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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-36677

DIPLOMAT PHARMACY, INC.
(Exact name of Registrant as specified in its charter)

Michigan (State or other jurisdiction of incorporation or organization)	**38-2063100** (IRS employer identification number)
4100 S. Saginaw St., Flint, Michigan (Address of principal executive offices)	**48507** (Zip Code)

(888) 720-4450
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 3, 2018, there were 74,407,010 outstanding shares of the registrant's no par value common stock.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DIPLOMAT PHARMACY, INC.
Condensed Consolidated Balance Sheets (Unaudited)
(Dollars in thousands)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and equivalents	$ 7,360	$ 84,251
Receivables, net	349,845	332,091
Inventories	170,175	206,603
Prepaid expenses and other current assets	18,012	11,125
Total current assets	545,392	634,070
Property and equipment, net	38,838	38,990
Capitalized software for internal use, net	33,865	36,520
Goodwill	836,427	832,624
Definite-lived intangible assets, net	357,841	392,011
Other noncurrent assets	5,507	6,208
Total assets	$ 1,817,870	$ 1,940,423
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 383,969	$ 384,719
Rebates payable	25,257	28,744
Borrowings on line of credit	135,100	188,250
Short-term debt, including current portion of long-term debt	11,500	11,500
Accrued expenses:		
Compensation and benefits	13,641	9,584
Contingent consideration	5,300	8,100
Other	22,005	20,560
Total current liabilities	596,772	651,457
Long-term debt, less current portion	442,734	521,098
Deferred income taxes	13,515	14,367
Contingent consideration	5,870	4,000
Other	1,507	—
Total liabilities	1,060,398	1,190,922
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred stock (10,000,000 shares authorized; none issued and outstanding)	—	—
Common stock (no par value; 590,000,000 shares authorized; 74,282,135 and 73,871,424 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively)	625,354	619,235
Additional paid-in capital	45,804	38,450
Retained earnings	87,276	91,816
Accumulated other comprehensive loss	(962)	—
Total shareholders' equity	757,472	749,501
Total liabilities and shareholders' equity	$ 1,817,870	$ 1,940,423

See accompanying notes to condensed consolidated financial statements.

DIPLOMAT PHARMACY, INC.
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income (Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net sales	$ 1,416,078	$ 1,126,464	$ 2,758,562	$ 2,205,204
Cost of sales	(1,317,662)	(1,059,750)	(2,569,768)	(2,068,728)
Gross profit	98,416	66,714	188,794	136,476
Selling, general and administrative expenses	(90,642)	(61,871)	(172,329)	(123,085)
Income from operations	7,774	4,843	16,465	13,391
Other (expense) income:				
Interest expense	(10,392)	(1,931)	(20,819)	(3,980)
Other	394	34	811	66
Total other expense	(9,998)	(1,897)	(20,008)	(3,914)
(Loss) income before income taxes	(2,224)	2,946	(3,543)	9,477
Income tax (expense) benefit	(1,740)	544	(871)	(1,763)
Net (loss) income	(3,964)	3,490	(4,414)	7,714
Less net loss attributable to noncontrolling interest	—	(101)	—	(244)
Net (loss) income attributable to Diplomat Pharmacy, Inc.	$ (3,964)	$ 3,591	$ (4,414)	$ 7,958
Other comprehensive loss, net of tax	(962)	—	(962)	—
Total comprehensive (loss) income	$ (4,926)	$ 3,591	$ (5,376)	$ 7,958
Net (loss) income per common share:				
Basic	$ (0.05)	$ 0.05	$ (0.06)	$ 0.12
Diluted	$ (0.05)	$ 0.05	$ (0.06)	$ 0.12
Weighted average common shares outstanding:				
Basic	74,158,622	67,528,151	74,077,916	67,209,280
Diluted	74,158,622	68,211,882	74,077,916	67,997,929

See accompanying notes to condensed consolidated financial statements.

DIPLOMAT PHARMACY, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in thousands)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities:		
Net (loss) income	$ (4,414)	$ 7,714
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	48,170	31,935
Share-based compensation expense	10,122	3,798
Net provision for doubtful accounts	3,919	5,401
Amortization of debt issuance costs	2,742	595
Changes in fair values of contingent consideration	2,339	—
Contingent consideration payments	(2,704)	—
Deferred income tax expense	(632)	979
Other	—	6
Changes in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	(22,732)	(3,024)
Inventories	36,407	37,179
Accounts payable	(8,013)	(14,353)
Other assets and liabilities	1,448	(2,977)
Net cash provided by operating activities	66,652	67,253
Cash flows from investing activities:		
Expenditures for capitalized software for internal use	(5,878)	(2,459)
Expenditures for property and equipment	(5,487)	(2,289)
Net payments to acquire businesses, net of cash acquired	(1,289)	(53,571)
Other	46	(43)
Net cash used in investing activities	(12,608)	(58,362)
Cash flows from financing activities:		
Net payments on line of credit	(53,150)	(36,734)
Payments on long-term debt	(79,750)	(3,313)
Proceeds from long-term debt	—	25,000
Proceeds from issuance of stock upon stock option exercises	3,351	6,007
Payments of debt issuance costs	(821)	—
Contingent consideration payments	(565)	—
Net cash used in financing activities	(130,935)	(9,040)
Net decrease in cash and equivalents	(76,891)	(149)
Cash and equivalents at beginning of period	84,251	7,953
Cash and equivalents at end of period	$ 7,360	$ 7,804
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 18,589	$ 3,386
Cash paid for income taxes	1,741	4,458

See accompanying notes to condensed consolidated financial statements.

DIPLOMAT PHARMACY, INC.
Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(Dollars in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2018	**73,871,424**	**$ 619,235**	**$ 38,450**	**$ 91,816**	**$ —**	**$ 749,501**
Adoption of ASC Topic 606 (Note 3)	—	—	—	(126)	—	(126)
Net loss	—	—	—	(4,414)	—	(4,414)
Other comprehensive loss, net of tax	—	—	—	—	(962)	(962)
Stock issued upon stock option exercises	330,399	4,292	(941)	—	—	3,351
Share-based compensation expense	—	—	10,122	—	—	10,122
Stock issued upon vesting of restricted stock units	58,388	1,266	(1,266)	—	—	—
Restricted stock award activity	21,924	561	(561)	—	—	—
Balance at June 30, 2018	**74,282,135**	**$ 625,354**	**$ 45,804**	**$ 87,276**	**$ (962)**	**$ 757,472**

See accompanying notes to condensed consolidated financial statements.

DIPLOMAT PHARMACY, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(Dollars in thousands, except per share amounts)

1. DESCRIPTION OF BUSINESS

Diplomat Pharmacy, Inc. and its consolidated subsidiaries (the "Company") is the largest independent provider of specialty pharmacy services in the United States of America ("U.S."). The Company is focused on improving the lives of patients with complex chronic diseases while also delivering unique solutions for manufacturers, hospitals, payers and providers. The Company's patient-centric approach positions it at the center of the healthcare continuum for treatment of complex chronic disease states, including oncology, specialty infusion therapy, immunology, hepatitis, multiple sclerosis and many other serious or long-term conditions. The Company operates as two reporting segments. The Specialty segment offers a broad range of innovative solutions to address the dispensing, delivery, dosing and reimbursement of clinically intensive, high-cost specialty drugs and a wide range of applications and the Pharmacy Benefit Management ("PBM") segment provides services designed to help the Company's customers reduce the cost and manage the complexity of their prescription drug programs. The Company dispenses to patients in all U.S. states and territories through its advanced distribution centers and manages centralized clinical call centers to deliver localized services on a national scale.

2. BASIS OF PRESENTATION

Interim Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the interim financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of the financial position, results of operations, cash flows and changes in shareholders' equity. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2017 included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 1, 2018.

Reclassifications

During the second quarter of 2018, the Company changed its accounting policy to reclassify shipping and handling costs incurred at its dispensing pharmacies from "Selling, general and administrative expenses" ("SG&A") to "Cost of sales" in its condensed consolidated statements of operations. The amounts reclassified were $15,955 and $13,286 for the three months ended June 30, 2018 and 2017, respectively, and $31,094 and $24,386 for the six months ended June 30, 2018 and 2017, respectively, due to this accounting policy change.

The Company has historically classified the cost of its nursing support services within SG&A as these amounts were not considered significant in relation to total cost of sales. During the second quarter of 2018, the Company reclassified these nursing support service costs from SG&A to cost of sales. The amounts reclassified were $6,443 and $4,834 for the three months ended June 30, 2018 and 2017, respectively, and $11,538 and $9,021 for the six months ended June 30, 2018 and 2017, respectively.

These reclassifications had no impact on "Income from operations" for any of the periods presented.

3. NEW ACCOUNTING STANDARDS

Adoption of New Accounting Standards

Revenue

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 *, Revenue from Contracts with Customers (Topic 606)* ("Topic 606"), which supersedes the previous revenue recognition guidance under U.S. GAAP. The new standard focuses on creating a single source of revenue guidance for revenue arising from contracts with customers for all industries. The objective of the new standard is for companies to recognize revenue when it transfers the promised goods or services to its customers at an amount that represents what the company expects to be entitled to in exchange for those goods or services. In July 2015, the FASB issued ASU No. 2015-14 *, Revenue from Contracts with Customers (Topic 606) Deferral of the Effective Date,* which deferred the effective date of Topic 606 by one year to annual reporting periods beginning after December 15, 2017 for public entities, though early adoption was permitted. Topic 606 permitted two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective transition method). The new standard also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company's contracts with customers.

On January 1, 2018, the Company adopted Topic 606 using the modified retrospective transition method. Therefore, the comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company recognized the cumulative effect of initially applying the new revenue recognition standard on January 1, 2018 and recorded an after-tax adjustment of $126 to reduce beginning retained earnings. This cumulative adjustment relates to a shift in the timing of revenue recognition of dispensing prescription drugs for home delivery from the date the drugs are shipped under the Company's previous accounting policy to the date the drugs are physically delivered (which better reflects when control transfers) under the new accounting policy adopted in connection with Topic 606. The effect of this change is not significant as there is a very short timeframe from the shipment date to the physical delivery date of the prescription drugs. Additionally, in the PBM segment, prior to the adoption of Topic 606, revenue related to certain contracts was previously recognized on a net basis as the Company was considered to be acting as an agent in the transactions. The Company reassessed the principal versus agent criteria under Topic 606 and determined under the new guidance that the Company is considered to be acting as principal in these transactions and, effective January 1, 2018, began to recognize revenue on a gross basis.

As a result of applying the modified retrospective transition method, the following condensed consolidated balance sheet line items were adjusted as of January 1, 2018:

	As Reported December 31, 2017	Adjustment	As Adjusted January 1, 2018
Receivables, net	$ 332,091	$ (6,483)	$ 325,608
Inventories	206,603	6,313	212,916
Total current assets	634,070	(170)	633,900
Total assets	1,940,423	(170)	1,940,253
Accrued expenses — Other	20,560	(44)	20,516
Total current liabilities	651,457	(44)	651,413
Total liabilities	1,190,922	(44)	1,190,878
Retained earnings	91,816	(126)	91,690
Total shareholders' equity	749,501	(126)	749,375
Total liabilities and shareholders' equity	1,940,423	(170)	1,940,253

The following table compares the reported condensed consolidated statement of operations and comprehensive loss for the three months ended June 30, 2018 to the as adjusted amounts had the previous revenue accounting guidance remained in effect:

	As Reported For the Three Months Ended June 30, 2018	Adjustment	As Adjusted For the Three Months Ended June 30, 2018
Net sales	$ 1,416,078	$ (94,546)	$ 1,321,532
Cost of sales	(1,317,662)	94,552	(1,223,110)
Gross profit	98,416	6	98,422
Income from operations	7,774	6	7,780
(Loss) income before income taxes	(2,224)	6	(2,218)
Income tax expense	(1,740)	(2)	(1,742)
Net (loss) income	(3,964)	4	(3,960)
Net (loss) income attributable to Diplomat Pharmacy, Inc.	(3,964)	4	(3,960)
Total comprehensive loss	(4,926)	4	(4,922)

The following table compares the reported condensed consolidated balance sheet, statement of operations and statement of cash flows as of and for the six months ended June 30, 2018 to the as adjusted amounts had the previous revenue accounting guidance remained in effect:

	As Reported As of and For the Six Months Ended June 30, 2018	Adjustment	As Adjusted As of and For the Six Months Ended June 30, 2018
Condensed Consolidated Balance Sheet:			
Receivables, net	$ 349,845	$ 8,347	$ 358,192
Inventories	170,175	(8,044)	162,131
Total current assets	545,392	303	545,695
Total assets	1,817,870	303	1,818,173
Accrued expenses — Other	22,005	79	22,084
Total current liabilities	596,772	79	596,851
Total liabilities	1,060,398	79	1,060,477
Retained earnings	87,276	224	87,500
Total shareholders' equity	757,472	224	757,696
Total liabilities and shareholders' equity	1,817,870	303	1,818,173
Condensed Consolidated Statement of Operations and Comprehensive Loss:			
Net sales	$ 2,758,562	$ (192,436)	$ 2,566,126
Cost of sales	(2,569,768)	192,569	(2,377,199)
Gross profit	188,794	133	188,927
Income from operations	16,465	133	16,598
(Loss) income before income taxes	(3,543)	133	(3,410)
Income tax expense	(871)	(35)	(906)
Net (loss) income	(4,414)	98	(4,316)
Net (loss) income attributable to Diplomat Pharmacy, Inc.	(4,414)	98	(4,316)
Total comprehensive loss	(5,376)	98	(5,278)
Condensed Consolidated Statement of Cash Flows:			
Net (loss) income	$ (4,414)	$ 98	$ (4,316)
Accounts receivable (change)	(22,732)	(8,347)	(31,079)
Inventories (change)	36,407	8,044	44,451
Other assets and liabilities (change)	1,448	205	1,653

See the *Revenue* section in Note 4 for additional disclosures required under Topic 606.

Derivatives and Hedging

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"). ASU 2017-12 aligns hedge accounting with risk management activities and simplifies the requirement to qualify for hedge accounting. ASU 2017-12 is effective for annual periods beginning on or after December 15, 2018, including interim periods within those annual periods. Early adoption is permitted.

Effective January 1, 2018, the Company early adopted ASU 2017-12. There was no impact to the Company at the time of adoption.

Accounting Standards Issued But Not Yet Adopted

Leases

In February 2016, the FASB issued ASU No. 2016-02 , *Leases (Topic 842)* ("ASU 2016-02"), requiring lessees to recognize a right-of-use asset and a lease liability for all leases (with the exception of short-term leases) at lease commencement date. ASU 2016-02 is effective for annual periods beginning on or after December 15, 2018, including interim periods within those annual periods. Early adoption is permitted. The Company is almost complete with the inventorying of its lease population and is beginning to evaluate the impact that adopting ASU 2016-02 will have on its consolidated financial statements and/or notes thereto.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Diplomat Pharmacy, Inc., its wholly-owned subsidiaries, and a 51 percent owned subsidiary, formed in August 2014, which the Company controlled and which was dissolved during the fourth quarter of 2017.

All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from these estimates.

Receivables, net

Receivables, net consisted of the following:

	June 30, 2018	December 31, 2017
Trade receivables, net of allowances of $(22,317) and $(22,050), respectively	$ 330,192	$ 317,004
Rebate receivables	17,411	12,847
Other receivables	2,242	2,240
	$ 349,845	$ 332,091

Trade receivables are stated at the invoiced amount. Trade receivables primarily include amounts due from clients, third-party pharmacy benefit managers and insurance providers and are based on contracted prices. Trade receivables are unsecured and require no collateral. Trade receivable terms vary by payer, but generally are due within 30 days after the sale of the product or performance of the service.

Rebate receivables are amounts due from pharmaceutical manufacturers related to drug purchases by participants of the various pharmacy benefit plans that the Company manages, a portion of which, depending on contract terms, are paid back to the Company's customers.

Inventories

Inventories consist of prescription and over-the-counter drugs and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. Prescription drugs are returnable to the Company's vendors and fully refundable before six months of expiration, and any remaining expired drugs are relieved from inventory on a quarterly basis.

Revenue

The following table disaggregates the Company's net sales by major source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Oncology (Specialty)	$ 706,291	$ 638,630	$ 1,393,188	$ 1,246,911
Specialty Infusion (Specialty)	181,250	153,845	346,968	284,871
Immunology (Specialty)	142,952	142,405	278,551	280,456
Other (Specialty)	203,253	191,584	368,018	392,966
PBM	188,747	—	380,215	—
Inter-segment eliminations	(6,415)	—	(8,378)	—
	$ 1,416,078	$ 1,126,464	$ 2,758,562	$ 2,205,204

Specialty Segment

The Company recognizes revenue from dispensing prescription drugs for home delivery at the time the drugs are physically delivered (when control transfers). Revenue from dispensing prescription drugs that are picked up by patients at an open-door or retail pharmacy location are recorded at prescription adjudication, which approximates the fill date. Each prescription claim is considered its own arrangement with the customer and is a performance obligation.

The Company accrues an estimate of fees, including direct and indirect remuneration fees ("DIR fees"), which are assessed or expected to be assessed by payers at some point after adjudication of a claim, as a reduction at the time revenue is recognized. Changes in the Company's estimate of such fees are recorded as an adjustment to revenue when the change becomes known.

PBM Segment

The Company provides a pharmacy benefit management service, including mail order pharmacy and specialty pharmacy services, to its clients, which include Medicare Part D Plans, regional health Plans, self-insured clients and Medicaid Plans. The Company sells prescription drugs directly through its mail service dispensing pharmacy and indirectly through its contracted network of retail pharmacies. The Company recognizes revenue from the sale of prescription drugs by its mail order pharmacy service when the drugs are physically delivered (when control transfers) and by its retail pharmacy network when the claim is adjudicated. The Company's pharmacy benefit management services are accounted for in a manner consistent with a master supply arrangement as there are no contractual minimum volumes and each prescription is considered a separate purchasing decision and distinct performance obligation transferred at a point in time. Pharmacy benefit management services performed in connection with each prescription claim are considered part of a single performance obligation which culminates in the dispensing of prescription drugs. The Company recognizes revenue using the gross method since the Company acts as principal in the arrangement, exercises pricing latitude and independently has a contractual obligation to pay its network pharmacy providers for benefits provided to its clients' members, and assumes primary responsibility for fulfilling the promise to provide prescription drugs to its client plan members while also performing the related pharmacy benefit management services. The Company includes the total prescription price (drug ingredient cost plus dispensing fee) it has contracted with these clients as revenue, including member co-payments to pharmacies, and as cost of sales.

Net sales include (i) the portion of the price the client pays directly to the Company, net of any variable consideration including volume-related or other discounts paid back to the client, (ii) the price paid to the Company by client plan members for mail order prescriptions and the price paid to retail network pharmacies by client plan members for retail prescriptions and (iii) claims-based administrative fees. The Company records revenue net of manufacturer's rebates which are earned by its clients based on their plan members' utilization of brand-name formulary drugs. The Company estimates these rebates at period-end based on actual and estimate claims data and its estimates of manufacturers' rebates earned by its clients. The Company adjusts against revenues its rebates payable to clients to the actual amounts paid when such adjustments become known. The Company also adjusts revenues for refunds owed to the clients resulting from pricing and performance guarantees against defined metrics.

Sales taxes are presented on a net basis (excluded from revenue and cost) for both segments.

5. BUSINESS ACQUISITIONS

The Company accounts for its business acquisitions using the acquisition method as required by FASB Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* . The Company ascribes significant value to the synergies and other benefits that do not meet the recognition criteria of acquired identifiable intangible assets. Accordingly, the value of these components is included within goodwill. The Company's business acquisitions described below, except a portion of LDI (defined below), were treated as asset purchases for income tax purposes and the related goodwill resulting from these business acquisitions is deductible for income tax purposes. The results of operations for acquired businesses are included in the Company's consolidated financial statements from their respective acquisition dates.

The assets acquired and liabilities assumed in the business combinations described below, including identifiable intangible assets, were based on their estimated fair values as of the acquisition date. The excess of purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The allocation of the purchase price required management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to identifiable intangible assets. These estimated fair values were based on information obtained from management of the acquired companies and historical experience and, with respect to the long-lived tangible and intangible assets, were made with the assistance of an independent valuation firm. These estimates included, but were not limited to, the cash flows that an asset is expected to generate in the future, and the cost savings expected to be derived from acquiring an asset, discounted at rates commensurate with the risks and uncertainties involved. For acquisitions that involved contingent consideration, the Company recognized a liability equal to the fair value of the contingent consideration obligation as of the acquisition date. The estimate of fair value of a contingent consideration obligation required subjective assumptions regarding future business results, discount rates and probabilities assigned to various potential business result scenarios. These estimates are preliminary and subject to change up to one year following each acquired entity's respective acquisition date.

