominee the affirmative vote of a majority of votes cast at the annual meeting.

Governance Highlights

Independence	• Independent chairman. • Other than Joseph M. Zubretsky, all of our directors are independent. • All of our Board committees are composed exclusively of independent directors.
Executive Sessions	• The independent directors regularly meet in private without management.
Board Oversight of Risk Management	• Our Board has principal responsibility for oversight of the Company's risk management process and understanding of the overall risk profile of the Company.
Share Ownership Requirements	• Our non-executive directors must hold shares of the Company's common stock with a value of at least four times the aggregate annual cash retainer amounts payable to such directors, within five years of joining the Board. • Our chief executive officer must hold shares of the Company's common stock with a value of at least five times his annual base salary. • Our chief financial officer must hold shares of the Company's common stock with a value of at least four times his annual base salary. • Our other named executive officers must hold shares of the Company's common stock with a value of at least two times their annual base salaries.
Board Practices	• Our Board annually reviews its effectiveness as a group, with the results of the annual review being reported to the Board.

	• Nomination criteria are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience reflected in our strategic plan.
	• We have a clawback policy that entitles the Company to seek recovery by the Company of incentive-based compensation from current and former executives in the event of any accounting restatement due to material noncompliance by the Company with any financial reporting requirement under applicable securities laws.
	• Our insider trading policy prohibits all directors, executive officers, and vice presidents of the Company or subsidiary executive officers from engaging in short sales and hedging transactions relating to our common stock, as well as imposing limits on pledging of our common stock.
	• Directors must be elected by a majority of votes cast.
Accountability	• Bylaws provide for “proxy access,” including the following key terms: 3% ownership for 3 years, 20% of Board, and up to 20 stockholders being able to aggregate.

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Proxy Statement

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Molina Healthcare, Inc. ("Board" or "Board of Directors") for the annual meeting to be held on Wednesday, May 8, 2019, at 10:00 a.m. Eastern time. Please review this proxy statement in its entirety and the Company's 2018 Annual Report on Form 10-K for year ended December 31, 2018 ("Annual Report") before voting. In this proxy statement, we may refer to Molina Healthcare, Inc. as the "Company," "Molina Healthcare," "our" or "we".

Proposal 1 - Election of Directors

Our Board of Directors is currently divided into three classes, designated as Class I, Class II, and Class III (however, see Proposal 3 below regarding de-classification of Board of Directors). Each class currently has three Board seats, and only one class of directors is subject to election each year. For 2019, the Class II directors are subject to election. The Class III directors will be subject to election at the 2020 annual meeting, and the Class I directors will be subject to election at the 2021 annual meeting. The three directors to be elected as Class II directors at the 2019 annual meeting will serve a term of three years, to last until the 2022 annual meeting. All directors shall serve until the expiration of their respective terms and until their respective successors are elected and qualified, or until such director's earlier resignation, removal from office, death, or incapacity.

Under our bylaws, each director nominee receiving a majority of the votes cast at the meeting at which a quorum is present will be elected as a director. If a nominee for director who is an incumbent director is not elected and no successor has been elected at the meeting, that director will continue to serve as a "holdover director" until a successor is qualified and elected. However, under our bylaws the holdover director would be required to tender his or her offer to resign to our corporate secretary promptly following certification of the election results. Within 90 days following certification of the election results, (i) the corporate governance and nominating committee will consider, and make a recommendation to the Board, as to whether to accept or reject the resignation, or whether other action should be taken, and (ii) the Board will act on the committee's recommendation and publicly disclose its decision and the rationale behind it. The holdover director would not participate in either the committee's or the Board's deliberations regarding that director's offer to resign.

Currently, the three incumbent Class II directors are Charles Z. Fedak, Steven J. Orlando, and Richard C. Zoretic. Mr. Fedak will be retiring as a director at the end of his term and will not stand for re-election. The Board of Directors, upon recommendation of the corporate governance and nominating committee, has nominated for election a new nominee, Ms. Barbara L. Brasier, and two of the incumbent Class II directors, Mr. Orlando and Mr. Zoretic.

The Board believes that each of the three Class II nominees possesses the requisite qualifications, skills, experience, and expertise to oversee the operations and to provide strategic counsel and advice to, the Company. In addition, each of the three Class II nominees meet the independence standards contained in the New York Stock Exchange ("NYSE") corporate governance rules and Molina Healthcare's Corporate Governance Guidelines. For a summary of the director nominees, including their respective qualifications, skills, and experience, please see the information below provided under the captions, "Business Experience" and "Skills and Qualifications," next to each director nominee's name. Proxies can only be voted for the three named director nominees.

In the event any nominee is unable or declines to serve as a director at the time of the meeting, the proxies will be voted for any nominee who may be designated by the Board of Directors to fill the vacancy. As of the date of this proxy statement, the Board of Directors is not aware of any nominee who is unable or will decline to serve as a director.

ü THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH DIRECTOR NOMINEE.

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Information About Director Nominees

Class II Director Nominees for 2019

Barbara L. Brasier
Retired Senior Executive
Age: 60
Director Nominee

Business Experience

- Has over 38 years of corporate finance and accounting experience
- Served as Chief Financial Officer for Herc Rentals Inc. from 2015 to 2018
- Served as Senior Vice President and Treasurer of Kraft Foods, Inc. from 2011 to 2012 and from 2009 to 2010 and Senior Vice President, Finance of Kraft Foods Europe from 2010 to 2011
- Served as Senior Vice President, Tax and Treasury for Mondelez International (successor to Kraft Foods, Inc.) from 2012 to 2015
- Served as Vice President and Treasurer at Ingersoll Rand, a diversified industrial company, from 2004 to 2008
- Served in a variety of corporate and business unit roles at Mead Corporation from 1984 to 2002, starting as general accountant and progressing to Director of Audit, divisional Chief Financial Officer, and divisional President. From 2002 to 2004, served as Treasurer of MeadWestvaco Corporation (successor to Mead Corporation)
- Began career in public accounting, working in audit and tax at Touche Ross & Co. (now Deloitte & Touch)
- Holds a B.S. in accounting (summa cum laude) from Bowling Green State University
- Holds an MBA from University of Dayton
- Certified Public Accountant

Skills and Qualifications

Ms. Brasier has been a leader for a diverse portfolio of international public companies over her 38-year career in corporate finance and accounting, and has a broad and deep skill set, built from working in every facet of finance, as well as leading business operations. Ms. Brasier has experience managing large-scale change brought about by mergers, acquisitions, and transformative reorganizations, and has managed exceptional business challenges, frequently building teams and processes from scratch. We believe that her skills and experience will make her an invaluable addition to the Board.

Mr. Steven J. Orlando
Founder, Orlando Company
Age: 67
Director Since: 2005 (Class II)

Business Experience

- Has over 40 years of business and corporate finance experience
- From 2000 to the present, has operated his own financial management and business consulting practice, Orlando Company
-

Board Committees:	Served as Greater Sacramento Bancorp director and chairman of its audit committee from January 2009 to January 2015
•	•
Audit (Chair & Financial Expert)	Served on multiple corporate boards, including service as chairman of the audit committee for Pacific Crest Capital, Inc., a Nasdaq-listed corporation
•	•
Compensation	Served as Chief Financial Officer for various companies from 1978- 2000
•	•
Information Technology & Cybersecurity	Practiced as Certified Public Accountant with Coopers & Lybrand CPAs from 1974 to 1977 • Holds a B.S. in accounting from the California State University, Sacramento
•	•
Finance	Certified Public Accountant (inactive)

Skills and Qualifications

Mr. Orlando's extensive business, accounting, operations, and corporate finance experience with a wide range of companies gives him valuable and practical insights regarding the operational and financial issues confronting business enterprises. In addition, his service on multiple corporate boards and audit committees, including those of a publicly traded financial institution and a Nasdaq-listed corporation, renders him well qualified to serve as the chairman of the audit committee, and to serve on multiple other committees of the Board.

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Mr. Richard C. Zoretic Director, Babel Health & Aveanna Healthcare Age: 60 Director Since: 2018 (Class II) Board Committees: • Compliance & Quality • Audit	Business Experience • Current Member of the Board of Directors of Babel Health, a software company offering risk adjustment solutions for government sponsored health plan businesses, since 2018 • Current Independent Director of Aveanna Healthcare, provider of pediatric care, since 2017 • Current member of the Board of Directors of Kepro, a medical management and cost containment solution provider, since 2018 • Former member of the Board of Directors of Landmark Health from 2014 to 2018; HealthSun Health Plans from 2016 to 2017; and, Eastern Virginia Medical School from 2011 to 2014 • Executive Vice President, WellPoint, Inc. and President of WellPoint's Government Business Division, from 2013 to 2014 • Amerigroup Corporation, from 2003 to 2012, with positions including: Chief Operating Officer from 2007 to 2012; Executive Vice President, Health Plan Operations & Healthcare Delivery from 2005 to 2007; and Chief Marketing Officer from 2003 to 2005 • Management Consultant at Healthcare Practice, Deloitte Consulting from 2001 - 2003 • Executive Vice President at iSolutions, Workscape, Inc. from 2000 - 2001 • Various executive positions at United Health Group, from 1994 to 2000, including: President, Commercial Middle Market Business Segment from 1999 to 2000; Senior Vice President, Mid-Atlantic Operations from 1996 to 1999; and Senior Vice President, Corporate Sales & Marketing from 1994 to 1996 • Graduated Pennsylvania State University, with a B.S. in Finance Skills and Qualifications Mr. Zoretic has more than 30 years of experience in the healthcare business field, with responsibilities ranging from company operations to business structuring. He has also served in several board of director positions for healthcare and health technology companies. Mr. Zoretic's comprehensive business background, and extensive past and current board experiences, provide an invaluable knowledge base for his service on the Board and as a member of the compliance and quality committee, and the Company's audit committee.

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Information About Directors Continuing in Office

Directors Whose Terms Are Not Expiring In 2019

Joseph M. Zubretsky President and Chief Executive Officer Age: 62 Director Since: 2017 (Class III)	Business Experience • Has served as President and Chief Executive Officer of Molina Healthcare, Inc. since November 6, 2017 • President and Chief Executive Officer of The Hanover Group from June 2016 to October 2017 • Chief Executive Officer and Senior Executive Vice President of Healthagen, LLC, a subsidiary of Aetna, Inc., from January 2015 to October 2015 • Senior Executive Vice President of National Businesses of Aetna, Inc. from February 2013 to December 2014, Senior Executive Vice President and Chief Financial Officer from November 2010 to February 2013, Executive Vice President and Chief Financial Officer from March 2007 to November 2010, and Chief Enterprise Risk Officer from April 2007 to February 2013 • Senior Executive Vice President of Finance, Investments and Corporate Development of Unum Group from 2005 to 2007 and Interim Chief Financial Officer from 2006 to 2007 • Special Partner, Chief Investment Officer, and Chief Financial Officer at Brera Capital Partners from 1999 to 2005 • Executive Vice President of Business Development and Chief Financial Officer of MassMutual Financial Group from 1997 to 1999 • Member of the Boards of Directors of several companies, including The Hanover Group from 2016 to October 2017 • Certified Public Accountant (inactive) • Holds a B.S. in Business Administration from University of Hartford, West Hartford, CT Skills and Qualifications Mr. Zubretsky has more than 35 years of experience as a senior executive in strategy, operating, and finance roles in some of the world’s top insurance and financial companies including Aetna, Inc. and The Hanover Group. Since joining the Company in November 2017, Mr. Zubretsky has successfully led the Company in its turnaround and margin sustainability plan, achieving a year-over-year turnaround in net income from 2017 to 2018 in excess of $1.2 billion.

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Gov. Garrey E. Carruthers Chancellor Emeritus of New Mexico State University Age: 79 Director Since: 2012 (Class I) Board Committees: • Compliance & Quality (Chair) • Corporate Governance & Nominating Committee	Business Experience • Chancellor of New Mexico State University from June 1, 2015 to July 1, 2018, and President from 2013 to July 1, 2018 • Served as Dean of the College of Business of New Mexico State University from 2003 to 2013 • Served as New Mexico State University's Vice President for Economic Development from 2006 to 2013 • Served as the Director of the University's Pete V. Domenici Institute since 2009 • Was the President and Chief Executive Officer of Cimarron Health Plan in New Mexico from 1993 to 2003 • From 1987 to 1990, served a term as the Governor of the State of New Mexico • From 1981 to 1984, served as Assistant Secretary of the U.S. Department of the Interior • Holds a Ph.D. in economics from Iowa State University Skills and Qualifications In addition to being the former Governor of New Mexico, a former member of the Reagan Administration, and professor of economics, Gov. Carruthers also has extensive experience in the healthcare industry. Gov. Carruthers' former service as the president and chief executive officer of Cimarron Health Plan, Inc., a managed care health plan in Albuquerque New Mexico, and the predecessor to Molina Healthcare of New Mexico, has given him broad exposure to the managed care industry. In addition, Gov. Carruthers served as a Chancellor of the New Mexico State University system, which includes the main campus and four 2-year college campuses. Prior to becoming Chancellor, Gov. Carruthers simultaneously served as the dean of the College of Business of New Mexico State University and as its vice president for economic development. Gov. Carruthers' prior experience makes him a highly valued Board member, particularly in his role as the chairman of the compliance and quality committee, and as a member of the corporate governance and nominating committee.

