

Express Scripts Holding Co.  
Form DEF 14A  
March 29, 2018  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant    Filed by a Party other than the Registrant o

Check the appropriate box:

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

**Express Scripts Holding Company  
(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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2018 Notice of  
Annual Meeting  
of Stockholders  
and Proxy Statement

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**EXPRESS SCRIPTS HOLDING COMPANY**

**One Express Way  
Saint Louis, Missouri 63121**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**May 10, 2018**

The 2018 Annual Meeting of Stockholders of **EXPRESS SCRIPTS HOLDING COMPANY**, a Delaware corporation (the Company or Express Scripts ), will be held at the principal executive offices of the Company, One Express Way, Saint Louis, Missouri 63121, on Thursday, May 10, 2018, at 8:00 a.m. Central Time (the meeting ), to consider and act upon the following matters:

**Items of Business**

1. to elect the thirteen (13) directors named in this proxy statement to serve until the next Annual Meeting of Stockholders or until their respective successors are elected and qualified;
2. to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for 2018;
3. to approve, by non-binding vote, the compensation of the Company's named executive officers;
4. to consider two stockholder proposals, if properly presented at the meeting; and
5. to transact such other business as may properly come before the meeting.

**Voting**

Only stockholders of record at the close of business on March 13, 2018 are entitled to notice of, and to vote at, the meeting. At least ten days prior to the meeting, a complete list of stockholders entitled to vote will be available for inspection by any stockholder for any purpose germane to the meeting, during ordinary business hours, at the office of the Secretary of the Company at One Express Way, Saint Louis, Missouri 63121. As a stockholder of record, you are cordially invited to attend the meeting in person. Regardless of whether you expect to be present at the meeting, please either complete, sign and date the enclosed proxy card and mail it promptly in the enclosed envelope, or vote electronically by telephone or the Internet as described in greater detail in the proxy statement. Returning the enclosed proxy card or voting electronically or telephonically will not affect your right to vote in person if you attend the meeting.

By Order of the Board of Directors

Martin P. Akins  
*Senior Vice President, General Counsel and Corporate Secretary*  
One Express Way  
Saint Louis, Missouri 63121  
March 29, 2018

**Even though you may plan to attend the meeting in person, please vote by telephone or the Internet, or execute the enclosed proxy card and mail it promptly. A return envelope (which requires no postage if mailed in the United States) is enclosed for your convenience. Telephone and Internet voting information is provided on your proxy card. Should you attend the meeting in person, you may revoke your proxy and vote in person.**

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### **Letter to Stockholders from the Lead Independent Director**

Dear Fellow Stockholders:

Our Board continues to maintain a focus on effective corporate governance and high ethical standards, which we believe are important to the Company and protect the long-term interests of our stockholders. As the Lead Independent Director of Express Scripts, I would like to share my perspective on several critical matters that reflect our Board's governance philosophy.

### **Governance Practices**

Through the leadership of our Corporate Governance Committee, our Board consistently reviews and considers our governance policies to ensure they meet the needs of the Company and the expectations of our stockholders. Examples of these best practices are discussed on page 17 of the Proxy Statement, many of which reflect the direct input of our stockholders.

### **Stockholder Engagement**

We encourage and appreciate meaningful discussions with our stockholders and believe this mutual dialogue is an essential component of our Board's governance philosophy. For example, following discussion and engagement with a number of stockholders, in 2016, our Board unanimously adopted proxy access – a procedure that we believe is a mark of good governance and enhances our accountability to stockholders.

### **Board Structure and Strategic Oversight**

Our Board has selected George Paz, the Company's former Chief Executive Officer, to serve as Chairman of the Board. We believe this Board structure is in the best long-term interests of our stockholders, as Mr. Paz holds deep industry and Company knowledge and a unique strategic perspective. Our Board has also selected me to serve as the Lead Independent Director, a position that I am honored to hold. As the Lead Independent Director, I am directly involved in key corporate decisions, including those involving strategic direction, executive leadership and governance matters. I regularly hold executive sessions with the other independent members of the Board and am empowered to call further meetings as needed. During these sessions, the independent Board members engage in meaningful discussion about important corporate and strategic matters. I am also involved in setting and ultimately approve meeting agendas for the Board. We believe the Lead Independent Director role has been and will continue to be an effective means for strengthening our corporate governance processes, empowering our independent directors and enhancing the overall functioning of the Board.