LDI Holding Company LLC

On December 20, 2017, the Company acquired LDI Holding Company LLC, doing business as LDI Integrated Pharmacy Services ("LDI"). LDI is a full-service PBM based in St. Louis, Missouri. LDI's service offerings include URAC-accredited mail-order and specialty pharmacies, a national network of retail pharmacies and comprehensive clinical programs. The following table summarizes the consideration transferred to acquire LDI:

Cash	$	520,157
4,113,188 restricted common shares		79,088
	$	599,245

The above share consideration at closing is based on 4,113,188 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of December 19, 2017 ($20.24) and multiplied by 95 percent to account for the restricted nature of the shares.

Approximately $7,500 of the purchase consideration was deposited into an escrow account to satisfy any indemnification claims that may be made by the Company. Approximately $6,357 and $1,143 was released from escrow to the sellers and the Company, respectively, during the second quarter of 2018.

The Company incurred acquisition-related costs of $143 and $635 which were charged to "Selling, general and administrative expenses" during the three and six months ended June 30, 2018, respectively.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	780
Receivables, net		38,028
Inventories		2,857
Prepaid expenses and other current assets		750
Property and equipment		3,016
Capitalized software for internal use		434
Definite-lived intangible assets		201,523
Other noncurrent assets		148
Accounts payable		(16,409)
Rebates payable		(23,121)
Accrued expenses — compensation and benefits		(2,329)
Accrued expenses — other		(1,948)
Deferred income taxes		(31,277)
Total identifiable net assets		172,452
Goodwill		426,793
	$	599,245

As of June 30, 2018, the Company was still in the process of finalizing its LDI valuation and, therefore, the purchase price allocation should be considered preliminary. The preliminary purchase price allocation may be subject to further refinement upon finalization of fair valuing acquisition-date working capital , as well as completion of acquisition-related income tax assessment. The goodwill balance may be adjusted pending the completion of the valuation of the assets acquired and liabilities assumed as described above. To the extent that significant changes occur in the future, the Company will disclose such changes in the reporting period in which they occur.

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Customer relationships	10 years	$	184,973
Trade names and trademarks	4 years		16,550
		$	201,523

Pharmaceutical Technologies, Inc.

On November 27, 2017, the Company acquired Pharmaceuticals Technologies, Inc., doing business as National Pharmaceutical Services ("NPS"). NPS is a full-service PBM based in Omaha, Nebraska. The following table summarizes the consideration transferred to acquire NPS:

Cash	$	34,895
835,017 restricted common shares		12,753
	$	47,648

The above share consideration at closing is based on 835,017 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of November 24, 2017 ($16.97) and multiplied by 90 percent to account for the restricted nature of the shares.

Approximately $9,005 of the purchase consideration was deposited into an escrow account to be held for 12 months after the closing date to satisfy any indemnification claims that may be made by the Company.

The Company incurred acquisition-related costs of $555 which were charged to "Selling, general and administrative expenses" during the six months ended June 30, 2018.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	9,851
Accounts receivable		20,622
Inventories		200
Prepaid expenses and other current assets		650
Property and equipment		13,545
Capitalized software for internal use		1,800
Definite-lived intangible assets		6,720
Accounts payable		(14,968)
Rebates payable		(7,882)
Accrued expenses — compensation and benefits		(160)
Accrued expenses — other		(4,886)
Total identifiable net assets		25,492
Goodwill		22,156
	$	47,648

As of June 30, 2018, the Company was still in the process of finalizing its NPS valuation and, therefore, the purchase price allocation should be considered preliminary. The preliminary purchase price allocation may be subject to further refinement upon finalization of fair valuing acquisition-date working capital . The goodwill balance may be adjusted pending the completion of the valuation of the assets acquired and liabilities assumed as described above. To the extent that significant changes occur in the future, the Company will disclose such changes in the reporting period in which they occur.

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Customer relationships	10 years	$	5,900
Trade names and trademarks	2 years		820
		$	6,720

Focus Rx Pharmacy Services Inc. and Focus Rx Inc.

On September 1, 2017, the Company acquired Focus Rx Pharmacy Services Inc. and Focus Rx Inc. (collectively, "Focus"), a specialty pharmacy focusing on infusion services located in Ronkonkoma, New York. The following table summarizes the consideration transferred to acquire Focus:

Cash	$	17,252
374,297 restricted common shares		5,643
Contingent consideration at fair value		2,080
	$	24,975

The above share consideration at closing is based on 374,297 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of August 31, 2017 ($16.75) and multiplied by 90 percent to account for the restricted nature of the shares.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $1,500 per performance period based upon the achievement of certain gross profit targets in each of the 12-month periods ending September 30, 2018 and 2019. The maximum additional cash payout is $3,000. The fair value of this liability as of June 30, 2018 and December 31, 2017 was $2,870 and $2,600, respectively.

Approximately $1,200 of the purchase consideration was deposited into an escrow account to be held for 12 months after the closing date to satisfy any of the Company's indemnification claims.

The following table summarizes the preliminary fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,809
Accounts receivable		4,954
Inventories		1,178
Definite-lived intangible assets		7,100
Other noncurrent assets		22
Accounts payable		(5,122)
Accrued expenses — compensation and benefits		(156)
Total identifiable net assets		9,785
Goodwill		15,190
	$	24,975

As of June 30, 2018, the Company was still in the process of finalizing its Focus valuation and, therefore, the purchase price allocation should be considered preliminary. The preliminary purchase price allocation may be subject to further refinement upon finalization of fair valuing acquisition-date working capital . The goodwill balance may be adjusted pending the completion of the valuation of the assets acquired and liabilities assumed as described above. To the extent that significant changes occur in the future, the Company will disclose such changes in the reporting period in which they occur.

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Patient relationships	7 years	$	3,700
Non-compete employment agreements	3 years		2,200
Trade names and trademarks	3 years		1,200
		$	7,100

Accurate Rx Pharmacy Consulting, LLC

On July 5, 2017, the Company acquired Accurate Rx Pharmacy Consulting, LLC ("Accurate"), a specialty pharmacy focusing on infusion services located in Columbia, Missouri. The following table summarizes the consideration transferred to acquire Accurate:

Cash	$	9,408
131,108 restricted common shares		1,776
Contingent consideration at fair value		1,980
	$	13,164

The above share consideration at closing is based on 131,108 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company's common stock as of July 3, 2017 ($15.05) and multiplied by 90 percent to account for the restricted nature of the shares.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $3,600 per performance period based upon the achievement of certain gross profit targets in each of the 12-month periods ending July 31, 2018 and 2019. The maximum additional cash payout is $7,200. The fair value of this liability as of June 30, 2018 and December 31, 2017 was $3,100 and $1,600, respectively.

Approximately $1,000 of the purchase consideration was deposited into an escrow account to be held for 15 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $83 which were charged to "Selling, general and administrative expenses" during the three and six months ended June 30, 2017.

The following table summarizes the fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,295
Accounts receivable		2,196
Inventory		936
Prepaid expenses and other current assets		34
Definite-lived intangible assets		3,420
Other noncurrent assets		3
Accounts payable		(3,303)
Accrued expenses — compensation and benefits		(152)
Accrued expenses — other		(6)
Total identifiable net assets		4,423
Goodwill		8,741
	$	13,164

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Patient relationships	7 years	$	2,100
Non-compete employment agreements	5 years		670
Trade names and trademarks	3 years		650
		$	3,420

WRB Communications, LLC

On May 8, 2017, the Company acquired WRB Communications, LLC (“WRB”), a communications and contact center company based in Chantilly, Virginia that specializes in relationship management programs for leading pharmaceutical manufacturers and service organizations. The following table summarizes the consideration transferred to acquire WRB:

Cash	$	26,804
299,325 restricted common shares		4,291
Contingent consideration at fair value		530
	$	31,625

The above share consideration at closing is based on 299,325 shares, in accordance with the purchase agreement, multiplied by the per share closing market price of the Company’s common stock as of May 5, 2017 ($15.93) and multiplied by 90 percent to account for the restricted nature of the shares.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $500 per performance period based upon the achievement of certain earnings before interest, taxes, depreciation and amortization targets in each of the 12-month periods ending May 31, 2018 and 2019. During the fourth quarter of 2017, the Company guaranteed a full payout to allow for the acceleration of certain integration activities. The formers owners received $1,000 in cash in January 2018.

Approximately $1,950 of the purchase consideration was deposited into an escrow account to be held for 18 months after the closing date to satisfy any of the Company’s indemnification claims.

The Company incurred acquisition-related costs of $227 which were charged to “Selling, general and administrative expenses” during the three and six months ended June 30, 2017.

The following table summarizes the fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,018
Accounts receivable		2,593
Prepaid expenses and other current assets		179
Property and equipment		498
Definite-lived intangible assets		7,730
Other noncurrent assets		24
Accounts payable		(100)
Accrued expenses — other		(498)
Total identifiable net assets		11,444
Goodwill		20,181
	$	31,625

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Customer relationships	7 years	$	5,200
Non-compete employment agreements	4 years		1,530
Trade names and trademarks	2 years		1,000
		$	7,730

Comfort Infusion, Inc.

On March 22, 2017, the Company acquired Comfort Infusion, Inc. ("Comfort"), a specialty pharmacy and infusion services company based in Birmingham, Alabama that specializes in intravenous immune globulin therapy to support patients' immune systems. The following table summarizes the consideration transferred to acquire Comfort:

Cash	$	10,613
Contingent consideration at fair value		3,800
	$	14,413

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners additional cash payouts of up to $2,000 per performance period based upon the achievement of certain gross profit targets in each of the 12-month periods ending March 31, 2018, 2019 and 2020. The maximum payout of contingent consideration is $6,000. The fair value of this liability as of June 30, 2018 and December 31, 2017 was $5,200 and $4,300, respectively. Based upon Comfort's actual results for the 12-month period ended March 31, 2018, the Company paid $2,000 in cash to Comfort's former owners in July 2018.

Approximately $1,050 of the purchase consideration was deposited into an escrow account to be held for 18 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $81 and $214 which were charged to "Selling, general and administrative expenses" during the three and six months ended June 30, 2017, respectively.

The following table summarizes the fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	104
Accounts receivable		575
Inventories		118
Prepaid expenses and other current assets		15
Definite-lived intangible assets		2,400
Other noncurrent assets		5
Accounts payable		(372)
Accrued expenses — other		(101)
Total identifiable net assets		2,744
Goodwill		11,669
	$	14,413

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		**Amount**
Physician relationships	7 years	$	1,200
Non-compete employment agreements	5 years		1,200
		$	2,400

Affinity Biotech, Inc.

On February 1, 2017, the Company acquired Affinity Biotech, Inc. ("Affinity"), a specialty pharmacy and infusion services company based in Houston, Texas that provides treatments and nursing services for patients with hemophilia. The following table summarizes the consideration transferred to acquire Affinity:

Cash	$	17,377
Contingent consideration at fair value		35
	$	17,412

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners an additional cash payout based upon the achievement of a certain earnings before interest, taxes, depreciation and amortization target in the 12-month period ending February 28, 2018. The maximum payout of contingent consideration was $4,000. The fair value of this liability as of December 31, 2017 was $2,600. Based upon Affinity's actual results for the 12-month period ended February 28, 2018, the Company paid $2,269 in cash to Affinity's former owners during the second quarter of 2018.

Approximately $2,000 of the purchase consideration was deposited into an escrow account to be held for 18 months after the closing date to satisfy any of the Company's indemnification claims.

The Company incurred acquisition-related costs of $203 which were charged to "Selling, general and administrative expenses" during the six months ended June 30, 2017.

The following table summarizes the fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash	$	1,043
Accounts receivable		3,433
Inventories		79
Prepaid expenses and other current assets		74
Definite-lived intangible assets		5,100
Other noncurrent assets		5
Accounts payable		(1,075)
Accrued expenses — compensation and benefits		(144)
Accrued expenses — other		(25)
Total identifiable net assets		8,490
Goodwill		8,922
	$	17,412

Definite-lived intangible assets that were acquired and their respective useful lives are as follows:

	Useful Life		Amount
Patient relationships	7 years	$	4,000
Non-compete employment agreements	5 years		1,100
		$	5,100

Pro Forma Operating Results

The following unaudited pro forma summary presents consolidated financial information as if the Accurate, Affinity, Comfort, Focus, LDI, NPS and WRB acquisitions had occurred on January 1, 2016. The unaudited pro forma results reflect certain adjustments related to the acquisitions, such as amortization expense resulting from intangible assets acquired and adjustments to reflect the Company's borrowings and tax rates. Accordingly, such pro forma operating results were prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been made as of the as if date or of results that may occur in the future .

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Net sales	$ 1,251,859	$ 2,462,258
Net (loss) income attributable to Diplomat Pharmacy, Inc.	$ (2,887)	$ 1,958
Net (loss) income per common share — basic & diluted	$ (0.04)	$ 0.03

6. FAIR VALUE MEASUREMENTS

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy was established, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

A. *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. *Cost approach:* Amount that would be required to replace the service capacity of an asset (replacement cost).

C. *Income approach:* Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured and disclosed at fair value on a recurring basis:

	Asset / (Liability)	Level 2	Level 3	Valuation Technique
June 30, 2018:				
Contingent consideration	$ (11,170)	$ —	$ (11,170)	C
Interest rate swaps (Note 9)	(1,287)	(1,287)	—	A
December 31, 2017:				
Contingent consideration	$ (12,100)	$ —	$ (12,100)	C

The following table sets forth a roll forward of the Level 3 measurements:

	Contingent Consideration
Balance at January 1, 2018	$ (12,100)
Changes in fair values	(2,339)
Payments	3,269
Balance at June 30, 2018	$ (11,170)

The carrying amounts of the Company's financial instruments — consisting primarily of cash and cash equivalents, accounts receivable, accounts payable, and other liabilities — approximate their estimated fair values due to the relative short-term nature of the amounts. The carrying amount of debt approximates fair value due to variable interest rates at customary terms and rates the Company could obtain in current financing.

7. GOODWILL AND DEFINITE-LIVED INTANGIBLE ASSETS

The following table sets forth a roll forward of goodwill for the six months ended June 30, 2018:

Balance at January 1, 2018	$ 832,624
Miscellaneous	3,803
Balance at June 30, 2018	$ 836,427

Goodwill by reporting segment is as follows:

	June 30, 2018	December 31, 2017
PBM	$ 450,589	$ 446,740
Specialty	385,838	385,884
	$ 836,427	$ 832,624

Definite-lived intangible assets consist of the following:

	June 30, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 196,073	$ (12,115)	$ 183,958	$ 196,073	$ (1,141)	$ 194,932
Patient relationships	170,100	(58,904)	111,196	170,100	(49,643)	120,457
Non-compete employment agreements	61,389	(37,107)	24,282	61,389	(30,560)	30,829
Trade names and trademarks	44,020	(19,305)	24,715	44,020	(13,624)	30,396
Physician relationships	21,700	(8,010)	13,690	21,700	(6,303)	15,397
	$ 493,282	$ (135,441)	$ 357,841	$ 493,282	$ (101,271)	$ 392,011

The Company recorded amortization expense of $17,160 and $10,307 for the three months ended June 30, 2018 and 2017, respectively, and $34,170 and $19,992 for the six months ended June 30, 2018 and 2017, respectively.

8. DEBT

The Company had $470,250 and $550,000 in outstanding term loans as of June 30, 2018 and December 31, 2017, respectively. Unamortized debt issuance costs of $16,016 and $17,402 as of June 30, 2018 and December 31, 2017, respectively, are presented in the condensed consolidated balance sheets as direct deductions from the outstanding debt balances. The Company also had $135,100 and $188,250 outstanding on its line of credit as of June 30, 2018 and December 31, 2017, respectively. The Company had $114,900 and $61,750 available to borrow on its line of credit at June 30, 2018 and December 31, 2017, respectively.

The interest rates the Company pays under its credit facility are primarily a function of a defined margin above LIBOR. The Company's Term Loan A and Term Loan B interest rates were 4.35 percent and 6.60 percent, respectively, at June 30, 2018 and 4.04 percent and 6.04 percent, respectively, at December 31, 2017. The Company's line of credit interest rate was 4.35 percent and 4.04 percent at June 30, 2018 and December 31, 2017, respectively. The Company is charged a monthly unused commitment fee ranging from 0.3 percent to 0.4 percent on the average unused daily balance on its $250,000 line of credit.

The Company's credit facility contains certain financial and non-financial covenants. The Company was in compliance with all such covenants as of June 30, 2018 and December 31, 2017.

9. INTEREST RATE SWAPS

The Company entered into two interest rate swap agreements during the second quarter of 2018 to fix its interest rate payments from April 30, 2019 through March 31, 2022 on $150,000 principal balance on each of Term Loan A and Term Loan B ($300,000 principal balance in total). These cash flow derivatives are designated as hedging instruments under FASB ASC Subtopic 815-20. The Company recognized other comprehensive loss of $962 ($1,287 loss, net of $325 in taxes) during the three and six months ended June 30, 2018. There was no impact to the condensed consolidated statements of operations. The $1,287 interest rate swap agreement liability is contained in "Other" noncurrent liabilities as of June 30, 2018.

The Company does not use derivatives for trading or speculative purposes and currently does not have any derivatives that are not designated as hedging instruments under the accounting requirements for derivatives and hedging.

10. SHARE-BASED COMPENSATION

Stock Options

A summary of the Company's stock option activity as of and for the six months ended June 30, 2018 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2018	6,108,292	$ 18.62	8.5	$ 25,777
Granted	411,486	21.39		
Exercised	(330,399)	10.14		
Cancelled/expired	(635,004)	21.32		
Outstanding at June 30, 2018	5,554,375	$ 19.04	8.4	$ 45,087
Exercisable at June 30, 2018	1,572,284	$ 19.84	7.1	$ 14,766

The Company recorded share-based compensation expense associated with stock options of $2,003 and $2,626 for the three months ended June 30, 2018 and 2017, respectively, and $4,152 and $3,514 for the six months ended June 30, 2018 and 2017, respectively.

The Company granted service-based awards of 330,135 options under its 2014 Omnibus Incentive Plan (the “2014 Plan”) and a make-whole inducement award of 81,351 options to purchase common stock to key employees during the six months ended June 30, 2018, of which 306,486 and 105,000 options become exercisable in installments of 33.3 percent and 25 percent, respectively, per year, beginning on the first anniversary of the grant date. These options have a maximum term of ten years.

The 411,486 options to purchase common stock that were granted during the six months ended June 30, 2018 have a weighted average grant date fair value of $8.75 per option. The grant date fair values of these stock option awards were estimated using the Black-Scholes-Merton option pricing model using the assumptions set forth in the following table :

Exercise price	$20.52 - $24.29
Expected volatility	36.06% - 38.36%
Expected dividend yield	0%
Risk-free rate for expected term	2.33% - 2.73%
Expected life (in years)	6.00 - 6.25

Estimating grant date fair values for employee stock options requires management to make assumptions regarding expected volatility of value of those underlying shares, the risk-free rate over the expected life of the stock options and the date on which share-based payments will be settled. Expected volatility is based on a weighted average of the Company’s historic volatility and an implied volatility for a group of industry-relevant healthcare companies as of the measurement date. Risk-free rate is determined based upon U.S. Treasury rates over the estimated expected option lives. Expected dividend yield is zero as the Company does not anticipate that any dividends will be declared during the expected term of the options. The expected term of options granted is calculated using the simplified method (the midpoint between the end of the vesting period and the end of the maximum term). Forfeitures are accounted for when they occur.

Restricted Stock Units (“RSU” or “RSUs”)

A summary of the Company’s RSU activity as of and for the six months ended June 30, 2018 is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2018	66,639	$ 14.65
Granted	3,316,566	23.32
Vested and issued	(58,388)	21.69
Cancelled/expired	(51,975)	21.23
Outstanding at June 30, 2018	3,272,842	$ 23.20

The Company granted service-based awards of 890,581 RSUs to key employees under its 2014 Plan during the six months ended June 30, 2018. The Company also granted a sign-on inducement award of 124,875 RSUs and a make-whole inducement award of 33,716 RSUs to a key employee during the six months ended June 30, 2018. The value of an RSU is determined by the market value of the Company’s common stock at the date of grant. This value is recorded as compensation expense on a straight-line basis over the vesting period, which ranges from immediate vesting to three years from grant date.

The Company granted 139,512 performance-based RSUs to key employees under its 2014 Plan during the six months ended June 30, 2018, which will be earned or forfeited based upon the Company’s performance relative to a specified adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) goal for the year ending December 31, 2018. The earned RSUs, if any, will vest in three equal installments, with the first installment vesting upon the earlier of the date that the Company files its 2018 Annual Report on Form 10-K or Audit Committee confirmation of the satisfaction of the applicable performance goals, with the remaining installments vesting annually thereafter . The Company is accounting for these performance-based RSUs under the current presumption that 50 percent will be earned and 50 percent will be forfeited.

The Company granted 629,372 performance-based RSUs as a make-whole inducement award to a key employee during the six months ended June 30, 2018, which will be earned or forfeited based upon the Company’s performance relative to specified Adjusted EBITDA and revenue goals for the year ending December 31, 2018. The earned RSUs, if any, will vest in three equal installments, with the first installment vesting upon the earlier of the date that the Company files its 2018 Annual Report on Form 10-K or Audit Committee confirmation of the satisfaction of the applicable performance goals, with the remaining installments vesting annually thereafter . The Company is accounting for these performance-based RSUs under the current presumption that 25 percent will be earned and 75 percent will be forfeited.