Mr. Daniel Cooperman Former General Counsel, Oracle Corporation and Apple, Inc. Age: 68 Director Since: 2013 (Class I) Board Committees: • Corporate Governance & Nominating (Chair) • Information Technology & Cybersecurity (Chair)	Business Experience • Chairman of the audit committee and member of the Board of Directors of Zoox, Inc., a young robotics company developing a fully autonomous vehicle, since 2015 • Member of the Board of Directors of LegalZoom.Com, Inc. from 2012 until its change of control in 2014; member of the Board of Directors of Nanoscale Components Inc., a lithium ion technology company, since 2012 • Ex-Chairman and member of the Board of Directors of Second Harvest Food Bank of Santa Clara and San Mateo Counties (California), since 2010 • Member of the Board of Directors of Liffey Thames Group, LLC dba Discovia, a legal services company, from 2011 to 2017 • Of Counsel, DLA Piper LLP, a global law firm, from December 2014 to November 2016 • Of Counsel, Bingham McCutchen, LLP, a global law firm, from 2010 to 2014 • Senior Vice President, Secretary, and General Counsel of Apple Inc. from 2007 to 2009 • Senior Vice President, Secretary, and General Counsel of Oracle Corporation from 1997 to 2007 • Partner, McCutchen, Doyle, Brown & Enersen, LLP from 1977 to 1997 • Distinguished Visiting Lecturer, Stanford Law School since 2010 • Fellow, Arthur and Toni Rembe Rock Center for Corporate Governance, Stanford Law School and Graduate School of Business since 2012 • Juris Doctorate, Stanford Law School • MBA, Stanford Graduate School of Business • Graduated Dartmouth College, summa cum laude, with an A.B. in Economics with highest distinction Skills and Qualifications Mr. Cooperman has extensive legal and corporate governance experience, having served as general counsel, senior vice president, and secretary of both Apple, Inc. and Oracle Corporation. Mr. Cooperman has also served as Of Counsel at two international law firms focusing on corporate and transactional matters, corporate governance, and board of director issues. Mr. Cooperman’s service as general counsel for two major US public technology companies and his extensive legal, compliance and risk management experience provide an invaluable background for his service on the Board and as chairman of both the Company’s corporate governance and nominating committee, and the Company’s information technology and cybersecurity committee. Further, Mr. Cooperman has extensive past and current board experience, having advised and served on the boards of a

number of companies and trade associations.

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Ms. Ronna E. Romney Director, Park Ohio Holding Corporation Age: 75 Director Since: 1999 (Class III); Vice-Chair of the Board Board Committees: • Compensation • Corporate Governance & Nominating	Business Experience • Has served as director for Park-Ohio Holdings Corp., a publicly traded logistics and manufacturing company, since 2001 • Director of Molina Healthcare of Michigan from 1999 to 2004 • Candidate for the United States Senate for the state of Michigan in 1996 • From 1989 to 1993, appointed by President George H. W. Bush to serve as Chairwoman of the President's Commission on White House Fellowships • From 1984 to 1992, served on the Republican National Committee for the state of Michigan • From 1985 to 1989, appointed by President Ronald Reagan to serve as Chairwoman of the President's Commission on White House Presidential Scholars • From 1982 to 1985, appointed by President Ronald Reagan to serve as Commissioner of the President's National Advisory Council on Adult Education • Political and news commentator for radio and television from 1994 to 1996 • Honored as one of the NACD (National Association of Corporate Directors) Top 100 Directors for 2015 • Holds a B.A from the Oakland University, Rochester, Michigan Skills and Qualifications Ms. Romney's political skills, along with her extensive board and corporate governance experience, enable her to serve an invaluable role as Vice-Chair of the Board. Ms. Romney also sits on the compensation and corporate governance and nominating committees.
Mr. Richard M. Schapiro Chief Executive Officer, SchapiroCo LLC Age: 63 Director Since: 2015 (Class I) Board Committees: • Compensation (Chair) • Audit	Business Experience • In 2018, Mr. Schapiro achieved Board Leadership Fellow status, completed the NACD/ Carnegie Mellon Cyber-Security Course and was selected for inclusion in the 2018 NACD Directorship100, recognizing individual directors who serve as role models promoting exemplary board leadership, oversight, and courage in the boardroom • Since April 2015, served as Chief Executive Officer of SchapiroCo LLC • Since January 2017, served as an independent director for Transamerica Corporation, and from April 2015 to January 2017, served as independent director for Transamerica Financial Life Insurance Company •

- Information Technology & Cybersecurity
- Finance

- From 1999 to 2014, served as a Managing Director in the Corporate and Investment Banking Division of Bank of America Merrill Lynch's Health Care Group (retired)
- From 1997 to 1999, served as Managing Director and Head of Health Care Group for ING Baring Furman Selz
- From 1979 to 1997, held various positions at Salomon Brothers Inc., serving as Managing Director and Global Co-Head of the Health Care Group, Managing Director - Insurance Group, Managing Director and Head of Government Finance Group, and Managing Director and Head of Thrift Coverage Group
- Bachelor of Science Degree in Accounting from Case Western Reserve University
- Master's Degree in Business Administration from Bernard M. Baruch College
- Juris Doctorate from New York Law School

Skills and Qualifications

Mr. Schapiro is a former investment and corporate banker with thirty-five years of experience covering the financial services and healthcare sectors. Mr. Schapiro's past experience as an investment banker positions him to assist management in matters related to capital structure, debt and equity financings and mergers and acquisitions. Mr. Schapiro also advised the Company in connection with its 2003 IPO and subsequent follow-on offering, giving him invaluable insight into the history and growth of the Company.

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Mr. Dale B. Wolf Chairman of the Board, Molina Healthcare, Inc. Age: 64 Director Since: 2013 (Class III) Board Committees: • Corporate Governance & Nominating • Compliance & Quality • Finance (Chair)	Business Experience • Has served as President and Chief Executive Officer of Onecall Care Management from January 2016 to February 2019, and Executive Chairman from September 2015 to January 2016 • President and CEO, DBW Healthcare, Inc. from January 2014 to June 2018 • Executive Chairman, Correctional Healthcare Companies, Inc., a national provider of correctional healthcare solutions, from December 2012 to July 2014 • Chief Executive Officer of Coventry Health Care, Inc. from 2005 to 2009 • Executive Vice President, Chief Financial Officer, and Treasurer of Coventry Health Care, Inc. from 1996 to 2005 • Member of the Board of Directors of Correctional Healthcare Companies, Inc. from December 2012 to July 2014 • Member of the Board of Directors of Coventry Healthcare, Inc. from January 2005 to April 2009 • Member of the Board of Directors of Catalyst Health Solutions, Inc. from 2003 to 2012 • Graduated Eastern Nazarene College with a Bachelor of Arts degree in Mathematics, with honors • Completed MIT Sloan School Senior Executive Program • Fellow in the Society of Actuaries since 1979 Skills and Qualifications Mr. Wolf is an experienced healthcare executive with visionary leadership skills. Mr. Wolf has served in multiple leadership roles, including chief executive officer and chief financial officer of Coventry Healthcare, a health insurer now owned by Aetna, and on the boards of several notable healthcare companies. Mr. Wolf's extensive managerial and executive healthcare experience, as well as his familiarity with the managed care industry, render him an invaluable asset in helping to formulate and oversee the Company's long-term business strategy.

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Additional Information About Directors

Summary of Director Qualifications, Skills, or Experience

The following is a skills matrix for our Board of Directors. As indicated in the matrix, our directors have a diverse array of expertise and skills in a broad range of substantive areas. The mark by a director's name indicates that the category is a specific qualification, skill, or experience that the director contributes to the Board. The absence of the mark for a particular category does not mean that the director does not have that qualification, skill, or experience.

Independent Director Tenure

One of the main elements of the Company's governance policies to aid in maintaining an effective Board is an extensive skills assessment.

The Board develops a skills matrix reflecting the Company's strategic plan and maps our directors' backgrounds and experience against these skills. The Board conducts an annual self-evaluation.

The tenure of our independent directors ranges from less than one year to the date of the Company's 2003 IPO. Our independent directors contribute a wide range of knowledge, skills, qualifications, and experience as described in their individual biographies. We believe the tenure of our independent directors provides the appropriate balance of expertise, continuity, and perspective to our Board, making it a strategic asset of the Company and a source of continuous competitive advantage, and serving the best interests of our stockholders.

We believe providing our Board with new perspectives and ideas is a critical component to an effective board. In furtherance of that, during the last seven years the corporate governance and nominating committee, with input from the entire Board, has performed periodic strategic evaluations of our directors' skills, qualifications, and experience. In connection with such evaluations, six of our nine current directors have been added to the Board since 2012, four of whom are acting as chairpersons of five of our Board's standing committees.

Corporate Governance and Board of Directors Matters

The Board continually strives to pursue sound corporate governance policies and practices, to maintain high standards of ethical conduct, to report the Company's financial results with accuracy and transparency, and to maintain full compliance with the laws, rules, and regulations that govern Molina Healthcare's business.

The Board's standing committees operate pursuant to their respective written charters. The current charters of the audit committee, the corporate governance and nominating committee, the compensation committee, the compliance and quality committee, the information technology and cybersecurity committee, and the finance committee, as well as Molina Healthcare's Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Related Person Transaction Policy, are available in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link "Corporate Governance." Molina Healthcare stockholders may obtain printed copies of these documents free of charge by writing to Molina Healthcare, Inc., Ryan Kubota, Associate Vice President of Investor Relations, 200 Oceangate, Suite 100, Long Beach, California 90802.

Corporate Governance and Nominating Committee Responsibilities

The corporate governance and nominating committee's mandate is to review and shape corporate governance policies, and to identify qualified individuals for nomination to the Board of Directors. All of the members of the committee meet the independence standards contained in the NYSE corporate governance rules and Molina Healthcare's Corporate Governance Guidelines.

The committee considers all qualified director candidates identified by members of the committee, by other members of the Board of Directors, by senior management, and by stockholders. Stockholders who would like to propose a director candidate for consideration by the committee may do so by submitting the candidate's name, resume, and biographical information to the attention of the Corporate Secretary as described below under "Questions and Answers About our Annual Meeting — How can I present a proposal for next year's annual meeting?" All proposals for nominations received by the Corporate Secretary will be presented to the committee for its consideration. As set forth in our bylaws, any stockholder or group of up to twenty (20) stockholders who have

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maintained continuous qualifying ownership of at least three percent (3%) of the shares of the Company's outstanding common stock for at least the previous three years also have the ability to submit director nominees for inclusion in the Company's proxy materials for its annual meeting of stockholders. No stockholder may be a member of more than one group for these purposes. The maximum number of candidates nominated by all eligible stockholders that the Company would be required to include in the Company's proxy materials, together with any nominees who were previously elected to the Board using proxy access during the preceding two annual meetings, is that number of directors constituting the greater of two or twenty percent (20%) of the total number of directors (rounded down to the nearest whole number) on the last day on which a nomination notice may be submitted to the Company. The deadline for submitting the nominee is set forth below in "Questions and Answers About our Annual Meeting — How can I present a proposal for next year's annual meeting?"

Board Composition and Refreshment

The Board and the corporate governance and nominating committee has made it a priority to ensure the Board is composed of directors who bring diverse viewpoints and perspectives, and who possess a multitude of skills, professional experience, and backgrounds. The Board and the corporate governance and nominating committee believe that new perspectives and ideas are critical to a forward-looking and strategic board as is the ability to benefit from the valuable experience and familiarity that longer-serving directors bring. The corporate governance and nominating committee desires to maintain an appropriate balance of tenure, turnover, diversity, and skills on the Board. The corporate governance and nominating committee focuses on this through an ongoing, year-round process, which includes the annual Board evaluation process described below under "Corporate Governance Guidelines - Board Evaluation Process."

Board Membership Criteria

The Board and the corporate governance and nominating committee believe that, on the one hand, there are general qualifications that all directors must exhibit, and that, on the other hand, there are other key qualifications and experience that should be represented on the Board in some capacity but not necessarily by each director. The Board and the corporate governance and nominating committee require that each director be a person of high integrity with a proven record of success in his or her field and have the ability to devote the time and effort necessary to fulfill his or her responsibilities to the Board and Company. Each director must demonstrate familiarity with and respect for corporate governance requirements and sound corporate governance practices.

The committee reviews each candidate's biographical information and assesses each candidate's independence, skills, and expertise based on a variety of factors, including breadth of experience reflecting that the candidate will be able to make a meaningful contribution to the Board's discussion of and decision-making regarding the array of complex issues facing the Company; understanding of the Company's business environment; the possession of expertise that would complement the attributes of our existing directors; whether the candidate will appropriately balance the legitimate interests and concerns of all stockholders and other stakeholders in reaching decisions rather than advancing the interests of a particular constituency; and whether the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a director. Application of these factors involves the exercise of judgment by the committee and the Board.

Based on its assessment of each candidate's independence, skills, and qualifications, the committee will make recommendations regarding potential director candidates to the Board. The committee follows the same process and uses the same criteria for evaluating candidates proposed by stockholders, members of the Board of Directors, and members of senior management.

In 2018 the committee used the executive search firm of Russell Reynolds Associates, Inc. for purposes of identifying and evaluating potential director nominees. Russell Reynolds Associates, Inc. did not provide any other services to the Company.

For the 2019 annual meeting, the Company did not receive notice of any director nominations from its stockholders.

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Board Diversity

Diversity is among the factors that the corporate governance and nominating committee considers when evaluating the composition of the Board. As set forth in our Corporate Governance Guidelines, diversity may reflect age, gender, ethnicity, industry focus, and tenure on the Board so as to enhance the Board's ability to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of the committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation, New York Stock Exchange listing standards, and the Company's bylaws and other corporate governance documents. When recommending director nominees for election by stockholders, the Board and the corporate governance and nominating committee evaluates how the experience and skill set of each director nominee complements those of the other director nominees and sitting board members to create a balanced Board with diverse viewpoints and extensive expertise.

Each director candidate contributes to the Board's overall diversity by providing a variety of perspectives from his or her personal, and professional experiences and backgrounds. The Board is satisfied that the current nominees reflect an appropriate diversity of gender, age, race, geographical background, and experience, and the Board is committed to continuing to consider diversity in evaluating the composition of the Board.

Corporate Governance Guidelines

The Company's Corporate Governance Guidelines embody many of our practices, policies, and procedures, which are the foundation of our commitment to sound corporate governance practices. The guidelines are reviewed annually and revised as necessary. The guidelines outline the responsibilities, operations, qualifications, and composition of the Board. The guidelines provide that a majority of the members of the Board shall be independent.