### **Board Composition and Diversity**

We believe that broad-based diversity is an important attribute of a well-functioning Board. I am pleased that our Board reflects a diverse and highly engaged group of individuals with the experience and background necessary to oversee management effectively (see page 10 of our Proxy Statement for examples of our Board's diversity). In June 2017, we welcomed Kathy Mazzarella as our newest addition to the Board. Further expanding female representation in the near term remains a top priority for the Board.

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**Executive Compensation**

We have designed our executive compensation program to align the interests of our senior leadership with the long-term interests of our stockholders and rewarding sustained, long-term growth. The executive compensation program is primarily overseen by the Compensation Committee with general oversight of the Board and seeks to foster these objectives through a compensation system that focuses heavily on variable, performance-based incentives that create a balanced focus on our short-term and long-term strategic and financial goals. We will continue to promote an executive compensation program that appropriately balances risk and reward, incentivizes long-term performance and does not encourage excessive or unnecessary risk taking.

**Workforce Diversity and Inclusion**

We believe that a diverse workforce with fair and equal opportunities for compensation and advancement is essential to driving strong performance. We have long supported diversity and equality in all areas of our business, including hiring and compensation, and I am proud that Express Scripts has been named a leader among Fortune 25 companies with a workforce that is 68% female and 39% minority. Over 46% of our leaders (director level or higher) are female and our commitment to diversity has been publicly recognized by Human Rights Campaign Foundation (100% on the 2018 Corporate Equality Index) and by DiversityInc (listed as one of the Noteworthy Companies for 2017).

We hold ourselves to high standards when it comes to creating a safe and inclusive working environment for all our employees, and to treating all employees, clients and members with integrity and mutual respect. We have strict policies in place to discourage any activity that makes an employee feel unsafe or intimidated, and we foster a culture in our workplace where employees can feel comfortable reporting any such behavior if it were to arise.

I believe that our diverse and highly engaged Board continues to represent our stockholders in a manner that promotes the highest ethical standards and governance practices. I encourage our stockholders to remain engaged in order to support our common goal of promoting the long-term value of our Company.

Sincerely,

Tom Mac Mahon  
Lead Independent Director

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**PROXY STATEMENT**

**EXPRESS SCRIPTS HOLDING COMPANY**

**One Express Way  
Saint Louis, Missouri 63121**

**2018 ANNUAL MEETING OF STOCKHOLDERS**

**PROXY STATEMENT**

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Express Scripts Holding Company (the Board), a Delaware corporation, to be voted at the 2018 Annual Meeting of Stockholders, which we refer to as the annual meeting or the meeting, and any adjournment or postponement of the meeting. The meeting will be held at the principal executive offices of the Company, One Express Way, Saint Louis, Missouri 63121, on Thursday, May 10, 2018, at 8:00 a.m. Central Time, for the purposes contained in the accompanying Notice of Annual Meeting of Stockholders and as set forth in this proxy statement. On March 29, 2018, we made this proxy statement and form of proxy available online and mailed to our stockholders a notice containing instructions on how to access this proxy statement and our annual report to stockholders.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on May 10, 2018: The Annual Report and Notice & Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com).** (All website addresses given in this document are for informational purposes only and are not intended to be an active link or to incorporate any website information into this document).

EXPRESS SCRIPTS HOLDING COMPANY – Proxy Statement 1

TABLE OF CONTENTS**2018 PROXY SUMMARY**

*This summary highlights information contained in this proxy statement. This summary does not contain all of the information that you should consider, and you should carefully read the entire proxy statement before voting.*

**ANNUAL MEETING OF STOCKHOLDERS**

**Time and Date:** 8:00 a.m., Central Time, Thursday, May 10, 2018

**Place:** Company Headquarters, One Express Way, Saint Louis, Missouri 63121

**Record Date:** March 13, 2018

**Voting:** Stockholders as of the record date are entitled to vote; each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on

**VOTING MATTERS AND BOARD RECOMMENDATIONS**

<b>Matter</b>	<b>Board Recommendation</b>
1. Election of the 13 directors named in this proxy statement	<b>FOR EACH NOMINEE</b>
2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for 2018	<b>FOR</b>
3. Approval, by non-binding vote, of the compensation of the Company's named executive officers	<b>FOR</b>
4. Two stockholder proposals, if properly presented at the meeting	<b>AGAINST</b>