The Company granted an additional 1,498,500 performance-based RSUs as a sign-on inducement award to a key employee during the six months ended June 30, 2018, which will be earned or forfeited based upon the Company’s performance relative to specified cumulative Adjusted EBITDA and revenue goals for the years ending December 31, 2018 and 2019. The earned RSUs, if any, will vest in three equal installments, with the first installment vesting upon the earlier of the date that the Company files its 2019 Annual Report on Form 10-K or Audit Committee confirmation of the satisfaction of the applicable performance goals, with the remaining installments vesting annually thereafter, provided that the vesting of a portion of this award may be accelerated at the discretion of the Board of Directors of the Company or its Compensation Committee following completion of the Company’s 2018 audit . The Company is accounting for these performance-based RSUs under the current presumption that 25 percent will be earned and 75 percent will be forfeited.

The Company recorded share-based compensation expense associated with RSUs of $4,819 and $105 for the three months ended June 30, 2018 and 2017, respectively, and $5,693 and $105 for the six months ended June 30, 2018 and 2017, respectively.

Restricted Stock Awards (“RSA” or RSAs”)

A summary of the Company’s RSA activity as of and for the six months ended June 30, 2018 is as follows:

	Number of Shares Subject to Restriction	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2018	34,291	$ 17.45
Granted	21,924	23.26
Vested	(31,732)	17.68
Nonvested at June 30, 2018	24,483	$ 22.36

Under the 2014 Plan, the Company issued RSAs to non-employee directors. The value of a RSA is determined by the market value of the Company’s common stock at the date of grant. The value of a RSA is recorded as share-based compensation expense on a straight-line basis over the vesting period, which is typically one year.

The Company recorded share-based compensation expense associated with RSAs of $139 and $95 for the three months ended June 30, 2018 and 2017, respectively, and $277 and $179 for the six months ended June 30, 2018 and 2017, respectively.

11. INCOME TAXES

A reconciliation of income taxes computed at the U.S. federal statutory tax rate to income tax expense is as follows:

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Income tax benefit (expense) at U.S. statutory rate	$ 744	$ (3,412)
Tax effect from:		
Non-deductible employee compensation in excess of $1,000	(1,158)	—
State income taxes, net of federal benefit	(763)	(435)
Share-based compensation	542	2,271
Other	(236)	(187)
Income tax expense	$ (871)	$ (1,763)

12. CONTINGENCIES

On November 10, 2016, a putative class action complaint was filed in the U.S. District Court for the Eastern District of Michigan against Diplomat Pharmacy, Inc. and certain officers of the Company. Following the appointment of lead plaintiffs and lead counsel, an amended complaint was filed on April 11, 2017. The amended complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 in connection with public filings made between February 29, 2016 and November 2, 2016 (the "potential class period"). The plaintiff seeks to represent a class of shareholders who purchased stock in the potential class period. The complaint seeks unspecified monetary damages and other relief. The Company filed a motion to dismiss the amended complaint on May 24, 2017. The court issued an order denying the Company's motion to dismiss on January 19, 2018. The Company filed a motion for reconsideration of its motion to dismiss on February 2, 2018. The Company believes the complaint and allegations to be without merit and intends to vigorously defend itself against the action. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

On February 10, 2017, the Company's Board of Directors (the "Board") received a demand letter from a purported shareholder containing allegations similar to those contained in the putative class action complaint described above. The letter demanded that the Board take action to remedy the alleged violations. In response, the Board established a Special Independent Committee of its disinterested and independent members to investigate the claims. Subsequently, on June 2, 2017, the shareholder filed a putative shareholder's derivative lawsuit in the Michigan Circuit Court for the County of Genesee regarding the same matters alleged in the demand letter. The complaint names the Company as a nominal defendant and names a number of the Company's current and former officers and directors as defendants. The complaint seeks unspecified monetary damages and other relief. In connection with the ongoing Special Independent Committee investigation, on July 20, 2017, by agreement between the Company and the shareholder, the court ordered a stay of legal proceedings for 90 days, after which time by further agreements of the Company and the shareholder, the court extended the stay until August 1, 2018. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

The results of legal proceedings are often uncertain and difficult to predict, and the Company could from time to time incur judgments, enter into settlements, materially change its business practices or technologies or revise its expectations regarding the outcome of certain matters. In addition, the costs incurred in litigation can be substantial, regardless of the outcome.

The Company's business of providing specialized pharmacy services and other related services may subject it to litigation and liability for damages in the ordinary course of business. Nevertheless, the Company believes there are no other legal proceedings, the outcome of which, if determined adversely to the Company, would individually or in the aggregate be reasonably expected to have a material adverse effect on its business, financial position, cash flows or results of operations.

13. (LOSS) INCOME PER COMMON SHARE

The following table sets forth the computation of basic and diluted (loss) income per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator:				
Net (loss) income attributable to Diplomat Pharmacy, Inc.	$ (3,964)	$ 3,591	$ (4,414)	$ 7,958
Denominator:				
Weighted average common shares outstanding, basic	74,158,622	67,528,151	74,077,916	67,209,280
Weighted average dilutive effect of stock options, RSAs and RSUs	—	683,731	—	788,649
Weighted average common shares outstanding, diluted	74,158,622	68,211,882	74,077,916	67,997,929
Net (loss) income per common share:				
Basic	$ (0.05)	$ 0.05	$ (0.06)	$ 0.12
Diluted	$ (0.05)	$ 0.05	$ (0.06)	$ 0.12

The Company recognized a net loss for the three and six months ended June 30, 2018. As a result, the diluted loss per share is the same as the basic loss per share as any potentially dilutive securities would reduce the loss per share. In the absence of a net loss, the weighted average dilutive effect of stock options, RSAs and RSUs would have been 374,080 and 398,051 for the three and six months ended June 30, 2018, respectively. Service-based and earned performance-based stock options to purchase a weighted average of 4,032,813 and 4,022,012 common shares would have been excluded from the computation of diluted weighted average common shares outstanding for the three and six months ended June 30, 2018, respectively, as inclusion of such options would be anti-dilutive. Performance-based stock options to purchase up to a weighted average of 574,138 common shares would have been excluded from the computation of diluted weighted average common shares outstanding for both the three and six months ended June 30, 2018 as all performance conditions were not satisfied as of June 30, 2018. Weighted average service-based RSUs of 766,971 and 409,262 common shares would have been excluded from the computation of diluted weighted average common shares outstanding for the three and six months ended June 30, 2018, respectively, as inclusion of such RSUs would be anti-dilutive. Weighted average performance-based RSUs of 770,859 and 389,305 common shares would have been excluded from the computation of diluted weighted average common shares outstanding for the three and six months ended June 30, 2018, respectively, as all performance conditions were not satisfied as of June 30, 2018. Weighted average RSAs of 7,228 and 3,614 common shares were excluded from the computation of diluted weighted average common shares outstanding for the three and six months ended June 30, 2018, respectively, as inclusion of such shares would be anti-dilutive .

Service-based and earned performance-based stock options to purchase a weighted average of 3,174,060 and 2,803,785 common shares for the three and six months ended June 30, 2017, respectively, were excluded from the computation of diluted weighted average common shares outstanding as inclusion of such options would be anti-dilutive. Performance-based stock options to purchase up to a weighted average of 995,517 and 497,759 common shares for the three and six months ended June 30, 2017, respectively, were excluded from the computation of diluted weighted average common shares outstanding as all performance conditions were not satisfied as of June 30, 2017. Weighted average service-based RSUs of 86,488 and 43,244 common shares were excluded from the computation of diluted weighted average common shares outstanding for the three and six months ended June 30, 2017, respectively, as inclusion of such shares would be anti-dilutive. Weighted average RSAs of 9,340 and 5,950 common shares were excluded from the computation of diluted weighted average common shares outstanding for the three and six months ended June 30, 2017, respectively, as inclusion of such shares would be anti-dilutive.

14. OPERATIONS BY REPORTING SEGMENT

Effective January 1, 2018, the Company reports in two operating segments: Specialty and PBM. The Specialty segment offers a broad range of innovative solutions to address the dispensing, delivery, dosing and reimbursement of clinically intensive, high-cost specialty drugs and a wide range of applications and the PBM segment provides services designed to help the Company's customers reduce the cost and manage the complexity of their prescription drug programs. The Company evaluates segment performance principally upon net sales and gross profit. Net sales, cost of sales and gross profit information by segment are as follows:

	Three Months Ended June 30,					
	Net Sales		Cost of Sales		Gross Profit	
	2018	2017	2018	2017	2018	2017
Specialty	$ 1,233,746	$ 1,126,464	$ (1,161,206)	$ (1,059,750)	$ 72,540	$ 66,714
PBM	188,747	—	(162,871)	—	25,876	—
Inter-segment eliminations	(6,415)	—	6,415	—	—	—
	$ 1,416,078	$ 1,126,464	$ (1,317,662)	$ (1,059,750)	$ 98,416	$ 66,714

	Six Months Ended June 30,					
	Net Sales		Cost of Sales		Gross Profit	
	2018	2017	2018	2017	2018	2017
Specialty	$ 2,386,725	$ 2,205,204	$ (2,241,365)	$ (2,068,728)	$ 145,360	$ 136,476
PBM	380,215	—	(336,781)	—	43,434	—
Inter-segment eliminations	(8,378)	—	8,378	—	—	—
	$ 2,758,562	$ 2,205,204	$ (2,569,768)	$ (2,068,728)	$ 188,794	$ 136,476

Total assets by segment are as follows:

	June 30, 2018	December 31, 2017
Specialty	$ 1,086,860	$ 1,190,188
PBM	731,010	750,235
	$ 1,817,870	$ 1,940,423

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in thousands, except per share, per patient and per prescription data)

The following Management's Discussion and Analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the condensed consolidated financial statements (unaudited), related notes, and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2017, which was filed on March 1, 2018 with the Securities and Exchange Commission ("SEC").

Forward-Looking Statements

Certain statements contained or incorporated in this Quarterly Report on Form 10-Q which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance. Words such as "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "future," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," and similar terms and phrases, or the negative thereof, utilized in discussions of future operating or financial performance signify forward-looking statements.

The forward-looking statements contained in this report are based on management's good-faith belief and reasonable judgment based on current information. The forward-looking statements are qualified by important factors, risks, and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those in the forward-looking statements, including those described elsewhere in this report, as well as in our Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent reports filed with or furnished to the SEC. Any forward-looking statement made by us in this report speaks only as of the date hereof or as of the date specified herein. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by any applicable laws or regulations.

Overview

Diplomat Pharmacy, Inc. (the "Company," "Diplomat," "our," "us," or "we") is the largest independent provider of specialty pharmacy services in the United States of America ("U.S."). We are focused on improving the lives of patients with complex chronic diseases while also delivering unique solutions for manufacturers, hospitals, payers and providers. Our patient-centric approach positions us at the center of the healthcare continuum for treatment of complex chronic diseases. We offer a broad range of innovative solutions to address the dispensing, delivery, dosing and reimbursement of clinically intensive, high-cost specialty drugs (many of which can cost more than $100,000 per patient, per year) and a wide range of applications and pharmacy benefit management ("PBM") services designed to help our customers reduce the cost and manage the complexity of their prescription drug programs. We have expertise across a broad range of high-growth specialty therapeutic categories, including oncology, immunology, specialty infusion therapy, hepatitis, multiple sclerosis and many other serious or long-term conditions. We dispense to patients in all U.S. states and territories through our advanced distribution centers and manage centralized clinical call centers to deliver localized services on a national scale. Diplomat opened its doors in 1975 as a neighborhood pharmacy with one essential tenet: "Take good care of patients and the rest falls into place." Today, that tradition continues—always focused on improving patient care and clinical adherence.

Our revenue is derived from: (i) customized care management programs we deliver to our patients, including the dispensing of their specialty medications and (ii) PBM services that we provide to our customers. Because the therapeutic disease states primarily addressed by our specialty pharmacy services generally require multiyear or lifelong therapy, our focus on complex chronic diseases helps drive recurring revenue and sustainable growth. Our specialty pharmacy services revenue growth is primarily driven by manufacturer price inflation, new drugs coming to market, new indications for existing drugs, volume growth with current clients, and the addition of new clients. Going forward, we expect an aging population and attendant increase in prescription spending to drive demand for our PBM services.

Our recent and historical revenue growth in our Specialty segment has largely been driven by our position as a leader in the oncology, specialty infusion and immunology therapeutic categories. We generated approximately 84 percent and 83 percent of our Specialty segment revenue in these categories during the three months ended June 30, 2018 and 2017, respectively, and approximately 85 percent and 82 percent during the six months ended June 30, 2018 and 2017, respectively.

We expect our revenue growth to continue to be driven by a highly visible and recurring base of prescription volume and revenues, favorable demographic trends, advanced clinical developments, expanding drug pipelines, earlier detection of chronic diseases, improved access to medical care, mix shift toward higher-cost specialty drugs and manufacturer price increases. In addition, we believe our expanding breadth of services, our growing penetration with new customers and our access to limited-distribution drugs will help us achieve sustainable revenue growth in the future. Further, we believe that limited distribution is becoming the delivery system of choice for many specialty drug manufacturers because it is conducive to smaller patient populations, facilitates high patient engagement, clinical expertise and elevated focus on service, and because it allows for real-time patient-specific (albeit de-identified) data. Accordingly, we believe our current portfolio of more than 100 limited-distribution drugs, all of which are commercially available, is important to our revenue growth. For our PBM services, we expect our revenue to be propelled by rising drug prices and a growth in specialty drug spend, as well as a shift in the marketplace of drug coverage from a medical benefit to a pharmacy benefit, and the increasing complexity and required support for Medicare Part D programs.

We also provide specialty pharmacy support services to hospitals and health systems. Through many of these partners, we earn revenue by providing clinical and administrative support services on a fee-for-service basis to help them dispense specialty medications.

Reclassifications

During the second quarter of 2018, we changed our accounting policy to reclassify shipping and handling costs incurred at our dispensing pharmacies from “Selling, general and administrative expenses” (“SG&A”) to “Cost of sales” in our condensed consolidated statements of operations. The amounts reclassified were $16,347 and $13,286 for the three months ended June 30, 2018 and 2017, respectively, and $31,777 and $24,386 for the six months ended June 30, 2018 and 2017, respectively, due to this accounting policy change.

We have historically classified the cost of our nursing support services within SG&A as these amounts were not considered significant in relation to total cost of sales. During the second quarter of 2018, we reclassified these nursing support service costs from SG&A to cost of sales. The amounts reclassified were $6,443 and $4,834 for the three months ended June 30, 2018 and 2017, respectively, and $11,538 and $9,021 for the six months ended June 30, 2018 and 2017, respectively.

These reclassifications had no impact on “Income from operations” for any of the periods presented.

Key Performance Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions :

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Specialty				
Prescriptions dispensed	236,000	220,000	459,000	440,000
Net sales per prescription dispensed	$ 5,218	$ 5,107	$ 5,181	$ 5,008
Gross profit per prescription dispensed	$ 301	$ 299	$ 309	$ 308
PBM				
Prescriptions filled (adjusted to a 30-day equivalent)(1)	2,123,000	—	4,304,000	—
Gross profit per prescription filled	$ 12	$ —	$ 10	$ —

(1) A 90-day prescription is counted as three 30-day prescriptions filled

Prescription Data (rounded to the nearest thousand)

Specialty prescriptions dispensed represent prescriptions filled and dispensed by Diplomat to patients, or in rare cases, to physicians. Our volume for the three and six months ended June 30, 2018 increased by 7.3 percent and 4.3 percent, respectively, from prior year periods. These volume increases were due to access to drugs that were new in the past year and growth through physician and payer relationships. Prescriptions dispensed adjusted to a 30-day equivalent by our recently acquired PBM were approximately 2,123,000 and 4,304,000 for the three and six months ended June 30, 2018, respectively.

Other Metrics

Other key metrics used in analyzing our business are net sales per prescription dispensed and gross profit per prescription dispensed. Net sales per prescription dispensed represent total prescription revenue from prescriptions dispensed by Diplomat divided by the number of prescriptions dispensed by Diplomat. Gross profit per prescription dispensed represents gross profit from prescriptions dispensed by Diplomat divided by the number of prescriptions dispensed by Diplomat. Total prescription revenue from prescriptions dispensed includes all revenue collected from patients, third-party payers and various patient assistance programs, as well as revenue collected from pharmaceutical manufacturers for data and other services directly tied to the actual dispensing of their drug(s). Gross profit represents total prescription revenue from prescriptions dispensed less the cost of the drugs purchased, including performance-related rebates paid by manufacturers to us, which are recorded as a reduction to cost of sales.

Components of Results of Operations

Net Sales

Our Specialty segment recognizes revenue for a dispensed prescription drug at time of delivery (when control transfers) and at prescription adjudication (which approximates the fill date) for patient pick up at open door or retail pharmacy locations. We can earn revenue from multiple sources for any one claim, including the primary insurance plan, the secondary insurance plan, the tertiary insurance plan, the patient co-pay and patient assistance programs. Specialty's net sales also include revenue from pharmaceutical manufacturers and other outside companies for data reporting or additional services rendered for dispensed prescriptions. Service revenue is primarily derived from fees earned by us from hospital pharmacies for patient support that is provided by us to those non-Diplomat pharmacies to dispense specialty drugs to patients. The hospital pharmacies dispense the drug and pay us a service fee for clinically and administratively servicing their patients.

Our PBM segment recognizes revenue from the sale of prescription drugs by its mail order pharmacy service when the drugs are physically delivered (when control transfers) and by its retail pharmacy network when the claim is adjudicated. Our PBM segment recognizes revenue using the gross method since they act as principal in the arrangement, exercise pricing latitude and independently have a contractual obligation to pay their network pharmacy providers for benefits provided to their clients' members, and assume primary responsibility for fulfilling the promise to provide prescription drugs to their client plan members while also performing the related pharmacy benefit management services. Our PBM segment includes the total prescription price (drug ingredient cost plus dispensing fee) they have contracted with their clients as revenue, including member co-payments to pharmacies, and as cost of sales.

Cost of Sales

Cost of sales primarily represents the purchase price of the drugs that we ultimately dispense. These drugs are purchased directly from the manufacturer or from an authorized wholesaler and the purchase price is negotiated with the selling entity. In general, period-over-period percentage changes in cost of sales will move directionally with period-over-period percentage changes in net sales for prescription dispensing transactions. This is due to the mathematical relationship between average wholesale price ("AWP") and wholesale acquisition cost ("WAC"), where most commonly AWP equals WAC multiplied by 1.20, and our contractual relationships to purchase at a discount off WAC and receive reimbursement at a discount off AWP. The discounts off AWP and WAC that we receive vary significantly by drug and by contract. Rebates we receive from manufacturers are reflected as reductions to cost of sales when they are earned. Other expenses contained in cost of sales consist of shipping and handling costs incurred at our dispensing pharmacies and nursing support services.

SG&A

Our operating expenses primarily consist of employee and employee-related costs inclusive of share-based compensation, amortization expense from definite-lived intangible assets associated with our acquired entities and amortization expense from capitalized software for internal use. Other operating expenses consist of occupancy and other indirect costs, insurance costs, professional fees and other general overhead expenses.

Other Expense

Other expense primarily consists of interest expense associated with our debt.

Results of Operations

Three Months Ended June 30, 2018 versus Three Months Ended June 30, 2017

Consolidated Results

The following table provides statements of operations data for each of the periods presented:

	Three Months Ended June 30,	
	2018	2017
Net sales	$ 1,416,078	$ 1,126,464
Cost of sales	(1,317,662)	(1,059,750)
Gross profit	98,416	66,714
SG&A	(90,642)	(61,871)
Income from operations	7,774	4,843
Other (expense) income:		
Interest expense	(10,392)	(1,931)
Other	394	34
Total other expense	(9,998)	(1,897)
(Loss) income before income taxes	(2,224)	2,946
Income tax (expense) benefit	(1,740)	544
Net (loss) income	(3,964)	3,490
Less net loss attributable to noncontrolling interest	—	(101)
Net (loss) income attributable to Diplomat Pharmacy, Inc.	$ (3,964)	$ 3,591

Net Sales

Net sales for the three months ended June 30, 2018 were $1,416,078, a $289,614 or 26 percent increase, compared to $1,126,464 for the three months ended June 30, 2017. This increase was primarily the result of approximately $218,000 of net sales from our recent acquisitions and approximately $90,000 from the impact of manufacturer price increases. These increases were partially offset by a decrease in hepatitis C business versus the prior year period, reimbursement compression and drug mix.

Cost of Sales

C ost of sales for the three months ended June 30, 2018 was $1,317,662, a $257,912 or 24 percent increase, compared to $1,059,750 for the three months ended June 30, 2017. This increase was primarily the result of the same factors that drove the increase in our net sales over the same time period. Cost of sales was 93.1 percent and 94.1 percent of net sales for the three months ended June 30, 2018 and 2017, respectively . The increase in gross margin from 5.9 percent to 6.9 percent for the three months ended June 30, 2017 and 2018, respectively, was primarily due to the impact of our acquisitions.