Board Committees

The guidelines require that all members of the Company's audit, corporate governance and nominating, and compensation committees be independent. Committee members and chairs are appointed by the Board upon recommendation of the corporate governance and nominating committee and are rotated from time to time in accordance with the Board's judgment. The Board and each committee have the power to hire and fire independent legal, financial, or other advisors, as they may deem necessary.

Board and Committee Meetings

Meetings of the non-management directors are held as part of every regularly scheduled Board meeting and are presided over by the Chairman of the Board. Directors have full and free access to senior management and other employees of Molina Healthcare. Directors are expected to prepare for, attend, and participate in all Board meetings, meetings of the committees on which they serve, and the annual meeting of stockholders. All of the directors then in office attended in person Molina Healthcare's 2018 annual meeting.

Board Evaluation Process

The Board recognizes that a robust and constructive evaluation process is a critical component of good corporate governance and Board effectiveness. Through this process, directors provide feedback to assess Board, committee and director performance, including areas where the Board believes it is functioning effectively and areas where the Board believes it can improve. The corporate governance and nominating committee oversees the annual Board self-evaluation process focused on the performance of: (i) the Board, (ii) Board committees, and (iii) individual directors. As part of this process, the corporate governance and nominating committee establishes the procedures, which may vary from year to year, in advance of each year's evaluation process. For 2017, the corporate governance and nominating committee engaged a third party which conducted a survey of the directors and reported the survey results to the Board in February 2018. For 2018, the Chair of the Board conducted the board evaluation based on interviews and written submissions from directors. In addition, each committee conducts its own self-evaluation. The results of these evaluations are reported to the Board. The self-evaluation process is designed to elicit candid feedback regarding the areas where the Board and its committees could improve their effectiveness. In addition, the corporate governance and nominating committee regularly discusses Board composition and effectiveness.

Succession Planning

Reflecting the importance of succession planning, the Company's Corporate Governance Guidelines provide that the Board in consultation with the chief executive officer shall analyze the current senior management, identify possible successors to management, and develop a succession plan. The succession plan adopted by the

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corporate governance and nominating committee includes policies and principles for chief executive officer selection and succession in the event of an emergency or the retirement of the chief executive officer.

Director Continuing Education

New directors are provided with an orientation program to familiarize them with Molina Healthcare's business, and its legal, compliance, and regulatory profile. New directors participate in introductory meetings with the Company's executive management and are provided materials and presentations on the Company's strategic plans, financial statements, and key issues, policies, and practices. The Company makes available to the Board educational seminars on a variety of topics at its expense. These seminars are intended to allow directors to develop a deeper understanding of relevant health care, governmental, and business issues facing the Company, and to assist them in keeping pace with developments in corporate governance and critical issues relating to the operations of public company boards. The Board members also periodically participate in visits to the Company's health plans.

Compensation Committee Matters

The Board reviews the compensation committee's report on the performance of Mr. Zubretsky, the Company's current president and chief executive officer, in order to ensure that he is providing effective leadership for Molina Healthcare. The Board also works with the compensation committee with respect to matters of succession planning for the president and chief executive officer, the chief financial officer, and other senior executive officers of the Company.

Director Independence

The Board of Directors has determined that, except for Mr. Zubretsky (the Company's President and Chief Executive Officer), each of the directors of the Company, including the three nominees identified in this proxy statement, has no material relationship with the Company that would interfere with the exercise of his or her independent judgment as a director, and is otherwise "independent" in accordance with the applicable listing requirements of the NYSE, the applicable Securities and Exchange Commission ("SEC") rules, and the Company's Corporate Governance Guidelines. In making that determination, the Board of Directors considered all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships, among others. In addition, a director will not be considered independent if Section 303A.02(b) of the NYSE Listed Company Manual (or any applicable successor listing standard) otherwise disqualifies such director from being considered independent. The independence of directors and the materiality of any business relationships delineated above is determined by the Board in its discretion.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics governing all employees of Molina Healthcare and its subsidiaries. A copy of the Code of Business Conduct and Ethics is available on our website at www.molinahealthcare.com. From the Molina home page, click on "About Molina," then click on "Investors," and then click on "Corporate Governance." There were no waivers of our Code of Business Conduct and Ethics during 2018. We intend to disclose amendments to, or waivers of, our Code of Business Conduct and Ethics, if any, on our website.

Compliance Hotline

The Company encourages employees, Company vendors, and others to raise possible ethical issues, instances of potential fraud, or other issues of concern. The Company offers several channels by which employees and others may report ethical concerns or incidents, including, without limitation, concerns about accounting, internal controls, auditing matters, or HR matters. We provide a Compliance Hotline that is available 24 hours a day, seven days a week. Individuals may choose to remain anonymous while reporting any issues. We prohibit retaliatory action against any individual for raising legitimate concerns or questions regarding ethical matters or for reporting suspected violations.

Communications with the Board

Stockholders or other interested parties who wish to communicate with a member or members of the Board of Directors, including the non-management directors as a group, may do so by addressing their correspondence to the individual Board member or Board members, c/o Corporate Secretary, Molina Healthcare, Inc., 200 Oceangate, Suite 100, Long Beach, California 90802. The Board of Directors has approved a process pursuant to which the Corporate Secretary shall review and forward correspondence to the appropriate director or group of directors for response.

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Board Leadership Structure

The roles of chairman of the board and the chief executive officer are split, and the chairman is an independent director. Mr. Dale B. Wolf has been serving as the chairman of the board since May 2017. Ms. Romney has been serving as the vice-chair of the board since May 2017. The Board believes that the partnership between the chief executive officer and the chairman of the board enables both executives to apply their strongest skills to charting a successful course for our business continuing the sustained growth of our business. Mr. Zubretsky, as president and chief executive officer, is accountable for the Company's strategic direction and operations, and Mr. Wolf, as chairman of the board, focuses on Board leadership and governance-related matters.

The Board strongly supports having an independent director as the board chairman. Having an independent chairman enables non-management directors to raise issues and concerns for Board consideration without immediately involving management. Governance commentators, proxy advisory firms, and institutional stockholders generally conclude the separation of the two roles is a "best practice." We believe the non-executive chairman of the Board plays an important governance leadership role that enhances long-term stockholder value.

The authority and responsibilities of the chairman and the vice chair are detailed in the Company's Corporate Governance Guidelines. The chairman shall preside at all meetings of the Board (including executive sessions) and of the stockholders, and serve as the liaison between the independent directors and the chief executive officer. In addition to any other responsibilities that the independent directors as a whole might designate from time to time, the chairman is also responsible for approving: (i) the quality, quantity, and timeliness of the information sent to the Board, and (ii) the meeting agenda, schedules, and materials for the Board. The chairman has the authority to call meetings of the independent directors and to set the agendas for such meetings. If requested by major stockholders of the Company, the chairman is responsible for ensuring that he or she is available, when appropriate, for consultation and direct communication in accordance with procedures developed by the Company and the chairman. Further, the chairman may perform such other duties, and exercise such powers, as prescribed in the bylaws of the Company or by the Board from time to time. The vice-chair of the Board assists the chairman in performing his or her duties and responsibilities, and performs such other duties as may be prescribed by the Board from time to time.

Involvement in Certain Legal Proceedings

There are no legal proceedings to which any director, officer, nominee, or principal stockholder, or any affiliate thereof, is a party adverse to the Company or has a material interest adverse to the Company.

Board's Role in Risk Oversight

While management is responsible for designing and implementing the Company's risk management process, controls, and oversight, the Board, both as a whole and through its committees, has overall responsibility for oversight of the Company's risk management. The Board regularly receives reports from senior management with respect to the Company's management of major risks, including efforts to identify, assess, manage, and mitigate risks that may affect the Company's ability to execute on its corporate strategy and fulfill its business objectives. The Board's role is to oversee this effort and to consult with management on the effectiveness of risk identification, measurement, monitoring and mitigation processes, and the adequacy of staffing and action plans, as needed. The Company has also instituted a management enterprise risk management committee to assess the risks of the Company. In addition, the compensation committee reviews compensation programs to ensure that they do not encourage unnecessary or excessive risk-taking. The compensation committee has concluded our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

Stock Ownership Guidelines for Directors

The Board believes that individual directors should own and hold a reasonable number of shares of common stock of the Company to further align the director's interests and actions with those of the Company's stockholders, and also to demonstrate confidence in the long-term prospects of the Company. In February 2018, the Company revised its stock ownership guidelines for directors to increase the value of the Company's shares of common stock that directors shall own from at least three (3) times the aggregate annual cash retainer amounts payable to the director to at least four (4) times such retainer amounts. The value of a director's holdings is based on the average closing price of a share of the Company's common stock for the previous calendar year. Shares that satisfy these guidelines may be those owned directly, through a trust, or by a spouse or children, and include shares purchased on the open market, vested or unvested shares of restricted stock, or exercised and retained option shares. Until a director's stock ownership requirement is met, the director must retain at least 50% of all "net settled shares" received from the vesting, delivery, or exercise of equity awards granted under the Company's equity award plans

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until the total value of all shares held equals or exceeds the director's applicable ownership threshold. "Net settled shares" generally refers to those shares that remain after the payment of (i) the exercise price of stock options or purchase price of other awards, (ii) all applicable withholding taxes, and (iii) any applicable transaction costs. Shares that are pledged are not counted toward the director's ownership requirements. Non-employee directors must comply with the stock ownership guidelines within five (5) years of their election to the Board. Each non-employee director of the Company satisfied the applicable stock ownership guidelines as of December 31, 2018, except Mr. Zoretic who was recently elected to the Board in August 2018, and who has five (5) years from their election to comply with the applicable stock ownership guidelines.

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Information About the Board and its Committees

Meetings of Non-Management Directors

It is the customary practice of the Company's non-management directors to meet in executive session without any management directors in attendance each time the full Board convenes for a regularly scheduled in-person Board meeting, which is usually four times each year, and, if the Board convenes a special meeting, the non-management directors may meet in executive session if the circumstances warrant. The chairman of the Board presides at each executive session of the non-management directors.

Committees of the Board of Directors

The six standing committees of the Board of Directors are: (i) the audit committee; (ii) the corporate governance and nominating committee; (iii) the compensation committee; (iv) the compliance and quality committee; (v) the information technology and cybersecurity committee; and (vi) the finance committee, each being composed of the individuals indicated below. On an annual basis, the Board evaluates the structure of its committees, and in the future may make changes to the scope, mandate, and director composition of its committees.

Audit Committee

The audit committee performs a number of functions, including: (i) reviewing the adequacy of the Company's internal system of accounting controls, (ii) meeting with the independent auditors and management to review and discuss various matters pertaining to the audit, including the Company's financial statements, the report of the independent auditors on the results, scope, and terms of their work, and the recommendations of the independent auditors concerning the financial practices, controls, procedures, and policies employed by the Company, (iii) resolving disagreements between management and the independent auditors regarding financial reporting, (iv) reviewing the financial statements of the Company, (v) selecting, evaluating, and, when appropriate, replacing the independent auditors, (vi) reviewing and approving fees to be paid to the independent auditors, (vii) reviewing and approving all permitted non-audit services to be performed by the independent auditors, (viii) handling any complaints or inquiries received by the Company regarding accounting, internal accounting controls, or auditing matters, (ix) considering other appropriate matters regarding the financial affairs of the Company, and (x) fulfilling the other responsibilities set out in its charter, as adopted by the Board. The report of the audit committee required by the rules of the SEC is included in this proxy statement.

The audit committee currently consists of Mr. Orlando (Chair), Mr. Fedak, Mr. Schapiro, and Mr. Zoretic. Mr. Zoretic joined the audit committee effective August 1, 2018. Mr. Fedak will not stand for re-election at the annual meeting. In 2018, Mr. Cooperman also served as a member of the audit committee until July 31, 2018. The Board has determined that each of Mr. Orlando and Mr. Fedak qualify as an "audit committee financial expert" as defined by the SEC. The Board also believes that Ms. Brasier, if elected, would also qualify as an "audit committee financial expert" and the Board plans to appoint Ms. Brasier, if elected, to the audit committee. In addition to being independent according to the Board's independence standards as set out in its Corporate Governance Guidelines, each member of the audit committee is independent within the meaning of the corporate governance rules of the NYSE. Each member of the audit committee is also financially literate. The Audit Committee Charter is available for viewing in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link, "Corporate Governance."

Corporate Governance and Nominating Committee

The corporate governance and nominating committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of stockholders. It leads the Board in its annual review of the Board's performance and recommends to the Board members for each committee of the Board. The committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the Board the Corporate Governance Guidelines and monitoring Molina Healthcare's compliance with these guidelines. The committee is responsible for reviewing potential conflicts of interest involving directors, executive officers, or their immediate family members. Under the Company's Related Person Transactions Policy, the corporate governance and nominating committee is charged with determining that any related person transaction is in, or is not inconsistent with, the best interests of the Company and its stockholders. The committee also reviews Molina Healthcare's Code of Business Conduct and Ethics and other internal policies to help ensure that the principles contained in the Code of Business Conduct and Ethics are being incorporated into Molina Healthcare's culture and business practices.

The corporate governance and nominating committee consists of Mr. Cooperman (Chair), Gov. Carruthers, Ms. Romney, and Mr. Wolf, each of whom is "independent" under the NYSE listing standards and the Company's Corporate Governance Guidelines. The Corporate Governance and Nominating Committee Charter is available for viewing in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link, "Corporate Governance."

Compensation Committee

The compensation committee is responsible for determining the compensation for Mr. Zubretsky, our president and chief executive officer, and also approves the compensation Mr. Zubretsky recommends as chief executive officer for the other named executive officers. The committee reviews and discusses with management the Compensation Discussion and Analysis, and, based on such review and discussion, recommends to the Board that the Compensation Discussion and Analysis be included in Molina Healthcare's proxy statement. In addition, the committee administers Molina Healthcare's 2011 Equity Incentive Plan, and if approved by stockholders, would also administer the 2019 Equity Incentive Plan.

