

**DIPLOMAT PHARMACY, INC.**

# **Director and Executive Stock Ownership Guidelines**

**Effective March 27, 2018**

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Purpose The Board of Directors (the “Board”) of Diplomat Pharmacy, Inc. (the “Company”) has adopted these Stock Ownership Guidelines (the “Guidelines”) because it believes that directors of the Board (each, a “Director”) and the executive officers (within the meaning of Rule 16a-1(f) promulgated under the Securities and Exchange Act of 1934, as amended; each, an “Executive”) of the Company should own and hold shares of the Company’s common stock (the “Common Stock”), including specified derivatives, to further align their interests with the interests of the Company’s shareholders.

**Participation**

These Guidelines are applicable to the Directors and Executives. In the event that an Executive (other than in an interim capacity) is also a Director, the Executive will be subject to the Executive Minimum Ownership Guideline (as defined below).

**Executive Minimum Ownership Guideline**

Each Executive must own a minimum number of Qualifying Shares (as defined below) equal to a multiple of such person’s annual base salary (in effect on December 31 of the applicable year) divided by the Common Stock Price. The “Common Stock Price” shall mean the average of the closing trading price of the Common Stock during the 30 consecutive trading days ending December 31 of the applicable year.

The applicable multiple of Executive’s base salary is as follows:

<u>Position</u>	<u>Multiple</u>
Chief Executive Officer; President	5x base salary
Other Executive Officers	3x base salary

**Director Minimum Ownership Guideline**

Each Director must own a minimum number of Qualifying Shares (as defined below) equal to 3x the Director’s annual cash retainer (in effect on December 31 of the applicable year) divided by the Common Stock Price. The annual cash retainer shall exclude any additional cash retainer for service as chairman or lead director or for being a member of a committee of the Board.

**Transition Period for Compliance**

Each Director and Executive must achieve the applicable minimum ownership level by five years after such person first becomes subject to these Guidelines, and for all periods thereafter so long as such person remains subject to these Guidelines.

To the extent the base salary of an Executive or the applicable cash retainer of a Director is increased, such person shall have five years from the date of such increase to hold an additional number of Qualifying Shares corresponding to such increase. By way of example, an Executive who receives an increase in base salary as of December 31, 2018, shall achieve the applicable ownership level, including such increase, by December 31, 2023.

### **Compliance Testing Date**

Compliance with, or progress towards compliance with, the minimum ownership guideline by each Director and Executive will be reviewed annually by the Compensation Committee, generally in February or March of each year (the “Compliance Testing Date”).

### **Qualifying Shares**

The following Company equity shall be counted towards compliance with the minimum ownership guideline:

#### **Shares held directly:**

- Shares of Common Stock
- 50% of shares of Common Stock underlying any unvested restricted stock units or restricted stock granted by the Company
- The number of shares of Common Stock corresponding to (i) the intrinsic value (Common Stock Price less option exercise price) of vested, but unexercised, options to purchase Common Stock granted by the Company divided by (ii) the Common Stock Price

#### **Shares held indirectly:**

- Shares of Common Stock owned (1) by a spouse or other family member residing in such Executive’s or Director’s household, (2) in a trust for the economic benefit of the Executive, Director or their respective spouse or family member residing in such person’s household, and (3) in a deferred compensation plan of the Company for the benefit of the Executive or Director

Unvested options and unearned performance-based equity awards shall not count as Qualifying Shares.

The minimum number of Qualifying Shares shall be modified as necessary in the event of a stock split, reverse stock split, stock dividend or similar change in the Company’s capital structure.

### **Consequences of Non-Compliance**

If an Executive or Director is not in compliance with the minimum ownership guideline as of the applicable Compliance Testing Date, then until it is satisfied as of the next Compliance Testing Date, such person is prohibited from selling or transferring any Common Stock (or derivative security) acquired from the Company, whether currently held or granted in the future. Notwithstanding the foregoing and subject to the Company's other policies and procedures, an Executive or Director may sell Common Stock (in a cashless exercise or through the sale of already owned Common Stock) for the express and sole purpose of paying the exercise price of any stock option and any tax liability (including withholding amounts) from the exercise of any stock option or the vesting of equity award.

### **Exceptions**

If an Executive or Director is in compliance with the minimum ownership guideline in an applicable year, such person shall continue to be considered in compliance in future years to the extent such person does not sell or transfer any Common Stock (including any transfer following which the Common Stock is still a Qualifying Share) after the applicable Compliance Testing Date. In other words, an Executive or Director shall not be penalized solely for changes in the Common Stock Price.

The Compensation Committee, in its discretion, may elect to provide an exception to any Executive or Director in equitable circumstances, such as when these Guidelines would impose a financial hardship or would prevent such person from complying with a court order, such as a divorce settlement.

### **Administration**

The Compensation Committee of the Board shall be responsible for monitoring the application of these Guidelines and may amend these Guidelines at any time. In addition, the Board may take any and all actions under these Guidelines in lieu of the Compensation Committee