**ELECTION OF DIRECTORS: BOARD NOMINEES**

<b>Name</b>	<b>Age</b>	<b>Director Since*</b>	<b>Committee Memberships</b>	<b>Other Current Public Company Boards</b>
<b>Maura C. Breen</b> Independent	62	2004	Compensation (Chair)	
<b>William J. DeLaney</b> Independent	62	2011	Audit Compensation	Sanmina Corporation
<b>Elder Granger, MD, MG, USA (Retired)</b> Independent	64	2015	Compliance	DLH Holdings Corp.
<b>Nicholas J. LaHowchic</b> Independent	70	2001	Audit Compensation	
<b>Thomas P. Mac Mahon</b> Independent	71	2001	Corporate Governance (Chair) Lead Independent Director	
<b>Kathleen M. Mazarella</b> Independent	58	2017		Waste Management, Inc. Graybar Electric Company
<b>Frank Mergenthaler</b> Independent	57	2009	Audit (Chair)	
<b>Woodrow A. Myers, Jr., MD</b>	64	2007	Compensation	

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Independent			Compliance	
<b>Roderick A. Palmore</b>	66	2014	Corporate Governance	CBOE Holdings, Inc.
Independent				Goodyear Tire & Rubber Co.
<b>George Paz</b>	62	2004		Honeywell International, Inc.
				Prudential Financial, Inc.
<b>William L. Roper, MD, MPH</b>	69	2012	Compliance (Chair)	DaVita HealthCare Partners Inc.
Independent				
<b>Seymour Sternberg</b>	74	1992	Audit Corporate	
Independent			Governance	
<b>Timothy Wentworth</b>	57	2015		

\*Includes services as a director of Express Scripts, Inc. prior to April 2, 2012.

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2018 PROXY SUMMARY

**ADVISORY VOTE TO RATIFY INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

Although not required, we are asking stockholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for 2018.

**ADVISORY VOTE TO APPROVE COMPENSATION OF NAMED EXECUTIVE OFFICERS**

- Timothy Wentworth, President and Chief Executive Officer ( CEO )
- James Havel, Executive Vice President and Chief Financial Officer since October 2017
- Christine Houston, Executive Vice President, Strategic Integrations (Executive Vice President and Chief Operations Officer through January 2018 and Executive Vice President from January 2018 to March 2018)
- Everett Neville, Executive Vice President, Strategy, Supply Chain and Specialty (Senior Vice President, Supply Chain and Specialty through January 2018)
- David Queller, Senior Vice President, Sales and Account Management
- Eric Slusser, Former Executive Vice President and Chief Financial Officer (transitioned from the role in October 2017)

We are asking our stockholders to approve on an advisory basis the compensation of our named executive officers. Our Board recommends a **FOR** vote because we believe our compensation program aligns the interests of our named executive officers with those of our stockholders and achieves our compensation objective of rewarding management based upon individual and Company performance and the creation of stockholder value over the long term. Although stockholder votes on executive compensation are non-binding, the Board and the Compensation Committee consider the results when reviewing whether any changes should be made to our compensation program and policies.

**STOCKHOLDER PROPOSALS**

Certain stockholders have submitted two proposals for consideration at the annual meeting. The proposals have been carefully considered by our Board, which has concluded that adoption of the proposals would not be in the best interests of the Company or its stockholders – see Stockholder Proposals for 2018 Annual Meeting on page 72.

Our Board recommends a vote **AGAINST** each of the stockholder proposals.

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## 2018 PROXY SUMMARY

**KEY ELEMENTS OF OUR COMPENSATION PROGRAM**

The following table outlines the key components of our compensation program for our named executive officers (excluding health and similar benefits, which are generally available to all employees).

	<b>Compensation Element</b>	<b>Purpose</b>	<b>Key Characteristics</b>
<b>Fixed Component</b>	Base Salary	Provides a pay opportunity that is generally competitive with the companies with which we compete for talent	Determined by responsibility, level of position, competitive pay assessment and individual performance
	<b>Performance-Based Component</b>	Annual Performance-Based Cash Bonus Awards (short-term emphasis)	<p>Rewards the achievement of operational and other performance goals</p> <p>Motivates performance by delivering greater rewards for superior Company and individual performance, while delivering reduced or no awards for Company or individual underperformance</p>
	Stock Options	Aligns compensation to long-term stockholder value and stock price appreciation	<p>3-year ratable vesting</p> <p>10-year expiration period</p>
	Long-Term Incentive Equity Awards <sup>(1)</sup> (long-term emphasis)	Aligns compensation to long-term stockholder value and stock price appreciation	<p>3-year ratable vesting</p> <p>Vest based on the Company's performance over three years in two equally weighted categories</p>

Performance Shares	Rewards the achievement of long-term financial goals and value creation to our stockholders	for performance shares granted prior to January 1, 2018 and in three equally weighted categories for performance shares granted after that date: <ul style="list-style-type: none"><li>• Relative Total Stockholder Return</li><li>• Average Return on Invested Capital</li><li>• Core EBITDA growth (effective 2018)</li></ul>
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(1) For 2018, the Board and Compensation Committee revised the mix of long-term incentive equity awards to 50% restricted stock units and 50% performance shares.