The compensation committee currently consists of Mr. Schapiro (Chair), Mr. Fedak, Mr. Orlando, and Ms. Romney. Mr. Fedak will not stand for re-election at the annual meeting. The Board has determined that in addition to being independent according to the Board's independence standards as set out in its Corporate Governance Guidelines, each of the members of the compensation committee is independent according to the corporate governance rules of the NYSE. In addition, each of the members of the committee is a "non-employee director" as defined in Section 16 of the Securities Exchange Act of 1934, as amended.

The Compensation Committee Charter is available for viewing in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link, "Corporate Governance."

Each committee has the authority to retain special consultants or experts to advise the committee, as the committee may deem appropriate or necessary in its sole discretion. From time to time, the compensation committee has retained a compensation consultant to provide the committee with comparative data on executive compensation and advice on Molina Healthcare's compensation programs for senior management. For this purpose, the compensation committee has engaged Exequity, LLP ("Exequity") as its advisor since 2016.

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Compliance and Quality Committee

The compliance and quality committee, together with the audit committee, assists the Board in its oversight of the Company's compliance with applicable legal, regulatory, and quality requirements. Whereas the audit committee has oversight over matters of financial compliance (e.g., accounting, auditing, financial reporting, and investor disclosures), as to all other areas of compliance, the compliance and quality committee has oversight responsibility in the first instance. However, the two committees coordinate their review of major compliance matters, including the overall state of compliance, significant legal or regulatory compliance exposures, and material reports or inquiries from regulators. The compliance and quality committee also is responsible for overseeing the Company's compliance and quality programs and assists the Board in the general oversight of the Company's quality-related activities, policies, and practices that relate to promoting member health, providing access to cost-effective quality health care, and advancing safety and efficacy for members.

The compliance and quality committee consists of Gov. Carruthers (Chair), Mr. Wolf, and Mr. Zoretic. Mr. Zoretic joined the compliance and quality committee on August 1, 2018. John C. Molina also served as a member of such committee until his resignation from the Board on February 23, 2018.

The Compliance and Quality Committee Charter is available for viewing in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link, "Corporate Governance."

Information Technology and Cybersecurity Committee

The information technology and cybersecurity committee's primary duties and responsibilities include but are not limited to the following: (i) enhancing the Board's understanding and oversight of the systems (policies, controls, and procedure) that management has put in place to identify, manage, and mitigate risks related to cybersecurity, privacy, and disaster recovery, responding to incidents with respect thereto, and protecting critical infrastructure assets; (ii) providing a forum to review, evaluate, monitor, and provide feedback on technology related matters, including strategies, objectives, capabilities, initiatives, and policies; and (iii) performing such other tasks related to the oversight of the Company's information technology cybersecurity functions as the Board may delegate to the committee from time to time. The committee has retained the services of independent experts to perform an evaluation of the security systems and present its report to the committee.

The information technology and cybersecurity committee consists of Mr. Cooperman (Chair), Mr. Orlando, and Mr. Schapiro, as well as the Company's chief information officer and the Company's chief security officer.

The Information Technology and Cybersecurity Committee's Charter is available for viewing in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link, "Corporate Governance."

Finance Committee

The finance committee was established on November 7, 2018. The members of the finance committee are Mr. Wolf (Chair), Mr. Orlando, and Mr. Schapiro. The finance committee assists the Board in fulfilling its responsibilities to monitor and oversee the Company's financial affairs with respect to the Company's capital structure, investments, and transactions, as well as capital and financing plans, policies, and requirements. Additionally, the finance committee evaluates and approves certain financial proposals, plans, strategies, transactions, and other initiatives as requested by the Board or the Company's management.

Meetings of the Board of Directors and Committees

During 2018, the Board of Directors met seven (7) times, the audit committee met seven (7) times, the corporate governance and nominating committee met four (4) times, the compensation committee met four (4) times, the compliance and quality committee met four (4) times, the information technology and cybersecurity committee met three (3) times, and the finance committee met two (2) times.

Each director in office as of the 2018 annual meeting of stockholders attended such meeting held on May 2, 2018. Each director, except Mr. Zoretic, attended at least 75% of the total number of meetings of the Board of Directors and the committees of which he or she was a member in 2018. Mr. Zoretic, who was appointed to the Board, the audit committee, and the compliance and quality committee effective August 1, 2018, attended less than 75% of the total number of five meetings of the Board and the committees on which he served in 2018. At the time of joining the Board in August 2018, Mr. Zoretic already had pre-existing commitments that conflicted in time with the Board and committee meetings he was unable to attend. Mr. Zoretic expects to attend all scheduled Board and committee meetings in 2019.

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Non-Employee Director Compensation

2018 Director Compensation

The compensation committee makes recommendations to the Board with respect to the compensation level of directors, and the Board determines the directors' compensation. During 2018, the Company paid the non-employee directors the following cash compensation:

Non-Executive Director Fee	Non-executive directors received an annual cash retainer in the amount of $100,000.
Non-Executive Chairman of the Board Fee	The non-executive chairman of the Board received an additional annual cash fee of $175,000.
Vice Chair of the Board Fee	The vice-chair of the Board received an additional annual cash fee of $30,000.
Audit Committee Fee	The chairperson of the audit committee received an additional annual cash fee of $27,500, and each member received $15,000.
Corporate Governance and Nominating Committee Fees	The chairperson of the corporate governance and nominating committee received an additional cash fee of $22,500, and each member received $12,500.
Compensation Committee Fees	The chairperson of the compensation committee received an additional cash fee of $22,500, and each member received $12,500.
Compliance and Quality Committee Fees	The chairperson of the compliance and quality committee received an additional cash fee of $22,500, and each member received $12,500.
Information Technology and Cybersecurity Committee Fees	The chairperson of the information technology and cybersecurity committee received an additional cash fee of $11,250, and each member received $6,250.
Finance Committee Fees	The members of the finance committee (including the chairperson) received an additional prorated cash fee based on an annual fee of $15,000 from November 7, 2018, when the finance committee was established.

The Company also reimburses its Board members for travel, food, and lodging expenses incurred in attending Board and committee meetings or performing other services for the Company in their capacities as directors. The Company also compensates its non-employee Board members $1,000 per diem for non-ordinary course Board and committee activity, excluding any educational events.

Directors who are employees of the Company or its subsidiaries do not receive any compensation for their services as directors. Joseph M. Zubretsky, president and chief executive officer, is also a member of the Board.

In addition, to link the financial interests of the non-employee directors to the interests of the stockholders, encourage support of the Company's long-term goals, and align director compensation to the Company's performance, each non-employee director is granted an equity award with a total value of $220,000 for 2018-2019. One quarter of that amount, or $55,000 of restricted stock, was granted on the first day of each quarter based on the closing price of the Company's stock on the grant date. Such equity awards may be rounded up or down to account for fractional shares in the computation.

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2018 Non-Employee Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards[1]	All Other Compensation	Total
Garrey E. Carruthers, Ph.D.	$ 135,000	$ 220,022	$ —	$ 355,022
Daniel Cooperman [2]	$ 148,547	$ 220,022	$ —	$ 368,569
Charles Z. Fedak	$ 127,500	$ 220,022	$ —	$ 347,522
John C. Molina[3]	$ 28,125	$ 54,980	$ —	$ 83,105
Steven J. Orlando	$ 148,493	$ 220,022	$ —	$ 368,515
Ronna E. Romney	$ 155,000	$ 220,022	$ —	$ 375,022
Richard M. Schapiro	$ 145,993	$ 220,022	$ —	$ 366,015
Dale B. Wolf [2]	$ 302,242	$ 220,022	$ —	$ 522,264
Richard C. Zoretic [4]	$ 53,010	$ 91,420	$ —	$ 144,430

(1) The amounts reported as Stock Awards reflect the grant date fair value of restricted stock awards under the Company's 2011 Equity Incentive Plan, in accordance with Accounting Standards Codification Topic 718, "Compensation - Stock Compensation." The non-employee directors' compensation program described above provides for an annual equity award valued at $220,000 for each director, or $55,000 per quarter.

The amounts shown represent the aggregate grant date fair value of the awards, using the closing price of our common stock on January 1, 2018 of $76.68, April 1, 2018 of $81.18, July 1, 2018 of $97.94, and October 1, 2018 of $148.14.

(2) Messrs. Cooperman and Wolf each have fully vested options to purchase 15,000 shares of our stock at an exercise price of $33.02 per share which expire on March 11, 2023.

(3) Mr. Molina resigned from the Board effective as of February 23, 2018.

(4) Mr. Zoretic was elected to the Board effective as of August 1, 2018.

2019 Director Compensation

The compensation committee periodically reviews benchmarking assessments of director compensation at comparable companies. Exequity, the compensation committee's consultant, conducted a benchmarking assessment of director compensation in connection with the 2018 director compensation. Additionally, in 2018, Exequity provided consulting services with respect to the structure and timing of the 2019 director compensation. Exequity is the same compensation consultant that the committee engaged to perform the 2018 and 2019 compensation studies for the named executive officers.

The peer group used in the director compensation study for 2018 was the same peer group used for the 2018 and 2019 executive compensation study and consisted of the following companies:

1. Acadia Healthcare Company, Inc.
2. Aetna, Inc.
3. Anthem, Inc.
4. Centene Corporation
5. Cigna Corporation
6. Community Health Systems, Inc.
7. DaVita Inc.
8. Humana Inc.
9. Magellan Health, Inc.
10. Tenet Healthcare Corporation
11. Triple-S Management Corporation
12. Universal Health Services, Inc.
13. WellCare Health Plans, Inc.

The director compensation study for the 2018 director compensation concluded that the total fees for the directors were moderately above the peer group median. The compensation committee decided to leave the directors' 2019 compensation unchanged from the 2018 levels, and also decided to leave the structure and timing of the directors' 2019 compensation unchanged.

Compensation Consultant Independence

The compensation committee used Exequity as its compensation consultant for the 2019 named executive officers' study and consulting services regarding directors' compensation. Exequity is the same compensation consultant that the compensation committee previously used for the 2018 named executive officers' and directors' compensation studies. The Company paid Exequity approximately $192,468 for advisory compensation services provided to the Company during 2018. Other than the services provided to the Company by the consulting firm in connection with the compensation study for the named executive officers and consulting services regarding directors' compensation, the consulting firm does not provide any other services to the Company.

The compensation committee reviewed the independence of its compensation consultant in light of SEC rules and NYSE listing standards, including taking into account the following factors: (1) no other services being provided to the Company by the consulting firm; (2) fees paid by the Company as a percentage of the consulting firm's total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the consulting firm and a member of the compensation committee; (5) any Company stock owned by the consulting firm; and (6) any business or personal relationships between the Company's executive officers and the senior advisor. In light of these considerations, the compensation committee concluded that Exequity's work for the committee was rendered on a fully independent basis, and involved no conflict of interest.

Information About the Executive Officers of the Company

The following persons were our executive officers at December 31, 2018. One of our directors, Mr. Joseph M. Zubretsky, was also also our chief executive officer during the year ended December 31, 2018. See above on page 9. Executive officers are appointed annually by the Board, subject to the terms of their employment agreements. Only Mr. Zubretsky and Mr. Barlow are parties to employment agreements with the Company.

Mr. Thomas L. Tran, 62, has served as our chief financial officer since June 2018. Mr. Tran has over 35 years of experience in health care. From 2014 to 2018, Mr. Tran was the chief financial officer for Sentry Data Systems. Prior to that, Mr. Tran served as the chief financial officer of WellCare Health Plans, Inc., where he financially managed the company from 2008 to 2014. Mr. Tran also held leadership roles at CareGuide, Uniprise (a principal operating division of UnitedHealth Group), ConnectiCare, Blue Cross & Blue Shield of Massachusetts, and Cigna. Mr. Tran earned his Bachelor's degree from Seton Hall University and his Master of Business Administration degree from New York University.

Mr. Jeff D. Barlow, 56, has served as our chief legal officer and secretary since 2010. Prior to that, Mr. Barlow had served as vice-president, assistant corporate secretary, and associate general counsel of Molina Healthcare since 2004. As chief legal officer, Mr. Barlow is responsible for setting the overall legal strategy for the Company and its subsidiaries, and for providing legal counsel to senior management and the board of directors. Mr. Barlow has over 29 years of legal experience, including counseling clients regarding federal securities laws, corporate governance, mergers and acquisitions, and litigation. Mr. Barlow graduated from the University of Utah with a Bachelor of Arts degree in 1987 with a minor in Latin. Additionally, Mr. Barlow received his Juris Doctorate degree, cum laude, from the University of Pittsburgh School of Law in 1990, and his Master of Public Health degree from the University of California, Berkeley in 1995.

Mr. James E. Woys, 60, has served as our executive vice president of health plan services since May 2018. Mr. Woys leads health plan support functions that are centralized and regionalized. Mr. Woys has more than 35 years of health care experience. Mr. Woys previously spent 30 years at Health Net, Inc. from 1986 until 2016, where he served as executive vice president, chief financial officer, and chief operating officer, and managed general and administrative expenses across the Medicare, Medicaid, Commercial and Department of Defense and Department of Veterans Affairs operating segments. Mr. Woys also served as Health Net's president of government and specialty services. Mr. Woys earned his Bachelor's degree from Arizona State University and his Master of Business Administration degree from Golden Gate University.

Ms. Pamela S. Sedmak, 57, has served as our executive vice president of health plan operations since February 2018. Ms. Sedmak brings more than 25 years of Medicaid managed care leadership experience in operations, strategy, and finance. Most recently, from August 2016 to February 2018 she was a senior adviser at McKinsey & Company, serving clients in the health care services and global corporate finance practice areas. Prior to McKinsey, from 2012 to 2016 she served as president and chief executive officer for Aetna Medicaid/Dual Eligibles. Before Aetna, Ms. Sedmak held C-level leadership positions at Blue Cross and Blue Shield of Minnesota, CareSource, and General Electric. Ms. Sedmak earned her Bachelor’s degree from the University of New Mexico and her Master of Business Administration degree, summa cum laude, from Case Western Reserve University.