SG&A

SG&A for the three months ended June 30, 2018 were $90,642, a $28,771 increase, compared to $61,871 for the three months ended June 30, 2017. Employee cost increased by $12,672, inclusive of a $4,135 increase in share-based compensation expense. Amortization expense from definite-lived intangible assets associated with our acquired entities increased $7,347. Changes in fair values of contingent consideration increased $2,339. The remaining increase was in all other SG&A to support our business including rent, recruiting primarily related to our CEO search, travel and other miscellaneous expenses. As a percent of net sales, SG&A accounted for 6.4 percent for the three months ended June 30, 2018 compared to 5.5 percent for the three months ended June 30, 2017.

Other Expense

Our other expense was $9,998 and $1,897 for the three months ended June 30, 2018 and 2017, respectively, and is primarily comprised of interest expense. The $8,461 increase in interest expense was due to significantly higher average borrowings in the second quarter of 2018 resulting from recent acquisitions.

Income Tax (Expense) Benefit

I ncome tax (expense) benefit for the three months ended June 30, 2018 and 2017 was $(1,740) and $544, respectively . The income tax expense recognized during the second quarter of 2018 was primarily due to the expected recognition of employee compensation in excess of $1,000 during 2018, which will not be deductible for income taxes, as well as state taxes. The income tax benefit recognized during the second quarter of 2017 was primarily due to the recognition of excess tax benefits as a result of stock option exercises that occurred during the quarter.

Segment Results

Net sales, cost of sales and gross profit information by segment are as follows:

	Three Months Ended June 30,					
	Net Sales		Cost of Sales		Gross Profit	
	2018	2017	2018	2017	2018	2017
Specialty	$ 1,233,746	$ 1,126,464	$ (1,161,206)	$ (1,059,750)	$ 72,540	$ 66,714
PBM	188,747	—	(162,871)	—	25,876	—
Inter-segment eliminations	(6,415)	—	6,415	—	—	—
	$ 1,416,078	$ 1,126,464	$ (1,317,662)	$ (1,059,750)	$ 98,416	$ 66,714

Net Sales — Specialty

Net sales for the three months ended June 30, 2018 were $1,233,746, a $107,282 or 10 percent increase, compared to $1,126,464 for the three months ended June 30, 2017. This increase was primarily the result of approximately $90,000 from the impact of manufacturer price increases and approximately $29,000 from our recent acquisitions. These increases were partially offset by a decrease in hepatitis C business versus the prior year period, reimbursement compression and drug mix.

Cost of Sales — Specialty

C ost of sales for the three months ended June 30, 2018 was $1,161,206, a $101,456 or 10 percent increase, compared to $1,059,750 for the three months ended June 30, 2017. This increase was primarily the result of the same factors that drove the increase in Specialty's net sales over the same time period. Cost of sales was 94.1 percent of net sales for each of the three-month periods ended June 30, 2018 and 2017.

Net Sales & Cost of Sales — PBM

Net sales and cost of sales for the three months ended June 30, 2018 were $188,747 and $162,871, respectively, resulting in a gross profit of $25,876 and a gross margin of 13.7 percent.

Six Months Ended June 30, 2018 versus Six Months Ended June 30, 2017

Consolidated Results

The following table provides statements of operations data for each of the periods presented:

	Six Months Ended June 30,	
	2018	**2017**
Net sales	$ 2,758,562	$ 2,205,204
Cost of sales	(2,569,768)	(2,068,728)
Gross profit	188,794	136,476
SG&A	(172,329)	(123,085)
Income from operations	16,465	13,391
Other (expense) income:		
Interest expense	(20,819)	(3,980)
Other	811	66
Total other expense	(20,008)	(3,914)
(Loss) income before income taxes	(3,543)	9,477
Income tax expense	(871)	(1,763)
Net (loss) income	(4,414)	7,714
Less net loss attributable to noncontrolling interest	—	(244)
Net (loss) income attributable to Diplomat Pharmacy, Inc.	$ (4,414)	$ 7,958

Net Sales

Net sales for the six months ended June 30, 2018 were $2,758,562, a $553,358 or 25 percent increase, compared to $2,205,204 for the six months ended June 30, 2017. This increase was primarily the result of approximately $440,000 of net sales from our recent acquisitions and approximately $175,000 from the impact of manufacturer price increases. These increases were partially offset by a decrease in hepatitis C business versus the prior year period, reimbursement compression and drug mix.

Cost of Sales

C ost of sales for the six months ended June 30, 2018 was $2,569,768, a $501,040 or 24 percent increase, compared to $2,068,728 for the six months ended June 30, 2017. This increase was primarily the result of the same factors that drove the increase in our net sales over the same time period. Cost of sales was 93.2 percent and 93.8 percent of net sales for the six months ended June 30, 2018 and 2017, respectively . The increase in gross margin from 6.2 percent to 6.8 percent for the six months ended June 30, 2017 and 2018, respectively, was primarily due to the impact of our acquisitions.

SG&A

SG&A for the six months ended June 30, 2018 were $172,329, a $49,244 increase, compared to $123,085 for the six months ended June 30, 2017. Employee cost increased by $18,905, inclusive of a $6,324 increase in share-based compensation expense. Amortization expense from definite-lived intangible assets associated with our acquired entities increased $14,867. Changes in fair values of contingent consideration increased $2,339. The remaining increase was in all other SG&A to support our business including consulting, rent, recruiting primarily related to our CEO search, travel and other miscellaneous expenses. As a percent of net sales, SG&A accounted for 6.2 percent for the six months ended June 30, 2018 compared to 5.6 percent for the six months ended June 30, 2017.

Other Expense

Our other expense was $20,008 and $3,914 for the six months ended June 30, 2018 and 2017, respectively, and is primarily comprised of interest expense. The $16,839 increase in interest expense was due to significantly higher average borrowings in the first half of 2018 resulting from recent acquisitions.

Income Tax Expense

I ncome tax expense for the six months ended June 30, 2018 and 2017 was $871 and $1,763, respectively . The income tax expense recognized during the six months ended June 30, 2018 was primarily due to the expected recognition of employee compensation in excess of $1,000 during 2018, which will not be deductible for income taxes, as well as state taxes. The income tax expense recognized during the six months ended June 30, 2017 was reduced by $2,271 due to the recognition of excess tax benefits as a result of share-based compensation activities (stock option exercises, net of stock option cancellations/expirations) that occurred during the period.

Segment Results

Net sales, cost of sales and gross profit information by segment are as follows:

	Six Months Ended June 30,					
	Net Sales		Cost of Sales		Gross Profit	
	2018	2017	2018	2017	2018	2017
Specialty	$ 2,386,725	$ 2,205,204	$ (2,241,365)	$ (2,068,728)	$ 145,360	$ 136,476
PBM	380,215	—	(336,781)	—	43,434	—
Inter-segment eliminations	(8,378)	—	8,378	—	—	—
	$ 2,758,562	$ 2,205,204	$ (2,569,768)	$ (2,068,728)	$ 188,794	$ 136,476

Net Sales — Specialty

Net sales for the six months ended June 30, 2018 were $2,386,725, a $181,521 or 8 percent increase, compared to $2,205,204 for the six months ended June 30, 2017. This increase was primarily the result of approximately $175,000 from the impact of manufacturer price increases and approximately $60,000 from our recent acquisitions. These increases were partially offset by a decrease in hepatitis C business versus the prior year period, reimbursement compression and drug mix.

Cost of Sales — Specialty

C ost of sales for the six months ended June 30, 2018 was $2,241,365, a $172,637 or 8 percent increase, compared to $2,068,728 for the six months ended June 30, 2017. This increase was primarily the result of the same factors that drove the increase in Specialty's net sales over the same time period. Cost of sales was 93.9 percent and 93.8 percent of net sales for the six months ended June 30, 2018 and 2017, respectively.

Net Sales & Cost of Sales — PBM

Net sales and cost of sales for the six months ended June 30, 2018 were $380,215 and $336,781, respectively, resulting in a gross profit of $43,434 and a gross margin of 11.4 percent.

Liquidity and Capital Resources

Our primary uses of cash include funding our ongoing working capital needs, business acquisitions, acquiring and maintaining internal use software and property and equipment, and debt service. Our primary source of liquidity for our working capital is cash flows generated from operations. At various times during the course of the year, we may be in an operating cash usage position, which may require us to use our short-term borrowings. We continuously monitor our working capital position and associated cash requirements and explore opportunities to more effectively manage our inventory and capital spending. As of June 30, 2018 and December 31, 2017, we had $7,360 and $84,251, respectively, of cash and cash equivalents. Our cash balances fluctuate based on working capital needs and the timing of sweeping available cash each day to pay down any outstanding balance on our line of credit, which was $135,100 and $188,250 at June 30, 2018 and December 31, 2017, respectively. Our available liquidity under our line of credit was $114,900 and $61,750 at June 30, 2018 and December 31, 2017, respectively.

We believe that funds generated from operations, cash and cash equivalents on hand and available borrowing capacity under our line of credit will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. We may enhance our competitive position through additional complementary acquisitions in both existing and new markets. Therefore, from time to time, we may access the equity or debt markets to raise additional funds to finance acquisitions or otherwise on a strategic basis.

The following table provides cash flow data for each of the periods presented:

	Six Months Ended June 30,	
	2018	2017
Net cash provided by operating activities	$ 66,652	$ 67,253
Net cash used in investing activities	(12,608)	(58,362)
Net cash used in financing activities	(130,935)	(9,040)
Net decrease in cash and cash equivalents	$ (76,891)	$ (149)

Cash Flows from Operating Activities

Cash flows from operating activities consists of net income, adjusted for non-cash items, and changes in various working capital items, including accounts receivable, inventories, accounts payable and other assets/liabilities.

The slight decrease in cash provided by operating activities for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 was due to a $21,242 increase in non-cash adjustments to net income, partially offset by a $12,128 decrease in net income and a $9,715 change in net working capital flows.

Cash Flows from Investing Activities

Our primary investing activities have consisted of business acquisitions, labor and other costs associated with capitalized software for internal use, capital expenditures to purchase computer equipment, software, furniture and fixtures, as well as building improvements to support the expansion of our infrastructure and workforce. As our business grows, our capital expenditures and our investment activity may continue to increase.

T he $45,754 decrease in cash used in investing activities during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 was primarily related to a $52,282 decrease in cash used to acquire businesses, partially offset by a $6,617 increase in spending on capitalized software and property and equipment .

Cash Flows from Financing Activities

Our primary financing activities have consisted of debt borrowings and repayments, payment of debt issuance costs and proceeds from stock option exercises.

T he $121,895 increase in cash used in financing activities during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 was primarily related to a $76,437 increase in payments on long-term debt, a $16,416 increase in net payments on the line of credit and the nonrecurrence of a full draw down of our $25,000 deferred draw term loan during the first quarter of 2017.

Debt

We had $470,250 and $550,000 in outstanding term loans as of June 30, 2018 and December 31, 2017, respectively. We also had $135,100 and $188,250 outstanding on our line of credit as of June 30, 2018 and December 31, 2017, respectively. We had $114,900 and $61,750 available to borrow on our line of credit at June 30, 2018 and December 31, 2017, respectively.

The interest rates we pay under our credit facility are primarily a function of a defined margin above LIBOR. Our Term Loan A and Term Loan B interest rates were 4.35 percent and 6.60 percent, respectively, at June 30, 2018 and 4.04 percent and 6.04 percent, respectively, at December 31, 2017. Our line of credit interest rate was 4.35 percent and 4.04 percent at June 30, 2018 and December 31, 2017, respectively. We are charged a monthly unused commitment fee ranging from 0.3 percent to 0.4 percent on the average unused daily balance on our $250,000 line of credit.

Our credit facility contains certain financial and non-financial covenants. We were in compliance with all such covenants as of June 30, 2018 and December 31, 2017.

Off-Balance Sheet Arrangements

During the periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

The MD&A is based on the condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses. In accordance with U.S. GAAP, we base our estimates on historical experience, internal tracking processes, contract terms, and, in some cases, estimation of applicable volume and future performance adjustments, and various other assumptions that management believes are reasonable under the circumstances. Actual results might differ from these estimates under different assumptions or conditions and, to the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected. During the six months ended June 30, 2018, there were no material changes to our critical accounting policies and use of estimates, which are disclosed in our audited consolidated financial statements for the year ended December 31, 2017 included in our Annual Report on Form 10-K, with the exception of our adoption of ASC Topic 606. See Note 3 for further details.

New Accounting Pronouncements

See Note 3 for a description of new accounting pronouncements.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Our operations are solely in the United States of America ("U.S.") and U.S. Territories and are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate and certain exposure, as well as risks relating to changes in the general economic conditions in the U.S. We are exposed to interest rate fluctuations with regard to future issuances of fixed-rate debt, and existing and future issuances of floating-rate debt. Primary exposures include LIBOR, the Federal Funds Effective Rate, the Overnight Bank Funding Rate and our administrative agent's prime rate in effect at its principal office in New York City related to debt outstanding under our credit facility.

A 100 basis point increase in 2018 interest rates would have increased our pre-tax loss for the three and six months ended June 30, 2018 by approximately $1.6 million and $3.3 million, respectively.

In an effort to manage our exposure to interest rate fluctuations, we entered into two interest rate swap agreements during the second quarter of 2018 to fix our interest rate payments from April 30, 2019 through March 31, 2022 on $150,000 principal balance on each of Term Loan A and Term Loan B ($300,000 principal balance in total). See Note 9 of Item 1 for further details.

ITEM 4. CONTROLS AND PROCEDURES

Limitations on Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the specified time periods in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure .

Our management, with the participation of the chief executive officer and the chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) as of June 30, 2018. Based on these evaluations, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures required by paragraph (b) of Rule 13a-15 or 15d-15 were effective as of June 30, 2018.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the second quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On November 10, 2016, a putative class action complaint was filed in the U.S. District Court for the Eastern District of Michigan against Diplomat Pharmacy, Inc. and certain officers of the Company. Following the appointment of lead plaintiffs and lead counsel, an amended complaint was filed on April 11, 2017. The amended complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 in connection with public filings made between February 29, 2016 and November 2, 2016 (the “potential class period”). The plaintiff seeks to represent a class of shareholders who purchased stock in the potential class period. The complaint seeks unspecified monetary damages and other relief. The Company filed a motion to dismiss the amended complaint on May 24, 2017. The court issued an order denying the Company’s motion to dismiss on January 19, 2018. The Company filed a motion for reconsideration of its motion to dismiss on February 2, 2018. The Company believes the complaint and allegations to be without merit and intends to vigorously defend itself against the action. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

On February 10, 2017, the Company’s Board of Directors (the “Board”) received a demand letter from a purported shareholder containing allegations similar to those contained in the putative class action complaint described above. The letter demanded that the Board take action to remedy the alleged violations. In response, the Board established a Special Independent Committee of its disinterested and independent members to investigate the claims. Subsequently, on June 2, 2017, the shareholder filed a putative shareholder’s derivative lawsuit in the Michigan Circuit Court for the County of Genesee regarding the same matters alleged in the demand letter. The complaint names the Company as a nominal defendant and names a number of the Company’s current and former officers and directors as defendants. The complaint seeks unspecified monetary damages and other relief. In connection with the ongoing Special Independent Committee investigation, on July 20, 2017, by agreement between the Company and the shareholder, the court ordered a stay of legal proceedings for 90 days, after which time by further agreements of the Company and the shareholder, the court extended the stay until August 1, 2018. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

The results of legal proceedings are often uncertain and difficult to predict, and the Company could from time to time incur judgments, enter into settlements, materially change its business practices or technologies or revise its expectations regarding the outcome of certain matters. In addition, the costs incurred in litigation can be substantial, regardless of the outcome.

The Company’s business of providing specialized pharmacy services and other related services may subject it to litigation and liability for damages in the ordinary course of business. Nevertheless, the Company believes there are no other legal proceedings, the outcome of which, if determined adversely to the Company, would individually or in the aggregate be reasonably expected to have a material adverse effect on its business, financial position, cash flows, or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission on March 1, 2018.

ITEM 6. **EXHIBITS**

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	Period Ending	Exhibit / Appendix Number	Filing Date
10.1*	Form of Restricted Stock Unit Award Agreement (Performance-Based) Sign-On Inducement Equity Award	X				
10.2*	Form of Restricted Stock Unit Award Agreement Sign-On Inducement Equity Award	X				
10.3*	Form of Restricted Stock Unit Award Agreement (Performance-Based) Make-Whole Inducement Equity Award	X				
10.4*	Form of Restricted Stock Unit Award Agreement Make-Whole Inducement Equity Award	X				
10.5*	Form of Stock Option Award Agreement Make-Whole Inducement Equity Award	X				
10.6*†	Offer letter dated May 9, 2018 by and between Brian Griffin and the Company	X				
18.1	Preferability Letter on Change in Accounting Principle	X				
31.1	Section 302 Certification — CEO	X				
31.2	Section 302 Certification — CFO	X				
32.1**	Section 906 Certification — CEO	X				
32.2**	Section 906 Certification — CFO	X				
101.INS	XBRL Instance Document	X				
101.SCH	XBRL Taxonomy Extension Schema Document	X				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X				
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X				
101.LAB	XBRL Taxonomy Extension Label Linkbase	X				

101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X

* Indicates a management contract or compensatory plan or arrangement.

** This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

† Confidential treatment has been requested for portions of this exhibit. These portions have been omitted from this exhibit to this Quarterly Report on Form 10-Q and submitted separately to the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIPLOMAT PHARMACY, INC.
(Registrant)

By: /s/ ATUL KAVTHEKAR
Atul Kavthekar
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

Date: August 6, 2018

Exhibit 10.1

DIPLOMAT PHARMACY, INC.
Form of Restricted Stock Unit Award Agreement (Performance-Based)
Sign-On Inducement Equity Award

Grantee: [ ]
Grant Date: [ ]
Number of Restricted Stock Units: [ ]

1. Grant of RSUs . Pursuant to and subject to the terms and conditions set forth herein, effective as of the Grant Date set forth above, Diplomat Pharmacy, Inc. (the " Company ") grants to the Grantee identified above an award of [ ]Restricted Stock Units (the " RSUs "), subject to increase or decrease as provided herein, on the terms and subject to the conditions set forth in this Restricted Stock Unit Award Agreement (this " Agreement "). Although the RSUs are being granted as an inducement grant and not under any equity incentive compensation program of the Company, this Agreement shall be construed as if such RSUs had been granted under the Diplomat Pharmacy, Inc. 2014 Omnibus Incentive Plan (the "Plan") in accordance and consistent with, and subject to, the provisions of the Plan, the terms of which are incorporated herein by reference. Except as expressly set forth herein, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Each RSU that becomes earned and vested in accordance with the terms of this Agreement represents the right to receive one share of common stock, no par value, of Diplomat Pharmacy, Inc. (" Common Stock "). Capitalized terms not defined in this Agreement have the meanings ascribed to such terms in the Plan.

2. Vesting of RSUs . Grantee shall have no right or entitlement in respect of the RSUs unless and to the extent the RSUs become vested in accordance with this Agreement. The RSUs shall vest on the Determination Date (as defined below) dependent on the following:

(a) [Revenues. [ ] percent ([ ]%) of the RSUs ("Revenue-based RSUs") shall vest as follows:

(i) [ ]% of the Revenue-based RSUs shall vest if the Company's revenue combined for fiscal years ended December 31, [ ] (the "[ ] Performance Year") and December 31, [ ] (the "[ ] Performance Year" along with the [ ] Performance Year, each a "Performance Year") is at least equal to the combined sum of $[ ]plus the [ ]revenue budget goal as approved by the Board of Directors in connection with the Company's annual budgeting process ("[ ]Revenue Budget Goal").

(ii) [ ]% of the Revenue-based RSUs shall vest if the Company's revenue combined for the [ ] Performance Year and [ ]Performance Year is at least equal to the combined sum of $[ ]plus an amount equal to [ ]% of the [ ]Revenue Budget Goal.

(iii) [ ]% of the Revenue-based RSUs shall vest if the Company's revenue combined for the [ ] Performance Year and [ ] Performance Year is at least equal to the combined sum of $[ ]plus an amount equal to [ ]% of the [ ] Revenue Budget Goal.

(iv) [ ]% of the Revenue-based RSUs shall vest if the Company's revenue combined for the [ ] Performance Year and [ ] Performance Year is at least equal to the combined sum of $[ ]plus an amount equal to [ ]% of the [ ] Revenue Budget Goal.

(v) Grantee will forfeit [ ]% of the RSUs if the Company's revenue combined for the [ ]Performance Year and [ ]Performance Year is less than the combined sum of $[ ]plus the [ ] Revenue Budget Goal.

(vi) Grantee will earn a number of Revenue-based RSUs corresponding to the linear increase in the Company's revenue for each Performance Year above each of the revenue thresholds set forth in subsections (a)(i)-(a)(iii) above.]