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2018 PROXY SUMMARY

**Executive Compensation Program Best Practices**

Our compensation program is designed to drive performance towards achievement of both short-term and long-term goals and to increase stockholder value, while appropriately balancing risk and reward. We regularly review our compensation program to incorporate best practices, examples of which include:

target total direct compensation that is generally competitive with a peer group of companies and other companies with which we compete for talent

a prohibition on pledging and trading in derivatives with respect to our common stock

a mix of short- and long-term performance incentives, with emphasis on long-term performance

a clawback policy

the regular risk assessment of compensation programs

no reportable perquisites (except relocation allowance)

stock ownership guidelines

no tax gross-ups for our senior executives

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## 2018 PROXY SUMMARY

**2017 Summary Compensation**

(see page 45 for additional detail)

	<b>Base Salary</b>	<b>Restricted Stock and Performance Share Awards</b>	<b>Option Awards</b>	<b>Non-Equity Incentive Plan Compensation</b>	<b>All Other</b>	<b>Total</b>
Timothy Wentworth	\$ 1,436,539	\$ 7,666,667	\$ 3,833,333	\$ 2,767,517	\$ 191,359	\$ 15,895,415
James Havel(1)	124,038	2,500,000 (2)	—	153,699	1,092,692	3,870,429
Christine Houston	698,077	1,833,334	916,666	847,000	98,564	4,393,641
Everett Neville	566,346	1,466,667	733,333	561,192	69,887	3,397,425
David Queller	593,269	1,466,667	733,333	496,447	92,799	3,382,515
Eric Slusser(3)	741,077	1,833,334	916,666	734,160	87,408	4,312,645

Mr. Havel was appointed the Executive Vice President and Chief Financial Officer in October 2017. The base salary and non-equity incentive plan compensation reflect pro-rated amounts based on the portion of the year (1)served. Additionally, Mr. Havel served as an interim Chief Financial Officer from January 2015 through September 2015 and was employed with the Company until March 11, 2016. Mr. Havel's all other compensation reflects separation payments related to his prior service with the Company.

(2)Reflects a sign-on grant of restricted stock units.

Effective October 25, 2017, Mr. Slusser transitioned from the role of Executive Vice President and Chief Financial Officer and principal financial officer of the Company. Mr. Slusser will continue his employment with the Company in a different role through the end of the first quarter of 2018, in order to facilitate a smooth and orderly (3)transition of his responsibilities, after which he will be leaving the Company to pursue other opportunities. For a summary of Mr. Slusser's severance and other benefits pursuant to the terms and conditions of his employment agreement with the Company, see Employment Agreements and Potential Payments Upon Termination or Change in Control – Expected Payments to Eric Slusser on page 61.

**PENDING TRANSACTION**

As previously announced, on March 8, 2018, we entered into an Agreement and Plan of Merger (the Merger Agreement ) with Cigna Corporation ( Cigna ) and certain subsidiaries of Cigna whereby Cigna will acquire the Company in a cash and stock transaction. The merger consideration per share of Company common stock will consist of (i) 0.2434 of a fully paid and nonassessable share of common stock of the combined company and (ii) the right to receive \$48.75 in cash, without interest. Consummation of the merger is subject to certain customary conditions, including approval by the holders of a majority of the outstanding shares of Company common stock entitled to vote on the adoption of the Merger Agreement and approval by the holders of a majority of the outstanding shares of Cigna common stock entitled to vote on the adoption of the Merger Agreement, the shares of common stock of the combined company to be issued in the merger having been approved for listing on the New York Stock Exchange, the receipt of certain necessary governmental and regulatory approvals without the imposition of a Burdensome Condition (as defined in the Merger Agreement), the lack of pending litigation instituted by certain governmental entities to enjoin, restrain or prohibit the merger, and the receipt by each of the Company and Cigna of certain tax opinions. The merger is expected to be completed by December 31, 2018. Until the closing, we will continue to operate as an independent company.