Mr. Mark L. Keim, 53, has served as our executive vice president of strategic planning, corporate development and transformation since January 2018. Mr. Keim has experience in the managed care and financial services fields. From 2016 to 2018, he served as executive vice president of corporate development and strategy for The Hanover Insurance Group. Prior to The Hanover Insurance Group, Mr. Keim spent six years with Aetna where he led major strategic initiatives. Before Aetna, from 1999 to 2008 he was senior vice president of strategy and business development at GE Capital. Mr. Keim earned his Bachelor's degree from Lehigh University and a Master of Business Administration degree from the Tuck School of Business at Dartmouth College.

Mr. Maurice S. Hebert, 56, has served as our chief accounting officer since September 2018 and was designated as our principal accounting officer for purposes of the Securities Exchange Act of 1934, as amended, effective as of February 19, 2019. He joined the Company from Tufts Health Plan, where he served as senior vice president of finance from 2016 to 2018. Prior to that, Mr. Hebert served as chief accounting officer at WellCare Health Plans from 2010 to 2016. Mr. Hebert holds a Bachelor of Science in Accounting and Business Administration from Louisiana State University.

Related Party Transactions

The Board has adopted a policy regarding the review, approval, and monitoring of transactions involving the Company and related persons (directors and executive officers or their immediate family members). Such related persons are required to promptly and fully disclose to the Company's chief legal officer all financial, social, ethical, personal, legal, or other potential conflicts of interest involving the Company. The chief legal officer shall confer as necessary with the chairman of the Board and/or with the Company's corporate governance and nominating committee regarding the facts of the matter and the appropriate resolution of any conflict of interest situation in the best interests of the Company, including potential removal of the related person from a position of decision-making or operational authority with respect to the conflict situation, or other more significant steps depending upon the nature of the conflict.

Related persons transactions that are identified as such prior to the consummation or amendment are consummated or amended only if (i) with respect to executive officers of the Company, the corporate governance and nominating committee approves or ratifies such transaction in accordance with the policy, and (ii) with respect to directors of the Company, the full Board approves or ratifies such transaction in accordance with the policy. At least annually the corporate governance and nominating committee reviews any previously approved or ratified related person transactions. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Board or the committee as appropriate determines if it is in the best interests of the Company and its stockholders to continue, modify, or terminate the related person transaction.

During 2018 the Company did not have any related party transactions.

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Proposal 2 - Advisory Vote on the Compensation of our Named Executive Officers

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or simply the Dodd-Frank Act, requires that public companies give their stockholders the opportunity to vote on say-on-pay proposals. The SEC adopted rules to implement the provisions of the Dodd-Frank Act relating to stockholder votes on executive compensation (including say-on-pay and say-when-on-pay proposals). At our 2018 annual meeting of stockholders, our stockholders approved, on an advisory basis, the conducting of an advisory vote on the compensation of our named executive officers every year. Our stockholders last approved, on an advisory basis, the Company's executive compensation in 2018. Thus, pursuant to Section 14A of the Securities of 1934, as amended, we are again holding in 2019 an advisory vote on the Company's executive compensation, as described in this proxy statement.

You are voting on a proposal, commonly known as a "say-on-pay" proposal, which gives our stockholders the opportunity to endorse or not endorse our executive officer pay program and policies through the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the CD&A, compensation tables, and narrative discussion, is hereby APPROVED."

We urge you to consider the various factors regarding compensation matters as discussed in the Compensation Discussion and Analysis section of this proxy statement.

As mentioned earlier in this proxy statement under the caption "About Molina Healthcare-2018 Management and Board Changes", in 2017 and 2018 our management was almost completely restructured, with only one named executive officer remaining from the prior management. We believe such management changes were in the best interests of our stockholders, as reflected by the Company's 2018 financial results. In order for the Company to attract such talented and experienced management, our compensation policies needed to be competitive.

As discussed at length in the CD&A, we believe that our executive compensation program is reasonable, competitive, and strongly focused on pay for performance principles. We emphasize compensation opportunities that reward our executives when they deliver targeted financial results. The compensation of our named executive officers varies depending upon the achievement of pre-established performance goals, both individual and corporate. Through stock ownership requirements and equity incentives, we also align the interests of our executives with those of our stockholders and the long-term interests of the Company. Our executive compensation policies have enabled us to attract and retain talented and experienced senior executives. We believe that the compensation program for our named executive officers is appropriate and aligned with the Company's financial results and position for growth in future years.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, our Board of Directors values the opinions that our stockholders express in their votes and will take into account the outcome of the vote when considering future executive compensation arrangements as it deems appropriate.

ü	THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO APPROVE THE ADVISORY RESOLUTION APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DESCRIBED IN THIS PROXY STATEMENT.

Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") describes and explains the elements of the compensation paid to our named executive officers for 2018. In addition, this CD&A describes the objectives of the Company's compensation programs, including what each program is designed to reward, and why the Company chose to pay or not to pay a particular compensation element.

The compensation committee of the Board of Directors has primary responsibility for overseeing and reviewing the design and structure of the Company's compensation programs. The compensation committee is directly responsible for evaluating the performance of, and determining the compensation paid to, our chief executive officer. The compensation committee also reviews and approves the compensation paid to our other named executive officers as recommended by the chief executive officer, taking into consideration: (a) pre-established performance goals and objectives, (b) the Company's performance, (c) strategic leadership in furtherance of the Company's long term strategies, (d) market comparables of an appropriate peer group, and (e) the Company's overall compensation objectives and policy.

This CD&A is focused on the compensation paid for 2018 to our following current and former key executives. Collectively, the executive officers listed above were our "named executive officers" in 2018.

- Joseph M. Zubretsky, president and chief executive officer;
- Thomas L. Tran, chief financial officer;
- Jeff D. Barlow, chief legal officer and secretary;
- Pamela S. Sedmak, executive vice president of health plan operations;
- Mark L. Keim, executive vice president of strategic planning and corporate development; and
- Joseph W. White, former chief financial officer.

Following the significant change in our senior management in 2017, which resulted in substantial severance payments to our former chief executive officer and chief financial officer due to the terms of the founder-executives' employment agreements, and after considering the feedback from our stockholders with regards to our compensation program, we responded by making several simplifying changes to our 2018 compensation program (which we maintained for our 2019 compensation program). We simplified the compensation program by reducing the number of performance metrics in our incentive plans and recalibrated target total compensation opportunities for our executives such that these are positioned more closely to median target total compensation opportunities among relevant peer executives (see "The Company's Compensation Philosophy" below). Additionally, we made our disclosure more transparent by more clearly delineating the difference between compensation opportunities and the amounts actually paid to our named executive officers.

Results of the May 2018 "Say On Pay" Vote

At our 2017 annual stockholders' meeting, the Company's stockholders approved an annual advisory "say-on-pay" vote. The compensation committee monitors the results of the Company's annual advisory "say-on-pay" proposal and considers such results as one of many factors in connection with the discharge of its responsibilities.

At our 2018 annual stockholders' meeting, 47.7% of shares voted to approve our say-on-pay proposal and 45.9% of shares voted against our say-on-pay proposal ("2018 Say-on-Pay Vote"). We believe the low level of support for our proposal related, in part, to the unfavorable vote recommendations of the two proxy advisory firms, Institutional Shareholder Services ("ISS") and Glass, Lewis & Co. ("Glass Lewis"). In opposing our say-on-pay proposal, both ISS and Glass Lewis focused principally on the significant severance payments that had been made to our founders, Joseph M. Molina and John C. Molina, including the acceleration of their performance-based equity awards, in connection with the termination of their employment on May 2, 2017. These substantial severance payments were made during a year in which we reported a net loss of $9.07 per share, thereby creating a wide disparity between 2017 pay and performance.

On April 25, 2018, the Company had filed a supplement to our 2018 proxy statement, pointing out in relevant part:

- Joseph M. Molina and John C. Molina were terminated by the Board of Directors specifically because of the Company's poor financial performance;

- The severance payments triggered by the terminations were dictated by the terms of the founder-executives' employment agreements, and were therefore contractual and non-discretionary;
- The severance rights triggered in 2017 were put into place in 2002 prior to the Company's initial public offering, and were not the product of any action by the members of the compensation committee; and
- The Board and the compensation committee acted in the best interests of the Company and our stockholders by terminating Joseph M. Molina and John C. Molina, notwithstanding the significant severance payments incidentally triggered thereby, a decision which the Board and the compensation committee believe was validated by the Company's subsequent financial results and stock price performance.

The compensation committee in all respects adheres to a rigorous pay-for-performance philosophy, and we believe that Glass Lewis' and ISS' conclusion that the compensation committee engaged in poor pay-for-performance practices based on the unique and one-time circumstances presented by the termination of founder-executives as had occurred in 2017 was overly formulaic, and actually contrary to the dictates of sound corporate governance practices. Nevertheless, the Board and the compensation committee gave the 2018 Say-on-Pay Vote result serious consideration, and the Company took active steps to reach out to stockholders to discuss the Company's compensation program and obtain feedback from stockholders. After the 2018 Say-on-Pay Vote, the Company reached out to twelve institutional stockholders holding approximately 63% of our outstanding common shares at the time of the outreach, and requested to engage with them regarding the 2018 Say-on-Pay Vote results. Of those stockholders we approached, only eight of the institutional stockholders holding approximately 51% of our outstanding common shares accepted our invitation and agreed to have a conference call with us. The Company's management team, consisting of our president, Mr. Zubretsky, our chief legal officer, Mr. Barlow, and our associate vice president of investor relations, Mr. Ryan Kubota, participated in these stockholder calls and engaged with these stockholders on our 2018 Say-on-Pay Vote to seek to better understand these stockholders' concerns and views of our compensation program. Mr. Dale B. Wolf, the Board's chairman, and Mr. Dick Schapiro, the compensation committee's chairman, also participated on a select portion of these calls, as requested by stockholders. During these calls with the stockholders, we discussed business strategy, executive compensation, and corporate governance. As a result of our engagement activities, we strengthened our relationships with such stockholders by receiving candid, constructive feedback that we shared with the compensation committee and the Board.

Even prior to the 2018 Say-on-Pay Vote, the compensation committee had already acted to recalibrate the 2018 compensation program to institute incentive compensation features that provide a proper measure of accountability and reward, and correlate incentive compensation with the achievement of our long-term strategic objectives. Starting with the 2018 compensation program, the compensation committee continued to revise the Company's compensation philosophy. For the 2018 and 2019 compensation programs, rather than targeting compensation between the median and 75th percentile relative to peer executives, we have targeted compensation at or near the median, with actual compensation positioned below median when performance is below target, and closer to or even above 75th percentile when performance is strong. We believe that this approach is more consistent with our overarching pay-for-performance philosophy. Additionally, for the 2018 and 2019 compensation programs, the compensation committee also simplified the compensation program with fewer performance metrics. The 2018 and 2019 short-term performance-based cash bonus awards to the named executive officers are based 70% on the Company's pre-tax income for the respective year, and 30% are based on the compensation committee's evaluation of each named executive officer's individual achievement on a wide variety of factors closely aligned with the chief executive officer's goals and objectives. The 2018 and 2019 long-term equity-based incentive compensation awards to the named executive officers were 60% in the form of performance stock units ("PSUs") subject to vesting on the Company's cumulative net income over a three year period, and 40% in the form of restricted stock subject to vesting over a three-year period, in equal one-third increments on each anniversary of the grant date.

Based on the additional feedback received from stockholders as part of the stockholders outreach conducted in 2018-2019, the compensation committee determined to maintain its compensation philosophy unchanged and to continue the reduced complexity of the compensation program adopted for 2019, with performance metrics which the compensation committee believes aligns with the stockholders' interests. Additionally, the Company did not enter into any employment agreements with any of the new named executive officers who joined the Company in 2018. The only employment agreements with named executive officers are those entered prior to 2018 with Mr. Zubretsky (the Company's president and chief executive officer) and Mr. Barlow (the Company's chief legal officer), and such agreements do not have acceleration of performance-based equity awards in the event of termination of employment without cause as the former founder-executives had in their employment agreements.

Other matters that were raised by stockholders during the discussions with the Company were Board diversity and declassification of the Board. The Board was responsive and addressed such matters by nominating a new director who the Board believes is adding to the Board's diversity, and by submitting to the stockholders in this proxy statement a proposal for the declassification of the Board.

The compensation committee will continue to take into consideration the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers. Further, the Company will continue to focus on aligning executive pay with building stockholder value and the achievement of short-term and long-term financial and strategic objectives.

Compensation Best Practices

What We Do	What We Don't Do
Maintain stock ownership guidelines for directors and executive officers. In early 2018, such guidelines were revised to increase the ownership holdings to four (4) times the annual cash retainer for directors.	No guaranteed bonuses.
Have an incentive compensation clawback policy.	No gross-ups on excise taxes.
Enforce restrictions on "pledges" of shares of Company stock by directors and executive officers.	Do not grant discounted stock options.
Restrict hedging transactions by directors and executive officers.	Do not permit repricing of stock options without stockholder approval.
Engage an independent compensation consultant.	Do not provide above-market earnings on deferred compensation.
Provide very limited perquisites.	
Provide for director equity award limits in our equity incentive plan.	

Achievement of 2018 Pay-for-Performance Metrics

We believe that 2018 was a successful year for the Company from many perspectives, including in terms of financial results achieved, execution of the strategic goals of the Company, and recruitment of a new management team. We have embarked on a deliberate turn-around strategy aimed at margin recovery and sustainability, pursuit of targeted growth opportunities, enhancement of our talent and culture to align with our strategic initiatives, and development of the future capabilities needed to address the evolving healthcare environment. We believe that management has demonstrated the effectiveness of this strategy by its accomplishments in 2018, which have included, among others:

- Improving the efficiency of our administrative cost profile;
- Strengthening our balance sheet by reducing our outstanding indebtedness;
- Revamping the contract procurement process;
- Realigning management incentive programs with our strategic objectives;
- Divesting non-core businesses; and
- Producing strong financial results, which have exceeded our initial and revised guidance and expectations.