(b) [Adjusted EBITDA . [ ] percent ([ ]%) of the RSUs ("Adjusted EBITDA-based RSUs") shall vest on the Determination Date dependent on the following:

(i) [ ]% of the Adjusted EBITDA-based RSUs shall vest if the Company's Adjusted EBITDA (to be calculated in the same manner as under the Diplomat Pharmacy, Inc. Annual Performance Bonus Plan) combined for the [ ]Performance Year and [ ] Performance Year is at least equal to the combined sum of $[ ]plus the [ ] Adjusted EBITDA budget goal as approved by the Board of Directors in connection with the Company's annual budgeting process ("[ ] Adjusted EBITDA Budget Goal").

(ii) [ ]% of the Adjusted EBITDA-based RSUs shall vest if the Company's Adjusted EBITDA combined for the [ ] Performance Year and [ ]Performance Year is at least equal to the combined sum of $[ ]plus an amount equal to [ ]% of the [ ] Adjusted EBITDA Budget Goal.

(iii) [ ]% of the Adjusted EBITDA-based RSUs shall vest if the Company's Adjusted EBITDA combined for the [ ] Performance Year and [ ] Performance Year is at least equal to the combined sum of $[ ]plus an amount equal to [ ]% of the [ ] Adjusted EBITDA Budget Goal.

(iv) [ ]% of the Adjusted EBITDA-based RSUs shall vest if the Company's Adjusted EBITDA combined for the [ ] Performance Year and [ ] Performance Year is at least equal to the combined sum of $[ ]plus an amount equal to [ ]% of the [ ] Adjusted EBITDA Budget Goal.

(v) Grantee will forfeit [ ]% of the Adjusted EBITDA-based RSUs if the Company's Adjusted EBITDA combined for the [ ] Performance Year and [ ] Performance Year is less than the combined sum of $[ ]plus the [ ] Adjusted EBITDA Budget Goal.

(vi) Grantee will earn a number of Adjusted EBITDA-based RSUs corresponding to the linear increase in the Company's Adjusted EBITDA for each Performance Year above each of the Adjusted EBITDA thresholds set forth in subsections (b)(i)-(b)(iii) above.]

(c) Effect of Mergers and Acquisitions or Divestitures . In the event the Company consummates the acquisition or divestiture, of an entity or assets, with a transaction value of greater than $[ ] (as determined by the Board or the Compensation Committee, in its reasonable discretion), the Company will modify the performance goals set forth in Sections 2(a) and 2(b) herein, respectively, to reflect the expected revenue and Adjusted EBITDA as a result of the transaction(s), on a prospective basis upon closing of a transaction.

(d) Rounding of Earned RSUs . The Board or Compensation Committee shall round, up or down to the nearest whole number, the number of earned RSUs and the revenue and Adjusted EBITDA for each Performance Year, in its sole discretion provided that it calculates such measures consistently for all RSUs with Grant Dates in the same year.

(e) Timing of Determination of Vesting of RSUs . Except as further set forth in Section 3(b) herein, whether and the extent to which RSUs become vested under Sections 2(a) and 2(b) herein will be determined as of the earlier of the following dates (the " Determination Date ") (i) the date the Company files with the Securities and Exchange Commission its Annual Report on Form 10-K for the [ ] Performance Year, which includes the audited financial statements for such year, or (ii) if the filing specified in the foregoing clause (i) is not made by March 31 of the year following the Performance Year, the date the Audit Committee of the Board of Directors of the Company approves the financial statements of the Company for the [ ] Performance Year.

(f) Forfeiture of Unvested RSUs . Except as further set forth in Section 3(b) herein, upon the Determination Date, any RSUs that have not vested under Sections 2(a) and 2(b) herein shall expire, terminate and be forfeited and of no further force or effect. Each RSU that becomes vested under Sections 2(a) and 2(b) herein shall be eligible to become vested in accordance with and subject to the terms and conditions set forth in Sections 3 and 4 herein.

3. Vesting .

(a) Normal Vesting. Grantee shall have no right or entitlement in respect of the RSUs unless and to the extent the RSUs have become vested in accordance with Sections 2(a) and 2(b) , respectively, herein.

(b) Accelerated Vesting Based on [ ] Results. Notwithstanding Section 3(a) herein, upon completion of the [ ]Performance Year, the Board, or Compensation Committee, at its sole discretion, may provide for the earlier vesting of a portion of the RSUs, based on the Company's performance in fiscal year [ ] as compared to the [ ] Performance Year metrics. In the event that the Board, or the Compensation Committee, elects to provide for the accelerated vesting of a portion of the RSUs pursuant to this Section 3(b) , any such determination shall be made as of the earlier of: (i) the date the Company files with the Securities and Exchange Commission its Annual Report on Form 10-K for the [ ] Performance Year, which includes the audited financial statements for such year, or (ii) if the filing specified in the foregoing clause (i) is not made by March 31 of the year following the Performance Year, the date the Audit Committee of the Board of Directors of the Company approves the financial statements of the Company for the [ ] Performance Year (the "[ ] Determination Date"). For this purpose and except as provided in Section 4 herein, [ ]% of such RSUs shall become vested on the [ ] Determination Date.

4. Accelerated Vesting upon Termination after Change in Control . Notwithstanding Section 3 herein, upon the termination without Cause by the Company or a Subsidiary (or a successor, as applicable) of Grantee's service as an employee or if Grantee resigns for Good Reason (as defined in Section 6 herein) in connection with or within one year following the consummation of a Change in Control, then the vesting of any unvested portion of the RSUs shall accelerate such that 100% of the RSUs shall vest, effective immediately prior to such termination of Grantee's employment. In the event of a Change in Control, if the Company's successor (which, for the purposes of this provision, is the acquirer of the Company's assets in a Change in Control resulting from the sale of all or substantially all of the Company's assets) does not agree to assume this Agreement, or to substitute an equivalent award or right for this Award, and if Grantee has remained continuously employed from the Grant Date to the date of the Change in Control, and does not voluntarily resign without continuing with the Company's successor, then the vesting of any unvested portion of the RSUs shall accelerate such that the RSUs shall be vested to the same extent as if Grantee had been terminated without Cause as described in this Section 4 , effective immediately prior to, and contingent upon, the consummation of such Change in Control.

5. Termination of Employment . Upon termination of Grantee's employment with the Company or a Subsidiary for any reason, vesting of the RSUs shall terminate and any portion of the RSUs that are unvested at the time of termination of Grantee's employment with the Company or a Subsidiary shall expire, terminate and be forfeited and of no further force or effect.

6. Certain Definitions .

(a) As used herein, " Good Reason " shall mean Grantee's resignation due to the occurrence of any of the following conditions which occurs without Grantee's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of Grantee's then current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) a change in Grantee's position with the Company that materially reduces Grantee's duties, level of authority or responsibility; (3) a material breach of any employment agreement between Grantee and the Company or a Subsidiary (if any); or (4) the Company conditions Grantee's continued service with the Company on Grantee's being transferred to a site of employment that would increase Grantee's one-way commute by more than 50 miles from Grantee's then principal residence. In order for Grantee to resign for Good Reason, Grantee must provide written notice to the Company of the existence of the Good Reason condition within 30 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have 30 days during which it may remedy the Good Reason condition and not be required to provide for the vesting acceleration described herein as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, Grantee may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

(b) As used herein, " Change in Control " shall mean a transaction or series of related transactions that meets the definition of the term "Change in Control" in the Plan.

7. Settlement of RSUs and Issuance of Shares . Subject to Section 12 herein regarding withholding tax, as soon as practicable (but within 15 days) after an RSU becomes both earned and vested, the Company will issue and transfer to the Grantee one share of Common Stock. No fractional shares will be issued.

8. Dividend Equivalent Rights . For each cash dividend that is declared on the Common Stock after the date of this Award and prior to the vesting date of an RSU and that is payable on or before the vesting date of the RSU, then, on the payment date of such dividend, Grantee shall be credited with an amount equal to the amount dividends that would have been paid to Grantee if one share of Common Stock had been issued on the Grant Date for each RSU granted to Grantee under this Award that is outstanding on the date of payment of the dividends. Each such credited amount shall vest on the same date that the respective RSUs become vested, and the vested credited amount (less tax withholdings) shall be paid in cash to Grantee, without interest, on the 30th day following the date the respective RSUs become vested.

9. Non-Transferability of RSUs . The RSUs are personal to Grantee and are not transferable by Grantee.

10. Restrictive Covenants; Compensation Recovery . By signing this Agreement, Grantee acknowledges and agrees that the RSUs (and any stock or stock-based award previously granted by the Company or a Subsidiary to Grantee, including under the Plan, or otherwise) shall (i) be subject to forfeiture as a result of Grantee's violation of any agreement with the Company or a Subsidiary regarding non-competition, non-solicitation, confidentiality, non-disparagement, inventions and/or similar restrictive covenants (the " Restrictive Covenants Agreement "), and (ii) be subject to forfeiture and/or recovery under any compensation recovery policy that may be adopted from time to time by the Company or any of its Subsidiaries. For avoidance of doubt, compensation recovery rights to the RSUs or other shares of Company stock (including shares of stock acquired under previously granted stock-based awards) shall extend to the proceeds realized by Grantee due to sale or other transfer of such stock. Grantee's prior execution of the Restrictive Covenants Agreement was a material inducement for the Company's grant of the RSUs under this Agreement.

11. Rights of Grantee . Nothing contained in this Agreement shall (i) interfere with or limit in any way the right of the Company or a Subsidiary to terminate Grantee's employment at any time and for any or no reason, (ii) confer upon Grantee any right to be selected as a Plan

Participant or give Grantee any claim to be granted any award under any option or other benefit plan or to be treated uniformly with other Participants and employees, or (iii) require or permit any adjustment to the number of RSUs upon or as a result of the occurrence of any subsequent event (except as provided herein or as provided in Section 13 of the Plan). Since no property is transferred to Grantee until shares of Common Stock are issued upon vesting of earned RSUs, Grantee acknowledges and agrees that Grantee cannot and will not attempt to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the fair market value of the RSUs in Grantee's gross income for the taxable year of the grant of the Award.

12. Withholding of Taxes. The Company will determine, in its discretion, the manner in which to satisfy the tax withholding obligations in connection with the issuance of Common Stock or payment of dividend equivalents upon vesting of RSUs, including, without limitation, any of the following: (a) withholding from issuance or payment to Grantee of sufficient shares of Common Stock and/or cash having a fair market value sufficient to satisfy the withholding tax obligation; (b) sale of such number of shares of Common Stock having a fair market value sufficient to satisfy the withholding tax obligation and application of the proceeds of the sale to satisfaction of the withholding tax obligation; (c) payment by Grantee to the Company of the withholding amount by wire transfer, certified check, or other means acceptable to the Company; or (d) by additional payroll withholding from other compensation payable to Grantee. To the extent that the value of any whole shares of Common Stock withheld exceeds applicable tax withholding obligations, the Company agrees to pay the excess in cash to Grantee through payroll or by check as soon as practicable. To the extent the tax withholding obligations are satisfied pursuant to subsection (b) in this Section 12, this Section 12 is intended to constitute a written plan pursuant to Rule 10b5-1(c) under the Securities Exchange Act of 1934. To the extent applicable, Grantee shall take actions necessary to ensure that any such sales shall comply with Rule 144 under the Securities Act of 1933.

13. Resale Restrictions. The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the RSUs. The Company currently intends to maintain this registration, but has no obligation to do so. If the registration ceases to be effective, Grantee will not be able to sell or transfer Common Stock issued to Grantee upon vesting of earned RSUs unless an exemption from registration under applicable securities laws is available. Grantee agrees that any resale by Grantee of Common Stock acquired upon vesting of earned RSUs shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules and regulations may be amended from time to time. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue shares of Common Stock or permit their resale if such issuance or resale would violate any such requirements.

14. Consent to Transfer of Personal Data. In administering this Agreement, or to comply with applicable legal, regulatory, tax or accounting requirements, it may be necessary for the Company to transfer certain Grantee personal data to a Subsidiary, or to outside service providers, or to governmental agencies. By signing this Agreement and accepting the award of the RSUs, Grantee consents, to the fullest extent permitted by law, to the use and transfer, electronically or otherwise, of Grantee's personal data to such entities for such purposes.

15. Consent to Electronic Delivery. In lieu of receiving documents in hard copy paper format, Grantee agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, documents, forms and communications) in connection with the RSUs and any other prior or future incentive award or program made or offered by the Company, a Subsidiary and their predecessors or successors. Electronic delivery of a document to Grantee may be via a Company or Subsidiary email system or by reference to a location on a Company or Subsidiary intranet site to which Grantee has access.

16. No Ownership of Common Stock Until Vesting. Prior to the time an RSU becomes both earned and vested, Grantee shall not possess any incidents of ownership of the share of Common Stock underlying or relating to the RSU, including voting or dividend rights.

17. Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company, to the General Counsel of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to such other address as may be designated in writing by the Grantee.

18. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

19. Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

20. Modifications. Except as provided in this Agreement, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

21. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

22. Governing Law. This Agreement and the rights of Grantee hereunder shall be governed, construed, and administered in accordance with the laws of the State of Michigan (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such jurisdiction or any other jurisdiction).

23. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

25. Committee Determinations Final and Binding . The Committee shall have final authority to interpret and construe this Agreement (including the Plan) and to make any and all determinations thereunder, and its decision shall be binding and conclusive upon Grantee and his/her legal representative in respect of any questions arising under this Agreement (including the Plan).

26. Code Section 409A . This Agreement (and the benefits and payments provided for under this Agreement) are intended to be exempt from or to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance issued thereunder (" Code Section 409A "), and this Agreement shall be interpreted and administered in a manner consistent with that intention; provided, however, that under no circumstances shall the Company or a Subsidiary be liable for any additional tax or other sanction imposed upon the Grantee, or other damage suffered by the Grantee, on account of this Agreement (or the benefits and payments provided for under this Agreement) being subject to and not in compliance with Code Section 409A. For purposes of this Agreement, if necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, the Grantee's employment will not be considered to have terminated until and if the Grantee has experienced, in respect of the Company or a Subsidiary (or successor thereto), as applicable, a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). Where Common Stock is required by this Agreement to be issued to the Grantee (and where dividend equivalent amounts are required to be paid to the Grantee) within a 15 day period following an applicable vesting date, the Company shall determine when during that 15 day period the Common Stock will be issued and the dividend equivalent amount will be paid to the Grantee. If and to the extent necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, if the Grantee is entitled to receive Common Stock or dividend equivalent amounts upon or as a result of the Grantee's separation from service, and if the Grantee is a "specified employee" (within the meaning of Treasury Regulation section 1.409A-1(i)) on the date of his or her separation from service, notwithstanding any other provision of this Agreement to the contrary, such Common Stock shall be issued and such dividend equivalent amounts shall be paid to the Grantee no earlier than the earliest to occur of (i) the day next following the date that is the six-month anniversary of the date of the Grantee's separation from service, or (ii) the date of the Grantee's death.

[*signature page follows*]

Diplomat Pharmacy, Inc.

By ________________________
Name: ________________________
Its: ________________________

The undersigned hereby acknowledges having read this Agreement and agrees to be bound by all provisions set forth herein.

Dated as of: ______________________ GRANTEE: ______________________

Name: ______________________

DIPLOMAT PHARMACY, INC.
Form of Restricted Stock Unit Award Agreement
Sign-On Inducement Equity Award

Grantee: [ ]
Grant Date: [ ]
Number of Restricted Stock Units: [ ]

1. Grant of RSU . Pursuant to and subject to the terms and conditions set forth herein, effective as of the Grant Date set forth above, Diplomat Pharmacy, Inc. (the " Company ") grants to the Grantee identified above an award of [ ]Restricted Stock Units (the " RSUs "), on the terms and subject to the conditions set forth in this Restricted Stock Unit Award Agreement (this " Agreement "). Although the RSUs are being granted as an inducement grant and not under any equity incentive compensation program of the Company, this Agreement shall be construed as if such RSUs had been granted under the Diplomat Pharmacy, Inc. 2014 Omnibus Incentive Plan (the "Plan") in accordance and consistent with, and subject to, the provisions of the Plan, the terms of which are incorporated herein by reference. Except as expressly set forth herein, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Each RSU represents the right to receive, upon vesting and the satisfaction of any required tax withholding obligation, one share of common stock, no par value, of Diplomat Pharmacy, Inc. (" Common Stock "). Capitalized terms not defined in this Agreement have the meanings ascribed to such terms in the Plan.

2. Normal Vesting Period . Except as provided in Paragraphs 3(a) and 3(b) herein, the RSUs shall vest [ ](the " Vesting Date "), provided that Grantee has remained continuously employed by the Company or a Subsidiary from the Grant Date to such vesting date.

3. Accelerated Vesting.

[(a) Stock Price Accelerator. Notwithstanding Paragraph 2 above, in the event that the closing price of the Company's Common Stock is at or above $[ ]per share of Common Stock for [ ]consecutive trading days after the Grant Date, the vesting of the RSUs shall accelerate such that [ ]% of the RSUs then unvested shall vest immediately, effective upon verification by the Board of Directors, or the Compensation Committee of the Board of Directors, that the foregoing accelerated vesting criteria was met.]

(b) Termination after Change in Control . Notwithstanding Paragraph 2 above, upon the termination without Cause by the Company or a Subsidiary (or a successor, as applicable) of Grantee's service as an employee or if Grantee resigns for Good Reason (as defined below) in connection with or within one year following the consummation of a Change in Control, then the vesting of the RSUs shall accelerate such that 100% of the RSUs then unvested shall vest, effective immediately prior to such termination of Grantee's employment. In the event of a Change in Control, if the Company's successor (which, for the purposes of this provision, is the acquirer of the Company's assets in a Change in Control resulting from the sale of all or substantially all of the Company's assets) does not agree to assume this Agreement, or to substitute an equivalent award or right for this Award, and if Grantee has remained continuously employed from the Grant Date to the date of the Change in Control, and does not voluntarily resign without continuing with the

Company's successor, then the vesting of the RSUs shall accelerate such that the RSUs shall be vested to the same extent as if Grantee had been terminated without Cause as described in this Paragraph 3 , effective immediately prior to, and contingent upon, the consummation of such Change in Control.

As used herein, " Good Reason " shall mean Grantee's resignation due to the occurrence of any of the following conditions which occurs without Grantee's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of Grantee's then current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) a change in Grantee's position with the Company that materially reduces Grantee's duties, level of authority or responsibility; (3) a material breach of any employment agreement between Grantee and the Company or a Subsidiary (if any); or (4) the Company conditions Grantee's continued service with the Company on Grantee's being transferred to a site of employment that would increase Grantee's one-way commute by more than 50 miles from Grantee's then principal residence. In order for Grantee to resign for Good Reason, Grantee must provide written notice to the Company of the existence of the Good Reason condition within 30 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have 30 days during which it may remedy the Good Reason condition and not be required to provide for the vesting acceleration described herein as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, Grantee may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

As used herein, " Change in Control " shall mean a transaction or series of related transactions that meets the definition of the term "Change in Control" in the Plan.

4. Issuance of Shares . Except as provided in Paragraph 24 below, as soon as practicable (but within 15 days) after the vesting of this Award, the Company will issue and transfer to the Grantee one share of Common Stock for each RSU held by Grantee, subject to adjustment in accordance with Paragraph 10 below. No fractional shares will be issued.

5. Dividend Equivalent Rights . For each cash dividend that is declared on the Common Stock after the date of this Award and prior to a Vesting Date and that is payable on or before the applicable Vesting Date, then, on the payment date of such dividend, Grantee shall be credited with an amount equal to the cash value of the dividends that would have been paid to Grantee if one share of Common Stock had been issued on the Grant Date for each unvested RSU granted to Grantee under this Award. Each such credited amount shall vest on the same date that the RSUs under this Award vest, and (subject to Paragraph 24 below) the vested credited amount shall be paid in cash to Grantee, without interest, on the 30th day following the applicable Vesting Date.

6. Non-Transferability of RSUs . The RSUs are personal to Grantee. The RSUs are not transferable by Grantee.

7. Restrictive Covenants; Compensation Recovery . By signing this Agreement, Grantee acknowledges and agrees that the RSUs (and any stock or stock-based award previously granted by the Company or a Subsidiary to Grantee, including under the Plan, or otherwise) shall

(i) be subject to forfeiture as a result of Grantee's violation of any agreement with the Company or a Subsidiary regarding non-competition, non-solicitation, confidentiality, non-disparagement, inventions and/or similar restrictive covenants (the " Restrictive Covenants Agreement "), and (ii) be subject to forfeiture and/or recovery under any compensation recovery policy that may be adopted from time to time by the Company or any of its Subsidiaries. For avoidance of doubt, compensation recovery rights to the RSUs or other shares of Company stock (including shares of stock acquired under previously granted stock-based awards) shall extend to the proceeds realized by Grantee due to sale or other transfer of such stock. Grantee's prior execution of the Restrictive Covenants Agreement was a material inducement for the Company's grant of the RSUs under this Agreement.