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ABOUT THE MEETING

**ABOUT THE MEETING**

**1. Why Did I Receive this Proxy Statement?**

Our Board is soliciting your proxy to vote at the meeting because you were a stockholder of our Company as of March 13, 2018, or the record date, and are entitled to vote.

This proxy statement summarizes the information you need to know in order to cast a vote at the meeting.

**What Am I Voting**

**2. On?**

You are voting on five items:

- election of directors named in this proxy statement (see page 10);
- ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for 2018 (see page 68);
- approval, by non-binding vote, of the compensation of the Company's named executive officers (see page 69);
- if properly presented at the meeting, a stockholder proposal requesting the Company to report annually to the Board and stockholders identifying whether there exists a gender pay-gap among the Company's employees and other related disclosures (see page 72); and
- if properly presented at the meeting, a stockholder proposal requesting the Board annually review and publicly report on its cyber risk (see page 74).

**3. How Do I Vote?**

*Stockholders of record*

If you are a stockholder of record, there are four ways to vote:

**BY TELEPHONE**

toll-free 1-800-690-6903\*

**BY INTERNET**

[www.proxyvote.com](http://www.proxyvote.com)\*

**BY MAIL**

completing and returning your proxy card

**IN PERSON**

by written ballot at the meeting

\*The deadline to vote by telephone or Internet is 11:59 p.m. Eastern Time on May 9, 2018.

*Street name holders*

Shares of our common stock that are held in a brokerage account in the name of the broker are held in street name. If your shares are held in street name, you should follow the voting instructions provided by your broker. You may complete and return a voting instruction card to your broker or vote by telephone or the Internet. Check your voting instructions card for more information. If you hold your shares in street name and wish to vote at the meeting, you must obtain a legal proxy from your broker and bring that proxy to the meeting.

**4. What Are the Voting Recommendations of the Board of Directors?**

<b>Matter</b>	<b>Board Recommendation</b>
Election of the 13 directors named in this proxy statement	<b>FOR EACH NOMINEE</b>
Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for 2018	<b>FOR</b>
Approval, by non-binding vote, of the compensation of the Company's named executive officers	<b>FOR</b>
Two stockholder proposals, if properly presented at the meeting	<b>AGAINST</b>

If you return a properly executed proxy card without instructions, the persons named as proxy holders will vote your shares in accordance with the recommendations of our Board.

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### ABOUT THE MEETING

#### **5. Will Any Other Matters Be Voted On?**

We do not know of any other matters that will be brought before the stockholders for a vote at the annual meeting. If any other matter is properly brought before the meeting, your

signed or electronic proxy card gives authority to Timothy Wentworth and Martin P. Akins, or either of them, to vote your shares at their discretion.

#### **6. Who Is Entitled to Vote at the Meeting?**

Only stockholders of record at the close of business on the record date of March 13, 2018 are entitled to receive notice of and to participate in the annual meeting. If you were a

stockholder of record on that date, you will be entitled to vote all of the shares you held on that date at the meeting, or at any postponement or adjournment thereof.

#### **7. How Many Votes Do I Have?**

You will have one vote for each share of our common stock you owned at the close of business on the record date.

#### **8. How Many Votes Can Be Cast By All Stockholders?**

On the record date there were 561,531,099 outstanding shares of our common stock, each of which is entitled to one vote at the meeting. There is no cumulative voting.

#### **9. How Many Votes Must Be Present to Hold the Meeting?**

The holders of a majority of the aggregate voting power of our common stock outstanding and entitled to vote on the record date, must be present in person, or by proxy, at the meeting in order to constitute a quorum necessary to conduct the meeting.

If you vote or abstain on any matter, your shares will be part of the quorum. If you hold your shares in street name and do not provide voting instructions to your broker, but your broker has, and exercises, its discretionary authority to vote on at least one matter to be voted on at the meeting, your shares will be counted in determining the quorum for all matters to be voted on at the meeting. Brokers have discretionary

authority with respect to the ratification of the appointment of independent registered public accountants, but do not have discretionary authority with respect to the other proposals. A broker non-vote occurs with respect to a matter to be voted on when a broker holding shares in street name submits a proxy for which the broker has not received voting instructions from the beneficial owner with respect to the matter and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the meeting so that we will know as soon as possible that a quorum has been achieved.