Given the successful results that the management team delivered to our stockholders in 2018, combined with the alignment between performance and compensation, the named executives were paid at the maximum level of 200% of target under the Company's short-term cash incentive bonus program for 2018, which consisted 70% of a pre-tax income measure and 30% of a bonus based on the Committee's evaluation of each executive's individual performance.

The Company's Compensation Philosophy

Compensation Philosophy. The Company endeavors to pay our management team competitively within the marketplace in a manner that would ensure personnel are properly motivated to increase profitability and stockholder value. To that end, consistent with our overarching pay-for-performance philosophy, we are targeting total compensation opportunities for the Company's executives at or near the median relative to peer executives, with actual compensation positioned below median when performance is below targeted performance standards, and closer to or above the 75th percentile of our peer group when performance is strong.

Our strategy in setting the 2018 executive compensation was to pay our named executive officers base salaries at competitive market rates as determined by peer group comparisons, and to use the majority of both short-term and long-term incentive compensation to pay for actual financial performance by the named executive officers. In designing performance and equity compensation vesting metrics for both our 2018 short-term cash bonus and long-term equity based incentive compensation programs, the compensation committee focused on the single-year achievement of pre-tax income for our short-term cash bonus program, which constituted 70% of the short-term cash bonus plan, and cumulative net income over three years for our long-term equity based incentive plan, as well as other elements of our strategic plan. The remaining 30% portion of the short-term cash bonus for each named executive officer was based upon the committee's consideration of the individual achievement of a wide variety of factors closely aligned with the chief executive officer's goals and objectives.

Elements of Compensation

Primary Elements of Compensation. The Company's compensation program consists of three primary elements: (i) base salary; (ii) annual short-term performance-based cash bonus awards; and (iii) long-term incentive compensation, including both a performance-based vesting component and a time-based vesting component. Additional compensation elements include various benefit plans, such as a 401(k) and deferred compensation plan, and severance and change in control benefits. In certain special instances, such as in the case of the recruitment of senior executives, the Company may be willing to offer a sign-on bonus and/or a substitutive equity award.

Retirement Plans. The Company does not maintain a retirement pension plan. However, the named executive officers are eligible to participate in the Molina 401(k) Salary Savings Plan. The purpose of this program is to provide all Molina Healthcare employees with tax-advantaged savings opportunities and income after retirement. Eligible pay under the plans is limited to Internal Revenue Code annual limits. The Company makes a dollar-for-dollar match on the first four percent (4%) of salary electively deferred under the 401(k) Plan by all participants.

Deferred Compensation Plan. The Company has established an unfunded non-qualified deferred compensation plan for certain key employees, including the named executive officers. Under the deferred compensation plan, eligible participants can defer up to 100% of their base salary and up to100% of their bonus to provide for tax-deferred growth. Eligible participants under the deferral program may select from approximately fifteen investment options representing a broad array of asset classes and spectrum of risk profiles.

Employee Stock Purchase Plan. The named executive officers are eligible to participate in the Company's Employee Stock Purchase Plan on an equal basis with all other employees. The Employee Stock Purchase Plan allows eligible employees to purchase from the Company shares of its common stock at a 15% discount to the market price during the successive six-month offering periods under the plan.

Health and Insurance Benefits. With limited exceptions, the Company supports providing benefits to named executive officers that are substantially the same as those offered to salaried employees generally. The named executive officers are eligible to participate in Company-sponsored benefit programs on the same terms and conditions as those made available to salaried employees generally. Basic health benefits, life insurance, disability benefits, and similar programs are provided to ensure that employees have access to healthcare and income protection for themselves and their family members.

Severance and Change in Control Benefits. We have entered into employment agreements with two of our named executive officers pursuant to which they are eligible under certain circumstances for severance and change in control benefits. The severance and change in control payments and benefits provided under the employment agreements are independent of other elements of compensation. Additionally, the named executive officers are eligible for certain benefits provided for in the event of termination of employment within twenty-four (24) months of a change in control under the Company's Amended and Restated Change in Control Severance Plan established for employees of the Company with positions of vice-presidents and above. A description of the material terms of our severance and change in control arrangements can be found later in this proxy statement under "Potential Payments Upon Change in Control or Termination." The compensation committee believes that severance and change in control benefits are necessary to attract and retain senior management talent. Our agreements are designed to attract key employees, preserve executive morale and productivity, and encourage retention in the face of the potentially disruptive impact of an actual or potential change in control. We believe these benefits allow executives to assess potential takeover bids objectively without regard to the potential impact on their own job security.

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Executive Pay Study for 2018

To evaluate the compensation levels of the Company's named executive officers in relation to the compensation levels of executives employed by the Company's industry peers, the compensation committee engaged Exequity, a compensation advisory services firm, to conduct a total compensation study with respect to the Company's named executive officers for 2018 (the "2018 Compensation Study"). Exequity reports directly and exclusively to the compensation committee with respect to executive compensation matters.

In the 2018 Compensation Study, Exequity used a 13-company peer group consisting of eight publicly traded managed care companies and five managed care facilities companies, as follows:

1. Acadia Healthcare Company, Inc.	8. Humana Inc.
2. Aetna, Inc.	9. Magellan Health, Inc.
3. Anthem, Inc.	10. Tenet Healthcare Corporation
4. Centene Corporation	11. Triple-S Management Corporation
5. Cigna Corporation	12. Universal Health Services, Inc.
6. Community Health Systems, Inc.	13. WellCare Health Plans, Inc.
7. DaVita Inc.	

Of the 13-company peer group used in the 2018 Compensation Study, ten companies were also used in the 2017 executive officers' compensation study that Exequity had performed for the Company. Acadia Healthcare Company, Inc., Aetna, Inc., and Anthem, Inc. were added to the 2018 study, and Team Health Holdings, Inc., and Universal American Corp. were not included in the 2018 Compensation Study because they are no longer publicly-traded companies and thus no longer met the established selection criteria. The 2018 Compensation Study concluded that the target total compensation for the Company's named executive officers in the aggregate was close to peer median benchmarks and this relative positioning is reasonably consistent across all elements of pay.

The compensation committee set the following 2018 bonus opportunity levels for the named executive officers:

Named Executive Officer	2018 Bonus Opportunity (% of Base Salary)	
Joseph M. Zubretsky President and Chief Executive Officer	150	%
Thomas L. Tran Chief Financial Officer	100	%
Jeff D. Barlow Chief Legal Officer and Secretary	100	%
Pamela S. Sedmak Executive Vice President of Health Plan Operations	70	%
Mark L. Keim Executive Vice President of Strategic Planning and Corporate Development	70	%
Joseph W. White Former Chief Financial Officer	100	%

Additionally, 60% of the 2018 equity compensation was made subject to the Company's cumulative net income over the three years of 2018, 2019, and 2020, which metric aligns the long-term incentive awards of the named executive officers with our three-year strategic plan and stated business goal of sustained margin recovery.

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Base Salary

The objective of base salary is to reflect the executive's fundamental job responsibilities. The base salary of our named executive officers is the only element of their compensation that is fixed and predetermined. In 2018, the named executive officers were paid competitive base salaries determined by the evaluation of several factors, including the base salary levels of corresponding officers at peer companies as determined based on the 2018 Compensation Study, critical skills, job history, and unique roles or abilities of the executive. The 2018 and 2017 base salaries for the current named executive officers, as well as the changes in such base salaries from the 2017 to the 2018 levels, are reflected in the table below.

Named Executive Officer	Base Salary 2018	2017	Change ($)	Change (%)
Joseph M. Zubretsky, President and Chief Executive Officer	$1,300,000	$1,300,000	—	—
Thomas L. Tran, Chief Financial Officer	$700,000	N/A	N/A	N/A
Jeff D. Barlow, Chief Legal Officer and Secretary	$600,000	$550,000	$50,000	9.09%
Pamela S. Sedmak, Executive Vice President of Health Plan Operations[(1)]	$750,000	N/A	N/A	N/A
Mark L. Keim, Executive Vice President of Strategic Planning and Corporate Development[(2)]	$600,000	N/A	N/A	N/A
Joseph W. White, Former Chief Financial Officer[(3)]	$650,000	$650,000	—	—

(1) The compensation committee approved an increase to Ms. Sedmak's base salary from $700,000 to $750,000 effective as of September 1, 2018.

(2) The compensation committee approved an increase in Mr. Keim's base salary from $550,000 to $600,000 effective as of September 1, 2018.

(3) Mr. White retired from the Company on June 6, 2018.

Annual Short-Term Performance-Based Cash Bonus Awards

Our compensation program provides for an annual cash bonus that is entirely performance linked. The objective of the program is to compensate executives based on the achievement of specific and objective annual goals that are intended to correlate closely with the growth of stockholder value.

In February 2018, the compensation committee established short-term cash bonus opportunity levels and measures for the named executive officers as follows:

Named Executive Officer	2018 Target Cash Bonus Opportunity (% of Base Salary)	
Joseph M. Zubretsky		
President and Chief Executive Officer	150	%
Thomas L. Tran [(1)]		
Chief Financial Officer	100	%
Jeff D. Barlow		
Chief Legal Officer and Secretary	100	%
Pamela S. Sedmak		
Executive Vice President of Health Plan Operations	70	%
Mark L. Keim		
Executive Vice President of Strategic Planning and Corporate Development	70	%
Joseph W. White		

Former Chief Financial Officer	100	%

(1) Mr. Tran’s bonus is subject to proration based on his June 2018 start date.

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The 2018 bonus performance measures for the named executive officers were based 70% on a fiscal year 2018 pre-tax income, and 30% on the compensation committee's evaluation of each executive's individual performance, as follows:

- 70% of the bonus opportunity was based on the Company's pre-tax income achievement in 2018. On February 12, 2018, the Company had issued fiscal year 2018 net income guidance of $3.00 to $3.25 per share, representing 2018 pre-tax income of between $355 million and $400 million. The compensation committee established as a target short-term incentive bonus a pre-tax income amount well in excess of the top-end of the range of 2018 guidance, with a maximum payout established approximately 30% above the Company's preliminary 2018 guidance.
- 30% of the bonus opportunity was subject to the compensation committee's evaluation of each executive's individual performance, and was based upon consideration by the committee of a wide variety of factors closely aligned with the chief executive officer's goals and objectives, including, but not limited to, such factors as: (1) performance and operational improvements; (2) talent identification and succession planning; (3) financial planning and capital management; (4) development of a long term strategic plan; and miscellaneous other factors as may be identified by the compensation committee in the exercise of its discretion. As with the pre-tax income metric, payment of the individual performance bonus was capped at the 200% level.

Because the Company achieved 2018 pre-tax income of $999 million on a GAAP basis, or $10.61 per diluted share, the Company's 2018 achievement corresponded with performance well above the maximum targets, which were capped at the 200% of target level. Additionally, the compensation committee awarded each named executive officer 200% of his or her 30% bonus element that was attributable to individual performance, to recognize contributions in driving tremendous operational and stock price performance. As result, the named executive officers received the total 2018 short-term cash bonuses reflected in the table below.

The following table sets forth the fiscal year 2018 base salary levels for the named executive officers, along with the bonus opportunity amounts at the target level (100%) and at the maximum level (200% of target), and the total cash bonus paid.

Named Executive Officer	Base Salary	Target Bonus Opportunity (% of Base Salary)	Total Target Bonus Opportunity (100%)	Maximum Bonus Opportunity (200%)	Bonus Paid
Joseph M. Zubretsky President and Chief Executive Officer	$1,300,000	150 %	$1,950,000	$3,900,000	$3,900,000
Thomas L. Tran[1] Chief Financial Officer	$700,000	100 %	$466,667	$933,333	$933,333
Jeff D. Barlow Chief Legal Officer and Secretary	$600,000	100 %	$600,000	$1,200,000	$1,200,000
Pamela S. Sedmak[2] Executive Vice President of Health Plan Operations	$750,000	70 %	$455,000	$910,000	$910,000
Mark L. Keim[4] Executive Vice President of Strategic Planning and Corporate Development	$600,000	70 %	$373,333	$746,667	$746,667
Joseph W. White[5] Former Chief Financial Officer	$650,000	100 %	$455,000	$910,000	$—

[1] Mr. Tran's bonus opportunity level amounts and the cash bonus were prorated based on his start date of May 24, 2018.

[2] The compensation committee approved an increase to Ms. Sedmak's base salary from $700,000 to $750,000 effective as of September 1, 2018. The bonus opportunity level amounts and the cash bonus paid were prorated based on such increase.

(4) The compensation committee approved an increase in Mr. Keim's base salary from $550,000 to $600,000 effective as of September 1, 2018. The bonus opportunity level amounts and the cash bonus paid were prorated based on such increase.
(5) Mr. White retired from the Company on June 6, 2018.

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Long-Term Equity-Based Incentive Compensation Awards

In 2018 the named executive officers were granted long-term incentive awards in the form of PSUs and restricted stock, with the actual PSUs and share numbers being determined by using the closing price of the Company's common stock as of the respective grant dates, which were March 1, 2018 for the named executive officers employed on that date and the respective employment start date for those named executive officers who were employed subsequent to March 1, 2018.

A detailed schedule of the equity-based awards granted to each of the named executive officers is set forth in the table below.

	Performance Stock Units		Restricted Stock Awards			
Named Executive Officer	PSUs (#)	PSUs ($)	RSAs Total (#)	RSAs Total ($)	Total (#)	Total ($)
Joseph M. Zubretsky[1]	83,472	$5,999,967	55,648	$3,999,978	139,120	9,999,945
Thomas L. Tran[2]	14,237	$1,200,037	9,491	$799,996	23,728	2,000,033
Jeff D. Barlow[3]	12,521	$900,009	22,259	$1,599,977	34,780	2,499,986
Pamela S. Sedmak	6,260	$449,969	4,174	$300,027	10,434	749,996
Mark L. Keim[4]	6,260	$449,969	4,174	$300,027	10,434	749,996
Joseph W. White[5]	26,433	$1,900,004	—	$—	26,433	1,900,004

(1) The restricted stock is subject to vesting in equal one-third increments over three years from the grant date, on each of March 1, 2019, March 1, 2020, and March 1, 2021.