8 Rights of Grantee . Nothing contained in this Agreement shall (i) interfere with or limit in any way the right of the Company or a Subsidiary to terminate Grantee's employment at any time and for any or no reason, (ii) confer upon Grantee any right to be selected as a Plan Participant or give Grantee any claim to be granted any award under any option or other benefit plan or to be treated uniformly with other Participants and employees, or (iii) require or permit any adjustment to the number of RSUs upon or as a result of the occurrence of any subsequent event (except as provided in Paragraph 13 of the Plan). Since no property is transferred until the shares are issued upon vesting, Grantee acknowledges and agrees that Grantee cannot and will not attempt to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the fair market value of the TSUs in Grantee's gross income for the taxable year of the grant of the Award.

9. Withholding of Taxes . The Company will determine, in its discretion, which of the following two methods will be used to satisfy the statutory minimum tax withholding obligations in connection with the payment of this Award: (a) withholding from payment to Grantee sufficient cash and/or shares of Common Stock issuable under the Award having a fair market value sufficient to satisfy the withholding obligation; or (b) payment by Grantee to the Company the withholding amount by wire transfer, certified check, or other means acceptable to the Company, or by additional payroll withholding in the event Grantee fails to pay the withholding amount. To the extent that the value of any whole shares of Common Stock withheld exceeds applicable tax withholding obligations, the Company agrees to pay the excess in cash to Grantee through payroll or by check as soon as practicable. To the extent tax withholding obligations are satisfied pursuant to subsection (a) above, by sale of such number of shares of Common Stock having a fair market value sufficient to satisfy the withholding tax obligation and application of the proceeds of the sale to satisfaction of the withholding tax obligation, this Section 9 is intended to constitute a written plan pursuant to Rule 10b5-1(c) under the Securities Exchange Act of 1934. To the extent applicable, Grantee shall take actions necessary to ensure that any such sales shall comply with Rule 144 under the Securities Act of 1933.

10. Resale Restrictions . The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the RSUs. The Company currently intends to maintain this registration, but has no obligation to do so. If the registration ceases to be effective, Grantee will not be able to sell or transfer Common Stock issued to Grantee upon vesting of the RSUs unless an exemption from registration under applicable securities laws is available. Grantee agrees that any resale by Grantee of Common Stock acquired upon vesting of the RSUs shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933,

as amended, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules and regulations may be amended from time to time. The Company shall not be obligated to issue the Common Stock or permit their resale if such issuance or resale would violate any such requirements.

11. Consent to Transfer of Personal Data . In administering this Agreement, or to comply with applicable legal, regulatory, tax or accounting requirements, it may be necessary for the Company to transfer certain Grantee personal data to a Subsidiary, or to outside service providers, or to governmental agencies. By signing this Agreement and accepting the award of the RSUs, Grantee consents, to the fullest extent permitted by law, to the use and transfer, electronically or otherwise, of Grantee's personal data to such entities for such purposes.

12. Consent to Electronic Delivery . In lieu of receiving documents in hard copy paper format, Grantee agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, documents, forms and communications) in connection with the RSUs and any other prior or future incentive award or program made or offered by the Company, a Subsidiary and their predecessors or successors. Electronic delivery of a document to Grantee may be via a Company or Subsidiary email system or by reference to a location on a Company or Subsidiary intranet site to which Grantee has access.

13. No Ownership of Common Stock Until Vesting . Prior to the vesting of the RSUs, the Grantee shall not possess any incidents of ownership of the Common Stock, including voting or dividend rights.

14. Notices . Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company, to the General Counsel of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to such other address as may be designated in writing by the Grantee.

15. Successors . The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

16. Invalid Provision . The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

17. Modifications . Except as provided in this Agreement, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

18. Entire Agreement . This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

19. Governing Law . This Agreement and the rights of the Grantee hereunder shall be governed, construed, and administered in accordance with and governed by the laws of the State of Michigan (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such jurisdiction or any other jurisdiction).

20. Headings . The headings of the Paragraphs hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

21. Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22. Committee Determinations Final and Binding . The Committee shall have final authority to interpret and construe this Agreement (including the Plan) and to make any and all determinations thereunder, and its decision shall be binding and conclusive upon the Grantee and his/her legal representative in respect of any questions arising under this Agreement (including the Plan).

23. Code Section 409A . This Agreement (and the benefits and payments provided for under this Agreement) are intended to be exempt from or to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance issued thereunder (" Code Section 409A), and this Agreement shall be interpreted and administered in a manner consistent with that intention; provided , however , that under no circumstances shall the Company or a Subsidiary be liable for any additional tax or other sanction imposed upon the Grantee, or other damage suffered by the Grantee, on account of this Agreement (or the benefits and payments provided for under this Agreement) being subject to and not in compliance with Code Section 409A. For purposes of this Agreement, if necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, the Grantee's employment will not be considered to have terminated until and if the/ Grantee has experienced, in respect of the Company or a Subsidiary (or successor thereto), as applicable, a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). Where Common Stock is required by this Agreement to be issued to the Grantee (and where dividend equivalent amounts are required to be paid to the Grantee) within a 15 day period following an applicable vesting date, the Company shall determine when during that 15 day period the Common Stock will be issued and the dividend equivalent amount will be paid to the Grantee. If and to the extent necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, if the Grantee is entitled to receive Common Stock or dividend equivalent amounts upon or as a result of the Grantee's separation from service, and if the Grantee is a "specified employee" (within the meaning of Treasury Regulation section 1.409A-1(i)) on the date of his or her separation from service, notwithstanding any other provision of this Agreement to the contrary, such Common Stock shall be issued and such dividend equivalent amounts shall be paid to the Grantee only upon the earliest to occur of (i) the day next following the date that is the six-month anniversary of the date of the Grantee's separation from service, or (ii) the date of the Grantee's death.

[*signature page follows*]

Diplomat Pharmacy, Inc.

By ____________________

Name: ____________________
Its: ____________________

The undersigned hereby acknowledges having read this Agreement nd agrees to be bound by all provisions set forth herein.

Dated as of: ____________________ GRANTEE: ____________________

Name: ____________________

DIPLOMAT PHARMACY, INC.
Form of Restricted Stock Unit Award Agreement (Performance-Based)
Make-Whole Inducement Equity Award

Grantee: [ ]
Grant Date: [ ]
Number of Restricted Stock Units: [ ]

1. Grant of RSUs . Pursuant to and subject to the terms and conditions set forth herein, effective as of the Grant Date set forth above, Diplomat Pharmacy, Inc. (the " Company ") grants to the Grantee identified above an award of [ ]Restricted Stock Units (the " RSUs "), subject to increase or decrease as provided herein, on the terms and subject to the conditions set forth in this Restricted Stock Unit Award Agreement (this " Agreement "). Although the RSUs are being granted as an inducement grant and not under any equity incentive compensation program of the Company, this Agreement shall be construed as if such RSUs had been granted under the Diplomat Pharmacy, Inc. 2014 Omnibus Incentive Plan (the "Plan") in accordance and consistent with, and subject to, the provisions of the Plan, the terms of which are incorporated herein by reference. Except as expressly set forth herein, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Each RSU that becomes earned and vested in accordance with the terms of this Agreement represents the right to receive one share of common stock, no par value, of Diplomat Pharmacy, Inc. (" Common Stock "). Capitalized terms not defined in this Agreement have the meanings ascribed to such terms in the Plan.

2. Earning of RSUs . Grantee shall have no right or entitlement in respect of the RSUs unless and to the extent the RSUs become earned and vested in accordance with this Agreement. The RSUs shall be earned as follows:

(a) [Revenues. [ ] percent ([ ]%) of the RSUs ("Revenue-based RSUs") shall be earned as follows:

(i) Grantee will earn [ ]% of the Revenue-based RSUs if the Company's revenue for fiscal year ended December 31, [ ] (the "Performance Year") is at least $[ ].

(ii) Grantee will earn [ ]% of the Revenue-based RSUs if the Company's revenue for the Performance Year is at least $[ ].

(iii) Grantee will earn [ ]% of the Revenue-based RSUs if the Company's revenue for the Performance Year is at least $[ ].

(iv) Grantee will earn [ ]% of the Revenue-based RSUs if the Company's revenue for the Performance Year is at least $[ ].

(v) Grantee will forfeit [ ]% of the Revenue-based RSUs if the Company's revenue for the Performance Year is less than $[ ].

(vi) Grantee will earn a number of Revenue-based RSUs corresponding to the linear increase in the Company's revenue for the Performance Year above each of the revenue thresholds set forth in subsections (a)(i)-(a)(iii) above.]

(b) [Adjusted EBITDA . [ ] percent ([ ]%) of the RSUs ("Adjusted EBITDA-based RSUs") shall be earned as follows:

(i) Grantee will earn [ ]% of the Adjusted EBITDA-based RSUs if the Company's Adjusted EBITDA (to be calculated in the same manner as under the Diplomat Pharmacy, Inc. Annual Performance Bonus Plan) for the Performance Year is at least $[ ].

(ii) Grantee will earn [ ]% of the Adjusted EBITDA-based RSUs if the Company's Adjusted EBITDA for the Performance Year is at least $[ ].

(iii) Grantee will earn [ ]% of the Adjusted EBITDA-based RSUs if the Company's Adjusted EBITDA for the Performance Year is at least $[ ].

(iv) Grantee will earn [ ]% of the Adjusted EBITDA-based RSUs if the Company's Adjusted EBITDA for the Performance Year is at least $[ ].

(v) Grantee will forfeit [ ]% of the Adjusted EBITDA-based RSUs if the Company's Adjusted EBITDA for the Performance Year is less than $[ ].

(vi) Grantee will earn a number of Adjusted EBITDA-based RSUs corresponding to the linear increase in the Company's Adjusted EBITDA for the Performance Year above each of the Adjusted EBITDA thresholds set forth in subsections (b)(i)-(b)(iii) above.]

(c) Rounding of Earned RSUs . The Board or Compensation Committee shall round, up or down to the nearest whole number, the number of earned RSUs and the revenue and Adjusted EBITDA for the Performance Year, in its sole discretion provided that it calculates such measures consistently for all RSUs with grant dates in the same year.

(d) Timing of Determination of Earned RSUs . Whether and the extent to which RSUs become earned under Sections 2(a) and 2(b) , respectively, herein will be determined as of the earlier of the following dates (the " Determination Date ") (i) the date the Company files with the Securities and Exchange Commission its Annual Report on Form 10-K for the Performance Year, which includes the audited financial statements for such year, or (ii) if the filing specified in the foregoing clause (i) is not made by March 31 of the year following the Performance Year, the date the Audit Committee of the Board of Directors of the Company approves the financial statements of the Company for the Performance Year.

(e) Forfeiture of Unearned RSUs . Upon the Determination Date (defined below), any RSUs that have not been earned under Sections 2(a) and 2(b) , respectively, herein shall expire, terminate and be forfeited and of no further force or effect. Each RSU that remains outstanding and becomes earned under Sections 2(a) and 2(b) , respectively, herein shall be eligible to become vested in accordance with and subject to the terms and conditions set forth in Sections 3 and 4 herein.

3. Normal Vesting. Grantee shall have no right or entitlement in respect of the RSUs unless and to the extent the RSUs have both become earned in accordance with Sections 2(a) and 2(b), respectively, herein and become vested in accordance with this Section 3 or Section 4 herein. For this purpose and except as provided in Section 4 herein, of the RSUs, if any, that have become earned under Sections 2(a) and 2(b), respectively herein, one-third of such earned RSUs shall become vested on the Determination Date and each of the first and second anniversaries of the Determination Date, provided that, (i) the earned RSUs shall cease vesting upon termination of Grantee's employment with the Company or a Subsidiary for any reason whatsoever and (ii) no portion of the earned RSUs scheduled to vest on any such vesting date shall vest unless Grantee has remained continuously employed by the Company or a Subsidiary from the Grant Date to such vesting date.

4. Accelerated Vesting upon Termination after Change in Control. Notwithstanding Section 3 herein, upon the termination without Cause by the Company or a Subsidiary (or a successor, as applicable) of Grantee's service as an employee or if Grantee resigns for Good Reason (as defined in Section 6 below) in connection with or within one year following the consummation of a Change in Control, then the vesting of any earned but unvested portion of the RSUs shall accelerate such that 100% of the earned RSUs shall vest, effective immediately prior to such termination of Grantee's employment. In the event of a Change in Control, if the Company's successor (which, for the purposes of this provision, is the acquirer of the Company's assets in a Change in Control resulting from the sale of all or substantially all of the Company's assets) does not agree to assume this Agreement, or to substitute an equivalent award or right for this Award, and if Grantee has remained continuously employed from the Grant Date to the date of the Change in Control, and does not voluntarily resign without continuing with the Company's successor, then the vesting of any earned but unvested portion of the RSUs shall accelerate such that the RSUs shall be vested to the same extent as if Grantee had been terminated without Cause as described in this Section 4, effective immediately prior to, and contingent upon, the consummation of such Change in Control.

5. Termination of Employment. Upon termination of Grantee's employment with the Company or a Subsidiary for any reason (other than as set forth in Section 4 above), vesting of the RSUs shall terminate and any portion of the RSUs that are unvested at the time of termination of Grantee's employment with the Company or a Subsidiary shall expire, terminate and be forfeited and of no further force or effect.

6. Certain Definitions.

As used herein, "Good Reason" shall mean Grantee's resignation due to the occurrence of any of the following conditions which occurs without Grantee's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of Grantee's then current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) a change in Grantee's position with the Company that materially reduces

Grantee's duties, level of authority or responsibility; (3) a material breach of any employment agreement between Grantee and the Company or a Subsidiary (if any); or (4) the Company conditions Grantee's continued service with the Company on Grantee's being transferred to a site of employment that would increase Grantee's one-way commute by more than 50 miles from Grantee's then principal residence. In order for Grantee to resign for Good Reason, Grantee must provide written notice to the Company of the existence of the Good Reason condition within 30 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have 30 days during which it may remedy the Good Reason condition and not be required to provide for the vesting acceleration described herein as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, Grantee may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

(b) As used herein, " Change in Control " shall mean a transaction or series of related transactions that meets the definition of the term "Change in Control" in the Plan.

7. Settlement of RSUs and Issuance of Shares . Subject to Section 12 herein regarding withholding tax, as soon as practicable (but within 15 days) after an RSU becomes both earned and vested, the Company will issue and transfer to the Grantee one share of Common Stock. No fractional shares will be issued.

8. Dividend Equivalent Rights . For each cash dividend that is declared on the Common Stock after the date of this Award and prior to the vesting date of an RSU and that is payable on or before the vesting date of the RSU, then, on the payment date of such dividend, Grantee shall be credited with an amount equal to the amount dividends that would have been paid to Grantee if one share of Common Stock hadbeen issued on the Grant Date for each RSU granted to Grantee under this Award that is outstanding on the date of payment of the dividends. Each such credited amount shall vest on the same date that the respective RSUs become vested, and the vested credited amount (less tax withholdings) shall be paid in cash to Grantee, without interest, on the 30th day following the date the respective RSUs become vested.

9. Non-Transferability of RSUs . The RSUs are personal to Grantee and are not transferable by Grantee.

10. Restrictive Covenants; Compensation Recovery . By signing this Agreement, Grantee acknowledges and agrees that the RSUs (and any stock or stock-based award previously granted by the Company or a Subsidiary to Grantee, including under the Plan, or otherwise) shall (i) be subject to forfeiture as a result of Grantee's violation of any agreement with the Company or a Subsidiary regarding non-competition, non-solicitation, confidentiality, non-disparagement, inventions and/or similar restrictive covenants (the " Restrictive Covenants Agreement "), and (ii) be subject to forfeiture and/or recovery under any compensation recovery policy that may be adopted from time to time by the Company or any of its Subsidiaries. For avoidance of doubt, compensation recovery rights to the RSUs or other shares of Company stock (including shares of stock acquired under previously granted stock-based awards) shall extend to the proceeds realized by Grantee due to sale or other transfer of such stock. Grantee's prior execution of the Restrictive

Covenants Agreement was a material inducement for the Company's grant of the RSUs under this Agreement.

11. Rights of Grantee. Nothing contained in this Agreement shall (i) interfere with or limit in any way the right of the Company or a Subsidiary to terminate Grantee's employment at any time and for any or no reason, (ii) confer upon Grantee any right to be selected as a Plan Participant or give Grantee any claim to be granted any award under any option or other benefit plan or to be treated uniformly with other Participants and employees, or (iii) require or permit any adjustment to the number of RSUs upon or as a result of the occurrence of any subsequent event (except as provided herein or as provided in Section 13 of the Plan). Since no property is transferred to Grantee until shares of Common Stock are issued upon vesting of earned RSUs, Grantee acknowledges and agrees that Grantee cannot and will not attempt to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the fair market value of the RSUs in Grantee's gross income for the taxable year of the grant of the Award.

12. Withholding of Taxes. The Company will determine, in its discretion, the manner in which to satisfy the tax withholding obligations in connection with the issuance of Common Stock or payment of dividend equivalents upon vesting of RSUs, including, without limitation, any of the following: (a) withholding from issuance or payment to Grantee of sufficient shares of Common Stock and/or cash having a fair market value sufficient to satisfy the withholding tax obligation; (b) sale of such number of shares of Common Stock having a fair market value sufficient to satisfy the withholding tax obligation and application of the proceeds of the sale to satisfaction of the withholding tax obligation; (c) payment by Grantee to the Company of the withholding amount by wire transfer, certified check, or other means acceptable to the Company; or (d) by additional payroll withholding from other compensation payable to Grantee. To the extent that the value of any whole shares of Common Stock withheld exceeds applicable tax withholding obligations, the Company agrees to pay the excess in cash to Grantee through payroll or by check as soon as practicable. To the extent the tax withholding obligations are satisfied pursuant to subsection (b) in this Section 12, this Section 12 is intended to constitute a written plan pursuant to Rule 10b5-1(c) under the Securities Exchange Act of 1934. To the extent applicable, Grantee shall take actions necessary to ensure that any such sales shall comply with Rule 144 under the Securities Act of 1933.

13. Resale Restrictions. The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the RSUs. The Company currently intends to maintain this registration, but has no obligation to do so. If the registration ceases to be effective, Grantee will not be able to sell or transfer Common Stock issued to Grantee upon vesting of earned RSUs unless an exemption from registration under applicable securities laws is available. Grantee agrees that any resale by Grantee of Common Stock acquired upon vesting of earned RSUs shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules and regulations may be amended from time to time. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue shares of Common Stock or permit their resale if such issuance or resale would violate any such requirements.

14. Consent to Transfer of Personal Data. In administering this Agreement, or to comply with applicable legal, regulatory, tax or accounting requirements, it may be necessary for the Company to transfer certain Grantee personal data to a Subsidiary, or to outside service providers, or to governmental agencies. By signing this Agreement and accepting the award of the RSUs, Grantee consents, to the fullest extent permitted by law, to the use and transfer, electronically or otherwise, of Grantee's personal data to such entities for such purposes.

15. Consent to Electronic Delivery. In lieu of receiving documents in hard copy paper format, Grantee agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, documents, forms and communications) in connection with the RSUs and any other prior or future incentive award or program made or offered by the Company, a Subsidiary and their predecessors or successors. Electronic delivery of a document to Grantee may be via a Company or Subsidiary email system or by reference to a location on a Company or Subsidiary intranet site to which Grantee has access.

16. No Ownership of Common Stock Until Vesting. Prior to the time an RSU becomes both earned and vested, Grantee shall not possess any incidents of ownership of the share of Common Stock underlying or relating to the RSU, including voting or dividend rights.

17. Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company, to the General Counsel of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to such other address as may be designated in writing by the Grantee.

18. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

19. Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

20. Modifications. Except as provided in this Agreement, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

21. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

22. Governing Law. This Agreement and the rights of Grantee hereunder shall be governed, construed, and administered in accordance with the laws of the State of Michigan (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such jurisdiction or any other jurisdiction).

23. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

25. Committee Determinations Final and Binding. The Committee shall have final authority to interpret and construe this Agreement (including the Plan) and to make any and all determinations thereunder, and its decision shall be binding and conclusive upon Grantee and his/her legal representative in respect of any questions arising under this Agreement (including the Plan).

26. Code Section 409A. This Agreement (and the benefits and payments provided for under this Agreement) are intended to be exempt from or to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance issued thereunder (" Code Section 409A "), and this Agreement shall be interpreted and administered in a manner consistent with that intention; provided, however, that under no circumstances shall the Company or a Subsidiary be liable for any additional tax or other sanction imposed upon the Grantee, or other damage suffered by the Grantee, on account of this Agreement (or the benefits and payments provided for under this Agreement) being subject to and not in compliance with Code Section 409A. For purposes of this Agreement, if necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, the Grantee's employment will not be considered to have terminated until and if the Grantee has experienced, in respect of the Company or a Subsidiary (or successor thereto), as applicable, a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). Where Common Stock is required by this Agreement to be issued to the Grantee (and where dividend equivalent amounts are required to be paid to the Grantee) within a 15 day period following an applicable vesting date, the Company shall determine when during that 15 day period the Common Stock will be issued and the dividend equivalent amount will be paid to the Grantee. If and to the extent necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, if the Grantee is entitled to receive Common Stock or dividend equivalent amounts upon or as a result of the Grantee's separation from service, and if the Grantee is a "specified employee" (within the meaning of Treasury Regulation section 1.409A-1(i)) on the date of his or her separation from service, notwithstanding any other provision of this Agreement to the contrary, such Common Stock shall be issued and such dividend equivalent amounts shall be paid to the Grantee no earlier than the earliest to occur of (i) the day next following the date that is the six-month anniversary of the date of the Grantee's separation from service, or (ii) the date of the Grantee's death.