(2) The long-term incentive award was made effective as of Mr. Tran's employment start date of May 24, 2018, in the form of PSUs and restricted stock, with the actual PSUs. Mr. Tran's restricted stock is subject to vesting in equal one-third increments over three years from the grant date, on each of May 24, 2019, May 24, 2020, and May 24, 2021.

(3) Effective as of March 1, 2018, in addition to the 2018 annual $1,500,000 equity-based compensation, the compensation committee also awarded Mr. Barlow a restricted stock award of 13,912 shares (or $1,000,000 based on the closing price of the Company's common stock as of the March 1, 2018 grant date). Such incremental award was conveyed to Mr. Barlow to recognize his superior performance and key role in providing stability during a critical transition period. The award is subject to vesting in equal one-third increments over three years, on each of March 1, 2019, March 1, 2020, and March 1, 2021. Such additional award is included in the table.

(4) On January 10, 2018, Mr. Keim was also granted a restricted stock award of 11,756 shares of the Company's common stock as a sign-on bonus for joining the Company, which is not included in the number of shares of the restricted stock award reflected in the table. Such sign-on bonus restricted stock award was made subject to vesting in one-fourth increments over four years from the grant date, on each of January 10, 2019, January 10, 2020, January 10, 2021, and January 10, 2022.

(5) Mr. White's long-term incentive award consisted entirely of PSUs. Mr. White retired from the Company on June 6, 2018 prior to the vesting of any of these PSUs, and as a result, his entire long-term incentive award was forfeited.

Sixty percent (60%) of the long-term equity-based incentive compensation awards conveyed to each named executive officer in 2018 was based on the Company's cumulative net income over the three fiscal years of 2018, 2019, and 2020 to align the financial interests of our named executive officers with the long-term financial interests of our stockholders. If the long-term performance metric is not achieved at the threshold level, the equity-based compensation does not vest, and the compensation is not realized by the executive officers.

The compensation committee determined that, with the exception of Mr. White's award, 60% of the long-term incentive award to the named executive officers shall be in the form of PSUs. The vesting of the PSUs is based entirely on the achievement of a single financial metric: the Company's cumulative net income over the three fiscal years of 2018, 2019, and 2020. This single cumulative three-year metric aligns the long-term incentive awards of the both the chief executive officer and the named executive officers with our three-year strategic plan and stated business goal of sustained margin recovery. As of March 1, 2018, we believed it would be marginally difficult for the Company to achieve the threshold cumulative net income level, which would result in vesting at the 50% level. If that threshold cumulative net income level is not achieved, no PSUs shall vest. As of March 1, 2018, we believed it would be difficult but achievable to reach the target cumulative net income level, which would result in vesting at the 100% level. Further, as of March 1, 2018, given the issues related to re-contracting in Florida and New Mexico, and the many challenges and obstacles that had to be overcome in order to improve margins, we believed it would be possible but not probable to achieve the maximum cumulative net income level, which would result in vesting at the 200% level, which represents the cap on achievement. Achievement falling within the threshold level and the maximum level will be interpolated linearly to determine the appropriate PSUs payout. The PSUs will be settled by the issuance of shares of common stock of the Company equal to the number of PSUs as described herein. Any payout of the PSUs, if achieved, will occur when we report 2020 net income in early 2021, and are able to calculate the three-year cumulative net income for this metric.

The compensation committee determined that, with the exception of Mr. White's award, the balance of 40% of the total long-term incentive awards to the named executive officers shall be in the form of time-vested restricted stock awards ("RSAs"). These awards are subject to vesting in equal one-third increments over three years from the grant date as indicated in the table below.

2016-2017 Long-Term Incentive Awards Achievement Status

As part of the 2017 long-term incentive award to Mr. Barlow, 3,948 PSUs granted to Mr. Barlow were subject to vesting based on net profit margin in fiscal year 2018 of at least 1.0%, with full achievement at 1.5% net profit margin resulting in 200% vesting of the PSU grant. This performance metric was fully achieved in 2018 and the PSUs vested on March 1, 2019 at the 200% vesting level, resulting in settlement of the PSUs subject to this element into 7,896 shares of the Company's common stock. Additionally, 2,632 of the PSUs granted to Mr. Barlow in 2017 that were allocated to expansion/growth of the Company, vested on March 1, 2019, as result of the Company's wholly owned subsidiary, Molina Healthcare of Mississippi, Inc., winning a new request for proposal in Mississippi for the Children's Health Insurance Program, which represented the first such achievement of this metric (meaning the fourth such achievement after 2016). Further, in 2016, a portion of Mr. Barlow's long-term incentive award was related to the achievement of a net profit margin in fiscal year 2018 of at least 1.5%, with full achievement resulting in 100% of the grant. This performance metric was fully achieved in 2018, resulting in vesting of 3,132 shares of the Company's common stock on March 7, 2019.

Stock Ownership Guidelines for Named Executive Officers

The Board of Directors believes that executive officers should own and hold a reasonable number of shares of common stock of the Company to further align such officers' interests and actions with those of the Company's stockholders, and also to demonstrate confidence in the long-term prospects of the Company. The Company's guidelines with respect to stock ownership by executive officers provide that executive officers of the Company shall own the minimum number of shares of the Company's common stock with such value listed next to each such officer's title below, calculated as a multiple of annual base salary.

Executive Officer	Value of Shares
Chief Executive Officer	5X Annual Base Salary
Chief Financial Officer	4X Annual Base Salary
Chief Operating Officer	3X Annual Base Salary
Other Named Executive Officers	2X Annual Base Salary

The value of an executive officer's holdings is based on the average closing price of a share of the Company's stock for the previous calendar year. Shares that satisfy these guidelines may be those owned directly, through a trust, or by a spouse or child, and include shares purchased on the open market, vested or unvested shares of restricted stock, or exercised and retained option shares. Unexercised options and equity securities that are pledged are not counted toward the executive officer ownership requirements. Until an executive officer's stock ownership requirement is met, the executive officer must retain at least 50% of all "net settled shares" (as defined above under "Stock Ownership Guidelines for Directors") received from the vesting, delivery or exercise of equity awards granted under our equity award plans until the total value of all shares held equals or exceeds the executive officer's applicable ownership threshold.

Executive officers are expected to achieve the recommended ownership guidelines within five (5) years of assuming their positions. Once achieved, ownership of the guideline amount must be maintained for as long as the individual is subject to these guidelines. In addition, there may be certain instances where these guidelines would place an undue hardship on an executive officer. The compensation committee may therefore make exceptions to these guidelines as it deems appropriate.

Each of the named executive officers of the Company satisfied the stock ownership guidelines as of December 31, 2018, except Thomas L. Tran and Pamela S. Sedmak, whose employment with the Company started in 2018 and who pursuant to the guidelines have five (5) years from the start of his and her employment to comply with the policy.

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Clawback Policy

The Company has a Clawback Policy addressing the recovery by the Company of incentive-based compensation from current and former executives of the Company, in the event of any accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the applicable securities laws ("Accounting Restatement"). According to the Clawback Policy, in the event of an Accounting Restatement, the Company will use reasonable efforts to recover from any current or former executive officer of the Company, who received incentive-based compensation from the Company during the three (3)-year period preceding the date on which the Company is required to prepare an Accounting Restatement, based on the erroneous data, the excess of what would have been paid to the executive officer under the Accounting Restatement. In addition, the Clawback Policy further provides that the Company will use reasonable efforts to recover from current and former executive officers, up to 100% (as determined by the Board or a duly established committee of the Board in its sole discretion as appropriate based on the conduct involved) of such incentive-based compensation from the Company during the three (3)-year period preceding the date on which the Company is required to prepare an Accounting Restatement, if the Board or a committee thereof, in its sole discretion, determines that an executive officer's act or omission that contributed to the circumstances requiring the Accounting Restatement involved: (i) willful, knowing or intentional misconduct or a willful, knowing or intentional violation of any of the Company's rules or any applicable legal or regulatory requirements in the course of the executive officer's employment by, or otherwise in connection with, the Company or (ii) fraud in the course of the executive officer's employment by, or otherwise in connection with, the Company.

Restrictions on Pledges of Shares by Directors and Executive Officers

The Company's insider trading policy prohibits our directors and executive officers from, directly or indirectly, pledging a significant number of shares of the Company's common stock. For these purposes, "pledging" includes the intentional creation of any form of pledge, security interest, deposit, or lien, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any shares, whether with or without notice, consent, or default. "Significant" means the least of: (i) 1% of the Company's total outstanding shares of common stock; (ii) 20% of the common stock of the Company then held by the executive officer or director; and (iii) 50% of the Company's average daily trading volume for the three months prior to the pledge date.

The shares of common stock attributable to a director or executive officer for these purposes include shares attributable to the director or executive officer under either Section 13 or Section 16 of the Securities Exchange Act of 1934, as amended. Further, any shares that are pledged shall not be counted toward the executive officer or director stock ownership requirements.

As of the date of this proxy statement, none of the directors and executive officers of the Company had any pledge of shares of the Company's common stock.

Hedging Restrictions

As part of the Company's insider trading policy, directors, executive officers (including the named executive officers), and vice presidents of the Company or subsidiary executive officers (collectively, "Controlling Insiders") are prohibited from engaging in "hedging" with respect to the Company's securities. For these purposes, "hedging" includes any instrument or transaction, including put options and forward-sale contracts, through which a Controlling Insider offsets or reduces exposure to the risk of price fluctuations in a corresponding equity security. Speculative trading, short-swing trading, or short selling of stock of the Company by Controlling Insiders is expressly prohibited at all times, as is the buying or selling of any publicly traded option on stock of the Company and the establishment or use of margin accounts with a broker-dealer for the purpose of buying or selling stock of the Company.

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Compensation Committee Report

The compensation committee has reviewed and discussed the CD&A with the members of management of the Company. Based on its review and discussions, the compensation committee recommended to the Board of Directors that the CD&A be included in this proxy statement and incorporated by reference into the Form 10-K.

Compensation Committee
Richard M. Schapiro, Chairman
Charles Z. Fedak
Steven J. Orlando
Ronna E. Romney

March 12, 2019

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Compensation Tables

2018 Summary Compensation

The following table provides information concerning total compensation earned or paid to (a) the president and chief executive officer, (b) the chief financial officer, and (c) the four other most highly compensated executive officers of the Company who served in such capacities as of December 31, 2018, in each case for services rendered to the Company during the last year. In addition, the table provides information concerning total compensation earned or paid to our former chief financial officer who served in such capacity during 2018, for services rendered to the Company during the last year. These seven officers are referred to as the "named executive officers" in this proxy statement.

2018 Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards	Non-Equity Incentive Plan Comp.(2)	Change in Nonqualified Deferred Comp. Earnings(3)	All Other Comp.(4)	Total
Joseph M. Zubretsky(5)(6)	2018	$1,300,000	$—	$9,999,946	$—	$3,900,000	$ —	$19,824	$15,219,770
President and Chief Executive Officer	2017	$175,000	$4,000,000	$—	$15,536,250	$—	$ —	$27,858	$19,739,108
Thomas L. Tran(5)(7)	2018	$409,231	$126,668	$2,000,033	$—	$933,333	$ —	$14,762	$3,484,027
Chief Financial Officer									
Jeff D. Barlow(3)	2018	$599,039	$—	$2,499,986	$—	$1,200,000	$ —	$38,979	$4,338,004
Chief Legal Officer and Secretary	2017	$550,000	$—	$1,616,103	$—	$—	$ 27,041	$33,681	$2,226,825
	2016	$525,000	$—	$2,021,015	$—	$75,000	$ 8,395	$33,545	$2,662,955
Pamela S. Sedmak(5)(8)	2018	$576,923	$159,972	$749,996	$—	$910,000	$ —	$12,105	$2,408,996
Executive Vice President of Health Plan Operations									
Mark L. Keim(5)(9)	2018	$507,692	$1,844,542	$749,996	$—	$746,667	$ —	$14,419	$3,863,316
Executive Vice President of Strategic Planning and Corporate Development									
Joseph W. White(10)	2018	$295,000	$—	$1,900,004	$—	$—	$ —	$1,644,762	$3,839,766
	2017	$1,248,167	$—	$3,361,920	$—	$—	$ 2,821	$40,232	$4,653,140

Former Chief Financial Officer								
	2016	$538,000	$—	$2,786,018	$—	$80,000	$ 1,377	$15,033	$3,420,428

(1) This column shows the aggregate grant date fair value of performance stock units (“PSUs”) and restricted stock awards (“RSAs”) granted under the Company’s 2011 Equity Incentive Plan in the years shown. The aggregate grant date fair value is the amount the Company expects to expense for accounting purposes over the award’s vesting schedule. See the 2018 Grants of Plan-Based Awards Table for additional information, including the performance conditions and valuation assumptions as applicable, for PSUs and RSAs granted in 2018.

Generally, the grant date fair value presented does not correspond to the actual value that the named executive officers will realize from the award. In particular, the actual value of PSUs received is different from the accounting expense because such awards depend on the Company’s performance. In accordance with SEC rules, the aggregate grant date fair value of the PSUs presented above is calculated based on the most probable outcome of the performance conditions as of the grant date, which, for the PSUs, was target performance. If the maximum performance metrics are achieved for the PSUs, the grant date fair value of the 2018 PSUs would be $11,999,935 for Mr. Zubretsky, $2,400,073 for Mr. Tran, $1,800,019 for Mr. Barlow, $899,938 for Ms. Sedmak, $899,938 for Mr. Keim, and $3,800,008 for Mr. White.

(2) This column shows the amounts earned under the Company’s performance-based short-term cash incentive plan.

(3) Mr. Barlow’s change in non-qualified deferred compensation earnings for the year 2018 was ($8,545). Mr. White’s change in non-qualified deferred compensation earnings for the year 2018 was ($729).

(4) Details are provided below in the 2018 All Other Compensation Table.

(5) Compensation for Mr. Zubretsky is not provided for 2016 because he was not a named executive officer during 2016. Mr. Zubretsky’s employment with the Company started on November 6, 2017. Compensation for Mr. Tran, Ms. Sedmak, and Mr. Keim is only provided for 2018 because their employment with the Company started in 2018 and thus they were not named executive officers prior to 2018.

(6) Mr. Zubretsky’s employment with the Company commenced on November 6, 2017, and as a result the salary amount for 2017 is the amount paid for the period November 6, 2017 to December 31, 2017, at an annualized salary of $1,300,000. Mr.

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Zubretsky's 2017 bonus amount consisted of his sign-on bonus. In the event that prior to the second anniversary of his start date Mr. Zubretsky's employment terminates by reason of a termination for the Company for "cause" (as defined in the employment agreement) or Mr. Zubretsky's resignation without "good reason" (as defined in the employment agreement), Mr. Zubretsky will be required to repay the Company a prorated portion of the sign-on bonus payment. Pursuant to Mr. Zubretsky's employment agreement, in October 2017, in order to compensate him for forgone compensation benefits from his previous employer, the Company granted him an option to purchase 375,000 shares of common stock at an exercise price of $67.33 per share which expires October 8, 2027. These options were made subject to time-based vesting in equal increments over three years on each of October 9, 2018 (which vested), October 9, 2019, and October 9, 2020.

(7) The amount in the Bonus column represents Mr. Tran's sign-on bonus.

(8) The amount in the Bonus column represents Ms. Sedmak's sign-on bonus.

(9) Mr. Keim's bonus consists of the following: (1) $544,577 sign-on cash bonus; (2) $300,000 make-whole payment for bonus amounts forgone at his previous employer; and (3) a restricted stock award of 11,756 shares of the Company's common stock, with a grant date fair value of $999,965 on January 10, 2018, as a sign-on bonus for joining the Company, which vests in one-fourth increments over four years from the grant date, on each of January 10, 2019, January 10, 2020, January 10, 2021, and January 10, 2022.

(10) Mr. White retired from the Company on June 6, 2018.

2018 All Other Compensation Table

Name	Group Term Life Premiums	401(k) Matching Contribution (1)	Liquidated Amounts for Paid Time-off	Retirement Departure Payment	Remote Stipend	All Other Compensation
Joseph M. Zubretsky	$ 7,524	$ 11,000	$—	$—	$ 1,300	$ 19,824
Thomas L. Tran	$ 3,762	$ 11,000	$—	$—	$—	$ 14,762
Jeff D. Barlow	$ 4,902	$ 11,000	$ 23,077	$—	$—	$ 38,979
Pamela S. Sedmak	$ 3,582	$ 7,423	$—	$—	$ 1,100	$ 12,105
Mark L. Keim	$ 2,219	$ 11,000	$—	$—	$ 1,200	$ 14,419
Joseph W. White	$ 3,762	$ 11,000	$ 130,000	$ 1,500,000	$—	$ 1,644,762

(1) The Company has a 401(k) plan that is available to all employees. The plan allows pretax deferral, for which the Company matches dollar-for-dollar of the first 4% of salary electively deferred under the plan.

2018 Grants of Plan-Based Awards

The following table provides information about plan-based awards granted to the named executive officers in 2018. The Non-Equity Incentive Plan Awards were granted under the Company's 2018 Short-Term Incentive Compensation Plan. The Equity Incentive Plan Awards and All Other Stock Awards were granted under the Company's 2011 Equity Incentive Plan.

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2018 Grants of Plan-Based Awards Table

Name	Grant Date	Grant Type *	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock	Grant Date Fair Value of Stock and Option Awards (6)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Joseph M. Zubretsky	2/27/2018	STI Cash	$682,500	$1,365,000	$2,730,000	—	—	—	—	$—
	3/1/2018	PSU	$—	$—	$—	41,736	83,472	166,944	—	$5,999,967
	3/1/2018	RSA	$—	$—	$—	—	—	—	55,648 (3)	$3,999,978
Thomas L. Tran	5/24/2018	STI Cash	$163,333	$326,667	$653,333	—	—	—	— —	$—
	5/24/2018	PSU	$—	$—	$—	7,119	14,237	28,474	—	$1,200,037
	5/24/2018	RSA	$—	$—	$—	—	—	—	9,491 (4)	$799,996
Jeff D. Barlow	2/27/2018	STI Cash	$210,000	$420,000	$840,000	—	—	—	—	$—
	3/1/2018	PSU	$—	$—	$—	6,261	12,521	25,042	—	$900,009
	3/1/2018	RSA	$—	$—	$—	—	—	—	22,259 (3)	$1,599,977
Pamela S. Sedmak	2/27/2018	STI Cash	$159,250	$318,500	$637,000	—	—	—	—	$—
	3/1/2018	PSU	$—	$—	$—	3,130	6,260	12,520	—	$449,969
	3/1/2018	RSA	$—	$—	$—	—	—	—	4,174 (3)	$300,027
Mark L. Keim	1/10/2018	RSA	$—	$—	$—	—	—	—	11,756 (5)	$999,965
	2/27/2018	STI Cash	$130,667	$261,333	$522,667	—	—	—	—	$—
	3/1/2018	PSU	$—	$—	$—	3,130	6,260	12,520	—	$449,969
	3/1/2018	RSA	$—	$—	$—	—	—	—	4,174 (3)	$300,027
Joseph W. White (7)	2/27/2018	STI Cash	$227,500	$455,000	$910,000	—	—	—	—	$—
	3/1/2018	PSU	$—	$—	$—	13,217	26,433	52,866	— (3)	$1,900,004

* STI Cash=short-term incentive awards; PSU=performance stock units; RSA=restricted stock awards.

(1) These columns show the possible payouts under the Company’s performance-based short-term cash incentive plan. The individual performance portion of the short-term cash incentive bonus is excluded from the table above. Under this plan, Mr. Zubretsky’s bonus opportunity is 150% of his base salary; Mr. Tran’s bonus opportunity is 100% of his base salary; Mr. Barlow’s bonus opportunity is 100% of his base salary; Ms. Sedmak’s bonus opportunity is 70% of her base salary; and Mr. Keim’s bonus opportunity is 70% of his base salary. Mr. White’s bonus opportunity prior to his retirement in July 2018 was 100% of his base salary. For each of the named executives, 70% of the bonus opportunity related to a pre-tax income performance measure and 30% was subject to the compensation committee’s evaluation of each executive’s individual performance. The target bonus level was based on the achievement of pre-tax income in 2018 that was above the high end of the range of the Company’s 2018 preliminary guidance. See further discussion regarding these metrics at “Compensation Discussion and Analysis-Elements of Compensation.” The actual amounts earned and paid to the named executive officers under the 2018 plan are presented in the “2018 Summary Compensation Table-Non-Equity Incentive Plan Comp.”

(2) These columns show the estimated future payouts of PSUs under the awards granted in 2018. For each of the named executive officers, with respect to the PSUs granted in 2018, the vesting of the PSUs is based entirely on the achievement of a single financial metric: the Company’s cumulative net income over the three fiscal years of 2018, 2019, and 2020. At the time of grant we believed it would be marginally difficult for the Company to

achieve the threshold cumulative net income level, which would result in vesting at the 50% level. Further, we believed it would be difficult but achievable to reach the target cumulative net income level, which would result in vesting at the 100% level. Finally, at the time of grant we believed it would be possible but not probable to achieve the maximum cumulative net income level, which would result in vesting at the 200% level, which represents the cap on achievement. The PSUs will be settled by the issuance of shares of common stock of the Company equal to the number of PSUs as described herein, with all amounts interpolated linearly. Because of the Company's very strong financial performance in 2018, which exceeded our initial expectations at the time the metrics were established, the Company believes that the probability of achievement at the maximum level as of the end of 2020 has been significantly increased.

(3) Includes the RSAs granted to named executive officers on March 1, 2018. These awards are subject to time-based vesting in equal increments over three years on each of March 1, 2019, March 1, 2020, and March 1, 2021.

(4) Pursuant to Mr. Tran's employment agreement, on May 24, 2018, the Company granted him RSAs. These awards are subject to time-based vesting in equal increments over three years on each of May 24, 2019, May 24, 2020, and May 24, 2021.

(5) Pursuant to Mr. Keim's employment agreement, on January 10, 2018, the Company granted him RSAs. These awards are subject to time-based vesting in equal increments over four years on each of January 10, 2019, January 10, 2020, January 10, 2021, and January 10, 2022.

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(6) This column shows the grant date fair value of the PSUs and RSAs. Generally, the grant date fair value is the amount that the Company expects to expense in its financial statements over the awards' or options' vesting schedule.

(7) Mr. White retired from the Company on June 6, 2018.

Outstanding Equity Awards

The following table provides information on the named executive officers' holdings of stock and option grants as of year-end. It includes unexercised stock options (vested and unvested), and performance stock awards ("PSAs"), PSUs and RSAs for which vesting conditions were not yet satisfied as of December 31, 2018, based on performance achievement at target levels. The vesting schedule for each outstanding award is shown following this table.

2018 Outstanding Equity Awards at Fiscal Year End Table

	Option Awards						Stock and Stock Unit Awards			
Name	Option Grant Date	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Unexercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (Unearned)	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested[1]	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested
Joseph M. Zubretsky	11/6/2017	125,000	250,000	—	$67.33	10/8/2027		—	$—	—
			—	—			3/1/2018	55,648	$6,467,411	83,472
Thomas L. Tran			—	—			5/24/2018	9,491	$1,103,044	14,237
Jeff D. Barlow			—	—			3/7/2016	3,131	$363,885	3,132
							3/1/2017	6,316	$734,046	—
							5/10/2017	—	$—	16,844
							3/1/2018	22,259	$2,586,941	12,521
Total			—	—				31,706	$3,684,872	32,497
Pamela S. Sedmak			—	—			3/1/2018	4,174	$485,102	6,260
Mark L. Keim			—	—			1/10/2018	11,756	$1,366,282	—
							3/1/2018	4,174	$485,102	6,260
Total			—	—				15,930	$1,851,384	6,260

(1) The market value of the unvested RSAs, PSAs, and PSUs represents the product of the closing price of the Company's stock as of December 31, 2018, the last trading day of our fiscal year, which was $116.22, and the number of shares underlying such award and, with respect to PSAs and PSUs, assumes satisfaction of the applicable performance conditions at the target level. See the Outstanding Equity Awards Vesting Schedule Table

on the next page for more information regarding vesting of these awards.

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Outstanding Equity Awards Vesting Schedule Table

Name of Executive Officer	Grant Date	Stock Awards and Units Vesting Schedule[(1)] Vested PSAs/PSUs	RSAs	Subject to Vesting PSUs	RSAs
Joseph M. Zubretsky	3/1/2018		18,550 RSAs vested in 2019	83,472 PSUs vest 3/1/2021, subject to performance condition	18,549 RSAs vest 3/1/2020; 18,549 RSAs vest 3/1/2021
Thomas L. Tran	5/24/2018		3,164 RSAs vest in 2019	14,237 PSUs vest 3/1/2021, subject to performance condition	3,164 RSAs vest 5/24/2020; 3,163 RSAs vest 5/24/2021
Jeff D. Barlow	3/7/2016	3,132 PSAs vested in 2019	3,131 RSAs vested in 2019		
	3/1/2017		3,158 RSAs vested in 2019		3,158 RSAs vest 3/1/2020
	5/10/2017	10,528 PSUs vested in 2019		6,316 PSUs vest 3/1/2020, subject to performance conditions	
	3/1/2018		7,421 RSAs vested in 2019	12,521 PSUs vest 3/1/2021, subject to performance conditions	7,419 RSAs vest 3/1/2020; 7,419 RSAs vest 3/1/2021
Pamela S. Sedmak	3/1/2018		1,392 RSAs vested in 2019	6,260 PSUs vest 3/1/2021, subject to performance conditions	1,391 RSAs vest 3/1/2020; 1,391 RSAs vest 3/1/2021
Mark L. Keim	1/10/2018		2,939 RSAs vested in 2019		2,939 RSAs vest 1/10/2020; 2,939 RSAs vest 1/10/2021; 2,939 RSAs vest 1/10/2022
	3/1/2018		1,392 RSAs vested in 2019	6,260 PSUs vest 3/1/2021, subject to performance conditions	1,391 RSAs vest 3/1/2020; 1,391 RSAs vest 3/1/2021

(1) This column shows the vesting schedule for unvested or unearned stock awards reported in the "Number of Shares of Stock That Have Not Vested," and "Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested" columns of the 2018 Outstanding Equity Awards at Fiscal Year End Table. RSAs vest on the dates indicated above. PSAs and PSUs vest subject to the achievement of performance conditions, on the date the compensation committee certifies the achievement of such performance conditions. See the Outstanding Performance-Based Equity Awards Table for more information on these awards.

Outstanding Performance-Based Equity Awards at Fiscal Year End

Performance Goals					Name					
Metric	Entry Point	Target Achievement	Full Achievement	Grant Date	Joseph M. Zubretsky	Thomas L. Tran	Jeff D. Barlow	Pamela S. Sedmak	Mark L. Keim	Performance Period: Fiscal Year(s)
Net Profit Margin (after-tax) [(1)]	1.5%		2.0%	3/7/2016	—	—	3,132	—	—	2018
	1.0%	1.25%	1.5%	5/10/2017	—	—	3,948	—	—	2018

Net Profit Margin (after-tax) (2)										
Net Profit Margin (after-tax) (3)	1.5%	1.8%	2.0%	5/10/2017	—	—	3,684	—	—	2019
RFP/Acquisition (4)				5/10/2017	—	—	5,264	—	—	2017-2019
3-year Cumulative Net Income (5)				3/1/2018	83,472	14,237	12,521	6,260	6,260	2018 - 2020
Total					83,472	14,237	28,549			