[signature page follows.]

Diplomat Pharmacy, Inc.

By ______________________

Name: ______________________
Its: ______________________

The undersigned hereby acknowledges having read this Agreement and agrees to be bound by all provisions set forth herein.

Dated as of: ______________________ GRANTEE: ______________________

Name: ______________________

Exhibit 10.4

DIPLOMAT PHARMACY, INC.
Form of Restricted Stock Unit Award Agreement
Make-Whole Inducement Equity Award

Grantee: [ ]
Grant Date: [ ]
Number of Restricted Stock Units: [ ]

1. Grant of RSU . Pursuant to and subject to the terms and conditions set forth herein, effective as of the Grant Date set forth above, Diplomat Pharmacy, Inc. (the " Company ") grants to the Grantee identified above an award of [ ] Restricted Stock Units, (" RSUs "), on the terms and subject to the conditions set forth in this Restricted Stock Unit Award Agreement (this " Agreement "). Although the RSUs are being granted as an inducement grant and not under any equity incentive compensation program of the Company, this Agreement shall be construed as if such RSUs had been granted under the Diplomat Pharmacy, Inc. 2014 Omnibus Incentive Plan (the "Plan") in accordance and consistent with, and subject to, the provisions of the Plan, the terms of which are incorporated herein by reference. Except as expressly set forth herein, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. Each RSU represents the right to receive, upon vesting and the satisfaction of any required tax withholding obligation, one share of common stock, no par value, of Diplomat Pharmacy, Inc. (" Common Stock "). Capitalized terms not defined in this Agreement have the meanings ascribed to such terms in the Plan.

2. Normal Vesting Period . Except as provided in Paragraphs 3 , the RSUs shall vest in equal increments on each of the first, second and third anniversaries of the Grant Date (each, a " Vesting Date "), provided that Grantee has remained continuously employed by the Company or a Subsidiary from the Grant Date to such vesting date.

3. Accelerated Vesting upon Termination after Change in Control . Notwithstanding Paragraph 2 above, upon the termination without Cause by the Company or a Subsidiary (or a successor, as applicable) of Grantee's service as an employee or if Grantee resigns for Good Reason (as defined below) in connection with or within one year following the consummation of a Change in Control, then the vesting of the RSUs shall accelerate such that 100% of the RSUs then unvested shall vest, effective immediately prior to such termination of Grantee's employment. In the event of a Change in Control, if the Company's successor (which, for the purposes of this provision, is the acquirer of the Company's assets in a Change in Control resulting from the sale of all or substantially all of the Company's assets) does not agree to assume this Agreement, or to substitute an equivalent award or right for this Award, and if Grantee has remained continuously employed from the Grant Date to the date of the Change in Control, and does not voluntarily resign without continuing with the Company's successor, then the vesting of the RSUs shall accelerate such that the RSUs shall be vested to the same extent as if Grantee had been terminated without Cause as described in this Paragraph 3 , effective immediately prior to, and contingent upon, the consummation of such Change in Control.

As used herein, " Good Reason " shall mean Grantee's resignation due to the occurrence of any of the following conditions which occurs without Grantee's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of Grantee's then current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) a change in Grantee's position with the Company that materially reduces Grantee's duties, level of authority or responsibility; (3) a material breach of any employment agreement between Grantee and the Company or a Subsidiary (if any); or (4) the Company conditions Grantee's continued service with the Company on Grantee's being transferred to a site of employment that would increase Grantee's one-way commute by more than 50 miles from Grantee's then principal residence. In order for Grantee to resign for Good Reason, Grantee must provide written notice to the Company of the existence of the Good Reason condition within 30 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have 30 days during which it may remedy the Good Reason condition and not be required to provide for the vesting acceleration described herein as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, Grantee may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

As used herein, " Change in Control " shall mean a transaction or series of related transactions that both (i) meets the definition of the term "Change in Control" in the Plan, and (ii) meets the definition of a "change in control event" set forth in Treasury Regulation section 1.409A-3(i)(5).

4. Issuance of Shares . Except as provided in Paragraph 24 below, as soon as practicable (but within 30 days) after the vesting of this Award, the Company will issue and transfer to the Grantee one share of Common Stock for each RSU held by Grantee, subject to adjustment in accordance with Paragraph 9 below. No fractional shares will be issued.

5. Dividend Equivalent Rights . For each cash dividend that is declared on the Common Stock after the date of this Award and prior to a Vesting Date and that is payable on or before the applicable Vesting Date, then, on the payment date of such dividend, Grantee shall be credited with an amount equal to the cash value of the dividends that would have been paid to Grantee if one share of Common Stock had been issued on the Grant Date for each unvested RSU granted to Grantee under this Award. Each such credited amount shall vest on the same date that the RSUs under this Award vest, and (subject to Paragraph 24 below) the vested credited amount shall be paid in cash to Grantee, without interest, on the 30th day following the applicable Vesting Date.

6. Non-Transferability of RSUs . The RSUs are personal to Grantee. The RSUs are not transferable by Grantee.

7. Restrictive Covenants; Compensation Recovery . By signing this Agreement, Grantee acknowledges and agrees that the RSUs (and any stock or stock-based award previously granted by the Company or a Subsidiary to Grantee, including under the Plan, or otherwise) shall (i) be subject to forfeiture as a result of Grantee's violation of any agreement with the Company or a Subsidiary regarding non-competition, non-solicitation, confidentiality, non-disparagement, inventions and/or similar restrictive covenants (the " Restrictive Covenants Agreement "), and (ii) be subject to forfeiture and/or recovery under any compensation recovery policy that may be adopted from time to time by the Company or any of its Subsidiaries. For avoidance of doubt,

compensation recovery rights to the RSUs or other shares of Company stock (including shares of stock acquired under previously granted stock-based awards) shall extend to the proceeds realized by Grantee due to sale or other transfer of such stock. Grantee's prior execution of the Restrictive Covenants Agreement was a material inducement for the Company's grant of the RSUs under this Agreement.

8. Rights of Grantee. Nothing contained in this Agreement shall (i) interfere with or limit in any way the right of the Company or a Subsidiary to terminate Grantee's employment at any time and for any or no reason, (ii) confer upon Grantee any right to be selected as a Plan Participant or give Grantee any claim to be granted any award under any option or other benefit plan or to be treated uniformly with other Participants and employees, or (iii) require or permit any adjustment to the number of RSUs upon or as a result of the occurrence of any subsequent event (except as provided in Paragraph 13 of the Plan). Since no property is transferred until the shares are issued upon vesting, Grantee acknowledges and agrees that Grantee cannot and will not attempt to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the fair market value of the TSUs in Grantee's gross income for the taxable year of the grant of the Award.

9. Withholding of Taxes. The Company will determine, in its discretion, which of the following two methods will be used to satisfy the statutory minimum tax withholding obligations in connection with the payment of this Award: (a) withholding from payment to Grantee sufficient cash and/or shares of Common Stock issuable under the Award having a fair market value sufficient to satisfy the withholding obligation; or (b) payment by Grantee to the Company the withholding amount by wire transfer, certified check, or other means acceptable to the Company, or by additional payroll withholding in the event Grantee fails to pay the withholding amount. To the extent that the value of any whole shares of Common Stock withheld exceeds applicable tax withholding obligations, the Company agrees to pay the excess in cash to Grantee through payroll or by check as soon as practicable. To the extent tax withholding obligations are satisfied pursuant to subsection (a) above, by sale of such number of shares of Common Stock having a fair market value sufficient to satisfy the withholding tax obligation and application of the proceeds of the sale to satisfaction of the withholding tax obligation, this Section 9 is intended to constitute a written plan pursuant to Rule 10b5-1(c) under the Securities Exchange Act of 1934. To the extent applicable, Grantee shall take actions necessary to ensure that any such sales shall comply with Rule 144 under the Securities Act of 1933.

10. Resale Restrictions. The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the RSUs. The Company currently intends to maintain this registration, but has no obligation to do so. If the registration ceases to be effective, Grantee will not be able to sell or transfer Common Stock issued to Grantee upon vesting of the RSUs unless an exemption from registration under applicable securities laws is available. Grantee agrees that any resale by Grantee of Common Stock acquired upon vesting of the RSUs shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules and regulations may be amended from time to time. The Company shall not be obligated to issue the Common Stock or permit their resale if such issuance or resale would violate any such requirements.

11. Consent to Transfer of Personal Data. In administering this Agreement, or to comply with applicable legal, regulatory, tax or accounting requirements, it may be necessary for the Company to transfer certain Grantee personal data to a Subsidiary, or to outside service providers, or to governmental agencies. By signing this Agreement and accepting the award of the RSUs, Grantee consents, to the fullest extent permitted by law, to the use and transfer, electronically or otherwise, of Grantee's personal data to such entities for such purposes.

12. Consent to Electronic Delivery. In lieu of receiving documents in hard copy paper format, Grantee agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, documents, forms and communications) in connection with the RSUs and any other prior or future incentive award or program made or offered by the Company, a Subsidiary and their predecessors or successors. Electronic delivery of a document to Grantee may be via a Company or Subsidiary email system or by reference to a location on a Company or Subsidiary intranet site to which Grantee has access.

13. No Ownership of Common Stock Until Vesting. Prior to the vesting of the RSUs, the Grantee shall not possess any incidents of ownership of the Common Stock, including voting or dividend rights.

14. Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company, to the General Counsel of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to such other address as may be designated in writing by the Grantee.

15. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

16. Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

17. Modifications. Except as provided in this Agreement, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

18. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

19. Governing Law. This Agreement and the rights of the Grantee hereunder shall be governed, construed, and administered in accordance with and governed by the laws of the State of Michigan (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such jurisdiction or any other jurisdiction).

20. Headings. The headings of the Paragraphs hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22. Committee Determinations Final and Binding. The Committee shall have final authority to interpret and construe this Agreement (including the Plan) and to make any and all determinations thereunder, and its decision shall be binding and conclusive upon the Grantee and his/her legal representative in respect of any questions arising under this Agreement (including the Plan).

23. Code Section 409A. This Agreement (and the benefits and payments provided for under this Agreement) are intended to be exempt from or to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance issued thereunder (" Code Section 409A), and this Agreement shall be interpreted and administered in a manner consistent with that intention; provided, however, that under no circumstances shall the Company or a Subsidiary be liable for any additional tax or other sanction imposed upon the Grantee, or other damage suffered by the Grantee, on account of this Agreement (or the benefits and payments provided for under this Agreement) being subject to and not in compliance with Code Section 409A. For purposes of this Agreement, if necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, the Grantee's employment will not be considered to have terminated until and if the Grantee has experienced, in respect of the Company or a Subsidiary (or successor thereto), as applicable, a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). Where Common Stock is required by this Agreement to be issued to the Grantee (and where dividend equivalent amounts are required to be paid to the Grantee) within a 30 day period following an applicable vesting date, the Company shall determine when during that 30 day period the Common Stock will be issued and the dividend equivalent amount will be paid to the Grantee. If and to the extent necessary to avoid the imposition of additional taxes upon the Grantee under Code Section 409A, if the Grantee is entitled to receive Common Stock or dividend equivalent amounts upon or as a result of the Grantee's separation from service, and if the Grantee is a "specified employee" (within the meaning of Treasury Regulation section 1.409A-1(i)) on the date of his or her separation from service, notwithstanding any other provision of this Agreement to the contrary, such Common Stock shall be issued and such dividend equivalent amounts shall be paid to the Grantee only upon the earliest to occur of (i) the day next following the date that is the six-month anniversary of the date of the Grantee's separation from service, or (ii) the date of the Grantee's death.

[*signature page follows*]

Diplomat Pharmacy, Inc.

By ______________________________
Name: ______________________________
Its: ______________________________

The undersigned hereby acknowledges having read this Agreement and agrees to be bound by all provisions set forth herein.

Dated as of: ______________________________ GRANTEE: ______________________________

Name: ______________________________

Exhibit 10.5

DIPLOMAT PHARMACY, INC.
Form of Stock Option Award Agreement
Make-Whole Inducement Equity Award

Grantee: [ ]
Grant Date: [ ]
Number of Stock options: [ ]

1. Grant of Option . Pursuant to and subject to the terms and conditions set forth herein, effective as of the Grant Date set forth above, Diplomat Pharmacy, Inc. (the " Company ") grants to the Grantee identified above an option (the " Option ") to purchase up to (but not in excess of) the number of shares set forth above of the Company's common stock, no par value (the " Option Shares "), at the Exercise Price per Option Share set forth above, on the terms and subject to the conditions set forth in this Stock Option Award Agreement (this " Agreement "). Although the Option is being granted as an inducement grant and not under any equity incentive compensation program of the Company, this Agreement shall be construed as if such Option had been granted under the Diplomat Pharmacy, Inc. 2014 Omnibus Incentive Plan (the "Plan") in accordance and consistent with, and subject to, the provisions of the Plan, the terms of which are incorporated herein by reference. Except as expressly set forth herein, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. The Option is intended to be a Non-qualified Stock Option. Capitalized terms not defined in this Agreement have the meanings ascribed to such terms in the Plan.

2. Term of Option . The Option shall expire on the ten year anniversary of the Grant Date (the " Expiration Date "), subject to earlier expiration following termination of the Grantee's employment with the Company or a Subsidiary as provided in Paragraph 6 below.

3. Normal Vesting . Grantee may exercise the Option only if and to the extent that the Option has become vested. For this purpose and except as provided in Paragraphs 4 and 6 below, the Option shall become vested as to one-third of the Option Shares on each of the first, second and third anniversaries of the Grant Date, provided that the Option shall cease vesting upon termination of Grantee's employment with the Company or a Subsidiary for any reason whatsoever and the portion of the Option scheduled to vest on any such vesting date shall vest only if Grantee has remained continuously employed by the Company or a Subsidiary from the Grant Date to such vesting date.

4. Accelerated Vesting upon Termination after Change in Control . Notwithstanding Paragraph 3 above, upon the termination without Cause by the Company or a Subsidiary (or a successor, as applicable) of Grantee's service as an employee or if Grantee resigns for Good Reason (as defined below) in connection with or within one year following the consummation of a Change in Control, then the vesting of this Option shall accelerate such that 100% of the Option Shares then unvested shall vest, effective immediately prior to such termination of Grantee's employment. In the event of a Change in Control, if the Company's successor (which, for the purposes of this provision, is the acquirer of the Company's assets in a Change in Control resulting from the sale of all or substantially all of the Company's assets) does

not agree to assume this Option, or to substitute an equivalent award or right for this Option, and if Grantee has remained continuously employed from the Grant Date to the date of the Change in Control, and does not voluntarily resign without continuing with the Company's successor, then the vesting of Option Shares shall accelerate such that this Option shall be vested to the same extent as if Grantee had been terminated without Cause as described above, effective immediately prior to, and contingent upon, the consummation of such Change in Control. In the event the Option accelerates pursuant to this Paragraph 4, any portion of the Option that is vested or accelerated on such date may be exercised only during the one year period following such termination, but in no event after the Expiration Date.

As used herein, "Good Reason" shall mean Grantee's resignation due to the occurrence of any of the following conditions which occurs without Grantee's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of Grantee's then current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) a change in Grantee's position with the Company that materially reduces Grantee's duties, level of authority or responsibility; (3) a material breach of any employment agreement between Grantee and the Company or a Subsidiary (if any); or (4) the Company conditions Grantee's continued service with the Company on Grantee's being transferred to a site of employment that would increase Grantee's one-way commute by more than 50 miles from Grantee's then principal residence. In order for Grantee to resign for Good Reason, Grantee must provide written notice to the Company of the existence of the Good Reason condition within 30 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have 30 days during which it may remedy the Good Reason condition and not be required to provide for the vesting acceleration described herein as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, Grantee may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

5. Procedure for Exercise and Payment of Exercise Price. Grantee may exercise all or any portion of the Option, to the extent it is vested and outstanding, at any time prior to its expiration, by (i) delivering a properly executed written notice of exercise to the Company, in such form as shall be approved by the Company, specifying the number of Option Shares to be purchased, and (ii) paying to the Company the aggregate Exercise Price of the Option Shares to be purchased. Grantee shall pay the aggregate Exercise Price of the Option Shares to be purchased on exercise of the Option (i) by payment of such aggregate Exercise Price in cash or by certified or bank cashier's check payable to the order of the Company, (ii) by delivery of irrevocable instructions to a stockbroker to sell immediately some or all of the Option Shares acquired by exercise of the Option and to promptly deliver to the Company an amount of the sale proceeds sufficient to pay the aggregate Exercise Price, or (iii) in the discretion of the Committee, by such other cashless means authorized by Paragraph 6(g) of the Plan.

6. Termination of Employment. Upon termination of Grantee's employment with the Company or a Subsidiary for any reason (other than as set forth in Paragraph 4 above), vesting of the Option shall terminate and any portion of the Option that is unvested at the time of termination of Grantee's employment with the Company or a Subsidiary shall expire, terminate

and be forfeited and of no further force or effect. If the Company or a Subsidiary terminates Grantee's employment for Cause, any portion of the Option which is vested at the time of such termination shall also expire, terminate and be forfeited and of no further force or effect. If Grantee's employment with the Company or a Subsidiary terminates due to the death or Disability of Grantee, any portion of the Option that is vested on the date of such termination may be exercised only during the one year period following such termination, but in no event after the Expiration Date. If Grantee's employment with Company or a Subsidiary terminates for any reason other than death, Disability or Cause, or as set forth in Paragraph 4 above, any portion of the Option that is vested on the date of such termination may be exercised only during the 90 day period following such termination, but in no event after the Expiration Date.

7. Non-Transferability of Option. The Option is personal to Grantee. Unless permitted otherwise in the discretion of the Committee, the Option is not transferable by Grantee (other than by will or the laws of descent and distribution) and, during Grantee's lifetime, only Grantee (or his guardian or legal representative) may exercise the Option. In the event of Grantee's death, the Option may be exercised (i) by the executor or administrator of Grantee's estate or the person or persons to whom Grantee's rights under the Option shall pass by will or the laws of descent and distribution, and (ii) to the extent and during the period Grantee was allowed to exercise the Option at the date of Grantee's death.

8. Restrictive Covenants; Compensation Recovery. By signing this Agreement, Grantee acknowledges and agrees that the Option and the Option Shares (and any stock or stock-based award previously granted by the Company or a Subsidiary to Grantee, including under the Plan, or otherwise) shall (i) be subject to forfeiture as a result of Grantee's violation of any agreement with the Company or a Subsidiary regarding non-competition, non-solicitation, confidentiality, non-disparagement, inventions and/or similar restrictive covenants (the " Restrictive Covenants Agreement "), and (ii) be subject to forfeiture and/or recovery under any compensation recovery policy that may be adopted from time to time by the Company or any of its Subsidiaries. For avoidance of doubt, compensation recovery rights to the Option Shares or other shares of Company stock (including shares of stock acquired under previously granted stock-based awards) shall extend to the proceeds realized by Grantee due to sale or other transfer of such stock. Grantee's prior execution of the Restrictive Covenants Agreement was a material inducement for the Company's grant of the Option under this Agreement.

9. Rights of Grantee. Nothing contained in this Agreement shall (i) interfere with or limit in any way the right of the Company or a Subsidiary to terminate Grantee's employment at any time and for any or no reason, (ii) confer upon Grantee any right to be selected as a Plan Participant or give Grantee any claim to be granted any award under any option or other benefit plan or to be treated uniformly with other Participants and employees, or (iii) require or permit any adjustment to the number of Option Shares or to the Exercise Price upon or as a result of the occurrence of any subsequent event (except as provided in Paragraph 13 of the Plan).

10. Withholding of Taxes. Any income or employment tax required to be withheld upon exercise of the Option shall be paid by Grantee to the Company or a Subsidiary (whichever is the employer of Grantee), or the Company or a Subsidiary (whichever is the employer of Grantee) may withhold such tax from the cash compensation otherwise payable to Grantee.

Alternatively, Grantee may pay any such withholding tax (i) by delivery of irrevocable instructions to a stockbroker to sell immediately some or all of the Option Shares acquired by exercise of the Option and to promptly deliver to the Company an amount of the sale proceeds sufficient to pay the withholding tax due on exercise of the Option, or (ii) such other cashless means as may be permitted under law and in the discretion of the Committee.

11. Resale Restrictions . The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the Option Shares. The Company currently intends to maintain this registration, but has no obligation to do so. If the registration ceases to be effective, Grantee will not be able to sell or transfer Option Shares issued to Grantee upon exercise of the Option unless an exemption from registration under applicable securities laws is available. Grantee agrees that any resale by Grantee of Option Shares acquired upon exercise of the Option shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules and regulations may be amended from time to time. The Company shall not be obligated to issue the Option Shares or permit their resale if such issuance or resale would violate any such requirements.

12. Consent to Transfer of Personal Data . In administering this Agreement, or to comply with applicable legal, regulatory, tax or accounting requirements, it may be necessary for the Company to transfer certain Grantee personal data to a Subsidiary, or to outside service providers, or to governmental agencies. By signing this Agreement and accepting the award of the Option, Grantee consents, to the fullest extent permitted by law, to the use and transfer, electronically or otherwise, of Grantee's personal data to such entities for such purposes.

13. Consent to Electronic Delivery . In lieu of receiving documents in hard copy paper format, Grantee agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, documents, forms and communications) in connection with the Option and any other prior or future incentive award or program made or offered by the Company, a Subsidiary and their predecessors or successors. Electronic delivery of a document to Grantee may be via a Company or Subsidiary email system or by reference to a location on a Company or Subsidiary intranet site to which Grantee has access.

14. No Ownership of Option Shares Until Exercise . Prior to the Grantee's exercise of the Option and purchase of the Option Shares, the Grantee shall not possess any incidents of ownership of the Option Shares, including voting or dividend rights.

15. Notices . Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company, to the Chief Financial Officer of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to such other address as may be designated in writing by the Grantee.

16. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

17. Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

18. Modifications. Except as provided in this Agreement, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

19. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

20. Governing Law. This Agreement and the rights of the Grantee hereunder shall be governed, construed, and administered in accordance with and governed by the laws of the State of Michigan (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such jurisdiction or any other jurisdiction).

21. Headings. The headings of the Paragraphs hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23. Committee Determinations Final and Binding. The Committee shall have final authority to interpret and construe this Agreement (including the Plan) and to make any and all determinations thereunder, and its decision shall be binding and conclusive upon the Grantee and his/her legal representative in respect of any questions arising under this Agreement (including the Plan).

[signature page follows]

Diplomat Pharmacy, Inc.

By ______________________________
Name: ______________________________
Its: ______________________________

The undersigned hereby acknowledges having read this Agreement and agrees to be bound by all provisions set forth herein.

Dated as of: ______________________________ GRANTEE: ______________________________

Name: ______________________________

DIPLOMAT 4100 South Saginaw Street, Flint, MI 48507 | 888.720.4450 | diplomat.is/

April 23, 2018

Brian Griffin
Address

Dear Brian:
We are pleased to offer you the position of Chairman and Chief Executive Officer of Diplomat. We are excited to have you join us and have no doubt that you can make an exceptional contribution to the Company. Your start date will be on or about June 1, 2018 (the "Start Date").

You will be responsible for performing all duties and responsibilities reasonably assigned to you by the Board of Directors and will report to the Board of Directors. You will be required to work closely with all members of the Company's Leadership and Executive Teams and with individuals throughout the Company. During your employment with the Company, you will devote your full business time, energy, and skill to providing services to the Company. As a Diplomat leader, you will be required to abide by the general employment policies and practices of the Company. The Company may change your duties, reporting relationship, and the Company's general employment policies and procedures from time to time in its discretion, subject to the terms of this letter.

Salary, Benefits and Bonuses

Annual Compensation :

Name	Base Salary	Target Bonus %	Target Bonus $'s	Total Target Cash Comp	LT Equity Incentives	Total Annual Target Compensation
Brian Griffin	$ 1,200,000	125%(a)	$ 1,500,000(b)	$ 2,7000,000	$ 4,500,000(c)	$ 7,200,000
Brian Griffin with top overperform results	$ 1,200,000	250%(a)	$ 3,000,000(b)	$ 4,200,000	$ 13,950,000(c)	$ 18,150,000

(a)-Target bonus is set at 125% however will include overperformance opportunities up to 2x or 200% of target.
(b)- Bonus can be settled in either cash or shares at time of payment.
(c)- LT Equity awards include 70% being performance shares with up to 4x or 400% upside opportunity, and the remainder 30% being split between 15% stock options and 15% RSUs.

Special Equity Awards:

	$ Value @ 100%	$ Value @ 400%	% of Annual Target Compensation
(1)- Buy Out Performance Stock Grant [PSU's] (a-f)	**$ 7,500,000**	**$ 30,000,000**	104.17%
(2)- Market Value RSU Grant (g)	**$ 2,500,000**		34.72%
			138.89%

a) The Target Performance Goals for the PSU grant will be based on a mix of 60% weighted on achieving Adjusted EBITDA goals and 40% weighted on achieving Revenue goals. Actual performance goal targets start at achieving 100% performance results based on meeting and achieving the Board's final cumulative approved budget targets for 2018 and 2019's Revenue and Adjusted EBITDA. 2018's Board approved budgeted Revenues are set at $[*] and Adjusted EBITDA totals are set at $[*]. 2019's Budget goals will not be set until near the end of fiscal 2018 (e.g. in December 2018). The performance goals for 2018 and 2019 will ultimately get measured on a cumulative basis meaning both 2018 and 2019's Revenue and AEBITDA results will be measured in total in early 2020 when 2019's results are audited and final. There will be an estimate made after 2018's financial results have been finalized (estimated in early March 2019), that will determine possibly letting some shares vest early based on 2018's results for Revenue and AEBITDA as compared to the 2018 performance targets. However, any shares vesting based on 2018 results will be a smaller subset given the final determination on vesting is based on measuring the results on a cumulative basis from 2018 and 2019's combined financial results when 2019's financial results are finalized. The final determination of 2018/2019 cumulative results for Revenue and AEBITDA will determine the final performance levels actually achieved and the final vesting of PSU's which can range between 100% to 400% target levels as described below.

b) The performance goals for achieving 200% performance are based as follows: 2018's 200% targets are to achieve or exceed Revenue of at least $[*] and Adjusted EBITDA of at least $[*]. The performance goals for achieving 200% in 2019 will be driven off of the final Budgeted Revenue and AEBITDA amounts approved by the Board for 2019, with the 200% Revenue goal based on achieving [*]% of 2019's Budgeted Revenue target, and achieving [*]% of 2019's Budgeted AEBITDA target.

c) The performance goals for achieving 300% performance are based as follows: 2018's 300% targets are to achieve or exceed Revenue of at least $[*] and Adjusted EBITDA of at least $[*]. The performance goals for achieving 300% in 2019 will be driven off of the final Budgeted Revenue and AEBITDA amounts approved by the Board for 2019, with the 300% Revenue goal based on achieving [*]% of 2019's Budgeted Revenue target, and achieving [*]% of 2019's Budgeted AEBITDA target.

d) The performance goals for achieving 400% performance are based as follows: 2018's 400% targets are to achieve or exceed Revenue of at least $[*] and Adjusted EBITDA of at least $[*]. The performance goals for achieving 400% in 2019 will be driven off of the final Budgeted Revenue and AEBITDA amounts approved by the Board for 2019, with the 400% Revenue goal based on achieving [*]% of 2019's Budgeted Revenue target, and achieving [*]% of 2019's Budgeted AEBITDA target.

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* Information redacted pursuant to a confidential treatment request by Diplomat Pharmacy, Inc., under 5 U.S.C. § 552(b)(4) and Rule 406 under the Securities Act of 1933 and submitted separately with the Securities Exchange Commission.

e) Measurement of the final results against the Target Performance Goals will be based on measuring the final audited financial results for both fiscal years 2018 and 2019, which is expected to be available in early March 2020. The Revenue and Adjusted EBITDA results will be measured independently to determine what specific performance level (100%, 200%, 300% & 400%) was achieved, looking at the collective two-year results. This means that the ultimate actual results for both Revenue and AEBITDA will be measured using the total combined totals for each year, including using the combined 2018 and 2019 Budget numbers to arrive at the final Revenue and AEBITDA Budget goals. We will also perform the same measurement of actual results (adding the two-year results to arrive at a combined total), and also calculate what the 200%, 300% and 400% target amounts are for the two years in order to determine what performance target levels the final results meet or exceed. The resulting final awarded shares will then vest and be delivered within 15 days of the final measurement (late March 2020).

f) Any mergers and acquisitions (or divestitures) that are valued at $25 million or more will need to be adjusted to the Budgeted Revenue and AEBITDA target amounts being used to measure performance for this PSU grant. When the deal involves a deal valued at or above $25 million, Management needs to update the Budget targets for Revenue and AEBITDA coming from the deal, on a prospective basis from the date the deal closes. Likewise, any divestitures equal to or exceeding $25 million will also require adjustments to the Budget targets for Revenue and AEBITDA.

g) A completely separate RSU grant valued at $2.5M will be granted upon hiring, with time based vesting at the end of a one-year period; this grant acts as a quasi "sign on" award to cover for the equity you will forfeit upon your resignation from your former employer. The RSU shares will fully vest at the end of the 12-month period regardless, but there is also a special vesting accelerator where shares will fully vest if the Company's closing share price consistently stays at or above $25.00 for at least 20 consecutive trading days (approximately one month). These RSU shares will be paid out within 15 days of either verification the accelerated vesting criteria was met, or on the 12-month anniversary of the grant.

You will be eligible for the standard Company benefits including the below. Many of these benefits are governed by summary plan descriptions which are available for your review.

Paid Time Off : 200 hours annually, immediately available upon hire, and 3 floating holidays (pro-rated based on hire date).

Vehicle Allowance : $370.00 Bi-weekly and gas reimbursement, which is subject to expense reimbursement policy

Cell Phone Allowance : $780.00 per year towards personal cell phone device.

Eligible for Diplomat benefits which currently include:

Medical, Dental, Vision, and Flexible Spending (Medical and Dependent Care) available the first of the month following 30 days.

Company paid Group Term Life Insurance and employee paid Voluntary Term Life Insurance available the first of the month following 30 days.

Company paid Short Term Disability and Long-Term Disability Insurance available on your 91st day of employment.

Employee funded 401K plan with company match available and vested on the first of the month following 90 days of employment.

Your compensation will be reviewed on an annual basis and may be adjusted based upon performance. These adjustments may include changes in base pay and equity compensation.

This offer is contingent on satisfactory results from any background and reference checks, satisfactory proof of your right to work in the United States, and your signature and compliance with the attached Employee Proprietary Information and Inventions Agreement, which prohibits unauthorized use or disclosure of Company proprietary information, among other obligations.

In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises or use any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.

Should you decide to accept the Company's offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either you or the Company at any time, with or without cause and with or without advance notice. This offer is contingent upon successful completion of a background check and drug screening, and final approval by the Board of Directors. All such testing will be conducted in accordance with applicable federal, state, and local laws. Under the Immigration Reform and Control Act (ICRA), Diplomat is required to verify the identity and work authorization of all employees. Therefore, you will be required to complete the I-9 form upon hire. Within three (3) business days of beginning employment, you will need to provide acceptable documentation (as noted on the I-9 form) to support your identity and work authorization.

NON-CHANGE IN CONTROL SEVERANCE BENEFITS

If, at any time other than as provided under the section entitled "Change in Control Severance Benefits" below, (a) the Company terminates your employment without Cause (as defined herein), and other than as a result of your death or disability, or (b) you resign for Good Reason (as defined herein), and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service"), then subject to your obligations below, you shall be entitled to receive the following severance benefits (collectively, the "Regular Severance Benefits"):

- Severance pay for one (1) year in the form of continuation of your annual base salary as of the effective date of your Separation from Service.

- If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following your termination, then the Company shall pay the COBRA premiums necessary to continue that health insurance coverage for one (1) year, with such payments to cease in the event you become eligible for health insurance coverage in connection with new employment or you cease to be eligible for COBRA continuation coverage for any reason. Notwithstanding the foregoing, if the Company determines that its payment of COBRA premiums on your behalf would result in a violation of applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying COBRA premiums, the Company shall pay you on the last day of each remaining month of the payment period, a fully taxable cash payment equal to the COBRA premium for such month, subject to applicable tax withholding, to be made without regard to your payment of COBRA premiums.

The Regular Severance Benefits are conditioned upon (a) your continuing to comply with your obligations under your Employee Proprietary Information and Inventions Agreement during the period of time in which you are receiving the Regular Severance Benefits; (b) your executing and delivering to the Company a general release of claims in favor of the Company in a form acceptable to the Company within thirty (30) days following your Separation from Service; and (c) if you are a member of the Board or any of its subsidiaries or affiliates, your resignation from all such positions, to be effective no later than the date of your Separation from Service (or such other date as requested by the Board). The salary continuation described above will be paid on the Company's regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your Separation from Service; provided, however, that no payments will be made prior to the 30th day following your Separation from Service. On the 30th day following your Separation from Service, the Company will pay you in a lump sum the salary continuation that you would have received on or prior to such date under the original schedule but for the delay while waiting for the effectiveness of the release, with the balance of the salary continuation being paid as originally scheduled.

For purposes of this letter agreement, " **Cause** " means (A) your conviction (including a guilty plea or a no contest plea) of a felony, or of any other crime involving fraud, dishonesty or moral turpitude; (B) your attempted commission of or participation in a fraud or act of material dishonesty against the Company; (C) your material breach of any written agreement between you and the Company (including but not limited to your Employee Proprietary Information and Inventions Agreement) or material breach or material neglect of any statutory or fiduciary duty you owe to the Company as reasonably determined by the Company's Board of Directors, after having provided you with not less than thirty (30) days written notice of same and with the opportunity to cure of the same duration to the extent curable; or (D) your conduct that constitutes gross insubordination, incompetence or habitual neglect of your duties as reasonably determined by the Company's Board of Directors, after having provided you with not less than thirty (30) days written notice of same and with the opportunity to cure of the same duration to the extent curable.

For purposes of this letter agreement, you shall have "Good Reason" for your resignation from your employment with the Company and/or any of its subsidiaries or parent entities if any of the following actions are taken by the Company without your prior written consent thereto: (A) material reduction in your duties (including responsibilities and/or authorities), provided, however, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless your new duties are substantially reduced from the prior duties; (B) relocation of your principal place of employment to a place that increases your one-way commute by more than seventy five (75) miles as compared to your then current principal place of employment immediately prior to such relocation; or (C) a reduction of at least ten percent (10%) of your base salary (unless pursuant to a salary reduction program applicable generally to the Company's executive employees), which percentage the parties agree is a "material" reduction; provided, however, that in order to resign for Good Reason, you must (1) provide written notice to the Company's General Counsel within thirty (30) days after the first occurrence of the event giving rise to Good Reason setting forth the basis for your resignation, (2) allow the Company at least thirty (30) days from receipt of such written notice to cure such event, and (3) if such event is not reasonably cured within such period, your resignation from all positions you then hold with the Company is effective not later than ninety (90) days after the expiration of the cure period.

CHANGE IN CONTROL SEVERANCE BENEFITS

If, either (1) within one month prior to the Company's execution of a definitive agreement for a Change of Control (as defined below) which transaction actually closes or (2) at any time on or following the closing of a Change in Control, (a) the Company or a successor corporation terminates your employment without Cause (as defined above) and other than as a result of your death or disability, or (b) you resign for Good Reason (as defined above), and provided such termination constitutes a Separation from Service, then subject to your obligations below, you shall be entitled to receive (collectively, the " **Change in Control Severance Benefits** "):

- Severance pay for twelve (12) months in the form of continuation of your annual base salary as of the effective date of your Separation from Service (payable under the same terms set forth above).

- If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following your termination, then the Company shall pay the COBRA premiums necessary to continue that health insurance coverage for eighteen (18) months, with such payments to cease in the event you become eligible for health insurance coverage in connection with new employment or you cease to be eligible for COBRA continuation coverage for any reason. Notwithstanding the foregoing, if the Company determines that its payment of COBRA premiums on your behalf would result in a violation of applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying COBRA premiums pursuant to this section, the Company shall pay you on the last day of each remaining month of the payment period, a fully taxable cash payment equal to the COBRA premium for such month, subject to applicable tax withholding, to be made without regard to your payment of COBRA premiums.

- Full acceleration of the vesting of all of your then-outstanding RSU, PSU and option grants, at the Top Performance Target of 400%.

Such Change in Control Severance Benefits are conditioned upon (a) your continuing to comply with your obligations under your Employee Proprietary Information and Inventions Agreement during the period of time in which you are receiving the Change in Control Severance Benefits; (b) your executing and delivering to the Company a general release of claims in favor of the Company in a form acceptable to the Company within thirty (30) days following your Separation from Service; and (c) if you are a member of the Board or any of its subsidiaries or affiliates, your resignation from such positions, to be effective no later than the date of your Separation from Service (or such other date as requested by the Board).

If you are terminated prior to the closing of a Change in Control and are entitled to receive the Regular Severance Benefits, and if it is subsequently determined that you are entitled to receive the Change in Control Severance Benefits, you shall not be entitled to receive both the Regular Severance Benefits and the Change in Control Severance Benefits. Instead, you shall only have a right to receive an aggregate amount of severance benefits equal to the Change in Control Severance Benefits and to the extent you are then receiving or have already received the Regular Severance Benefits, you shall cease receiving any further amounts of the Regular Severance Benefits and shall instead receive (1) the Change in Control Severance Benefits less (2) the total amount of the Regular Severance Benefits you have previously received, with payment of such net amount of Change in Control Severance Benefits occurring under the schedule provided for above with respect to the Change in Control Severance Benefits.

For purposes of this Section, “Change in Control” means either: (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger (including, but not limited to, a reverse triangular merger) or consolidation or stock transfer, but excluding any such transaction effected primarily for the purpose of changing the domicile of the Company), unless the Company’s stockholders of record immediately prior to such transaction or series of related transactions hold, immediately after such transaction or series of related transactions, at least fifty percent (50%) of the voting power of the surviving or acquiring entity (provided that the sale by the Company of its securities in a bona fide financing transaction shall not constitute a Change of Control hereunder); or (ii) a sale or lease of all or substantially all of the assets of the Company.

SECTION 409A

If applicable, it is intended that the payments provided for herein satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this letter will be construed to the greatest extent possible as consistent with those provisions. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this letter, if you are deemed by the Company at the time of your Separation from Service to be a “specified employee” for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein are deemed to be “deferred compensation”, then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (i) the expiration of the six-month period measured from the date of your Separation from Service with the Company, (ii) the date of your death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due shall be paid as otherwise provided herein.

We are delighted that you are joining the Diplomat team. We believe that the Company has a very bright future and that you will play a major part in helping us achieve our ambitious objectives.

Please sign both copies of this letter in the space indicated below and return one to me and retain the other for your files.

Yours sincerely,

/s/ Benjamin Wolin

Benjamin Wolin
Chairman of the Board

Accepted:

/s/ Brian Griffin

Brian Griffin
Date: 5/9/18

Exhibit 18.1

August 6, 2018

Mr. Atul Kavthekar, Chief Financial Officer
Diplomat Pharmacy, Inc.
4100 South Saginaw Street
Flint, Michigan, 48507

Dear Mr. Kavthekar:

We have been furnished with a copy of the quarterly report on Form 10-Q of Diplomat Pharmacy, Inc. (the "Company") for the period ended June 30, 2018, and have read the Company's statements contained in Note 2 to the condensed consolidated financial statements included therein. As stated in Note 2, the Company changed its method of accounting for shipping and handling costs from the Company's dispensing locations to its customers. Under the new accounting policy, these costs are included in cost of sales whereas they were previously included in selling, general and administrative expenses. The Company states that the newly adopted accounting policy is preferable in the circumstances because including these expenses in cost of sales will better align these costs with the related revenue in the gross profit calculation and align the treatment of these costs with the Company's key competitors. In accordance with your request, we have reviewed and discussed with Company officials the circumstances and business judgment and planning upon which the decision to make this change in the method of accounting was based.

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2017, nor have we audited the information set forth in the aforementioned Note 2 to the condensed consolidated financial statements; accordingly, we do not express an opinion concerning the factual information contained therein.

With regard to the aforementioned accounting change, authoritative criteria have not been established for evaluating the preferability of one acceptable method of accounting over another acceptable method. However, for purposes of the Company's compliance with the requirements of the Securities and Exchange Commission, we are furnishing this letter.

Based on our review and discussion, with reliance on management's business judgment and planning, we concur that the newly adopted method of accounting described in Note 2 is preferable in the Company's circumstances.

Very truly yours,

/s/ BDO USA, LLP

Troy, Michigan

Exhibit 31.1

CHIEF EXECUTIVE OFFICER'S 302 CERTIFICATION

I, Brian T. Griffin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Diplomat Pharmacy, Inc. (the "Company") for the quarter ended June 30, 2018;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: August 6, 2018

By: /s/ BRIAN T. GRIFFIN

Brian T. Griffin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER'S 302 CERTIFICATION

I, Atul Kavthekar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Diplomat Pharmacy, Inc. (the "Company") for the quarter ended June 30, 2018;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: August 6, 2018

By: /s/ ATUL KAVTHEKAR
Atul Kavthekar
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Diplomat Pharmacy, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian T. Griffin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2018

By: /s/ BRIAN T. GRIFFIN
Brian T. Griffin
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Diplomat Pharmacy, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Atul Kavthekar, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2018

By: /s/ ATUL KAVTHEKAR
Atul Kavthekar
Chief Financial Officer