**10. What Vote Is Required to Approve Each Proposal?**

With respect to Item 1, the election of directors, the affirmative vote of a majority of the votes cast is required to elect a director when a quorum is present. A majority of the votes cast means the number of votes cast for a director exceeds the number of votes cast against that director. Votes cast excludes abstentions and any broker non-votes. Accordingly, abstentions and broker non-votes will have no effect on the election of directors. Brokers do not have discretionary authority with respect to the election of directors. Under Delaware law, if an incumbent director-nominee is not elected at the meeting, the director will continue to serve on the Board as a holdover director. As required by our bylaws, each director-nominee has submitted an irrevocable conditional letter of resignation which becomes effective if he or she is not elected by a majority of the votes cast by stockholders. If a

director-nominee is not elected by a majority of the votes cast, the Corporate Governance Committee will consider the director's conditional resignation and recommend to the Board whether to accept or reject such resignation. The Board will decide whether to accept or reject the resignation and will publicly disclose its decision within 90 days after the date of the certification of the election results.

With respect to Items 2, 3, 4 and 5 the affirmative vote of a majority of the shares represented in person or by proxy at the meeting and entitled to vote on the matter is required for approval. An abstention with respect to Items 2, 3, 4 and 5 will not be voted, although it will be counted for the purpose of determining the number of shares represented at the meeting and entitled to vote on the matter. Accordingly, an abstention will have the effect of a negative vote. Broker

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### ABOUT THE MEETING

non-votes, if any, are not counted or deemed present or represented for determining whether stockholders have approved the proposal and will have no effect on the outcome of the vote. Brokers have discretionary authority

with respect to the ratification of the appointment of independent registered public accountants. Brokers do not have discretionary authority with respect to the other proposals.

#### **11. Can I Change My Vote or Revoke My Proxy?**

Yes. You may change or revoke your proxy by sending in a new proxy card with a later date, or cast a new vote by telephone or Internet (not later than the deadline of 11:59 p.m. Eastern Time on May 9, 2018), or send a written notice

of revocation to our Corporate Secretary at the address on the cover of this proxy statement. If you attend the meeting and wish to vote in person, you may request that your previously submitted proxy be revoked.

#### **12. Why Haven't I Received a Printed Copy of the Proxy Statement or Annual Report?**

We are taking advantage of Securities and Exchange Commission ( SEC ) rules that allow companies to furnish proxy materials to stockholders via the Internet. This allows us to avoid printing and mailing proxy materials to stockholders who prefer to review the materials online. If you received a Notice of Internet Availability of Proxy Materials, or Notice, by mail, you will not receive a printed copy of the proxy materials, unless you submit a specific request.

The Notice instructs you on how to access and review all of the important information contained in the proxy statement and annual report as well as how to submit your proxy over the Internet. If you received the Notice and would still like to receive a printed copy of the proxy materials, you should follow the instructions for requesting these materials included in the Notice. We mailed the Notice to stockholders on March 29, 2018.

#### **13. Who Can Attend the Annual Meeting?**

Any Express Scripts stockholder as of the close of business on March 13, 2018 may attend the meeting. You will need an admission ticket or proof of ownership to enter the meeting. An admission ticket is attached to your proxy card if you hold shares directly in your name as a stockholder of record. If you plan to attend the meeting, please vote your shares by submitting a proxy, but keep the admission ticket and bring it with you to the meeting.

If your shares are held in street name (beneficially held in the name of a broker, bank or other holder of record), you must present proof of your ownership, such as a bank or brokerage account statement, to be admitted to the meeting.

You may also obtain an admission ticket in advance by writing to the Office of the Secretary, One Express Way, Saint Louis, Missouri 63121. You must provide evidence of your ownership of shares with your ticket request, which you can obtain from your broker or bank. Please note that if you are a beneficial holder and would like to vote at the meeting in person, you will need to bring a legal proxy from your broker, bank or other holder of record.

Stockholders must also present a valid form of photo identification, such as a driver's license, in order to be admitted to the meeting. No cameras, recording equipment, large bags or packages will be permitted in the meeting.

#### **14. How Will My Shares Be Voted if I Submit a Proxy Without Indicating My Vote?**

If you submit a properly executed proxy without indicating your vote, your shares will be voted as follows:

- FOR** each director nominee named in this proxy statement;
- FOR** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for 2018;
- FOR** the approval, by non-binding vote, of the compensation of the Company's named executive officers;
- AGAINST** the two stockholder proposals, if properly presented at the meeting.

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PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**PROXY ITEM NO. 1: ELECTION OF DIRECTORS**

The current term of office of all of our directors expires at the meeting or when their successors are duly elected and qualified. The Corporate Governance Committee of our Board has nominated 13 directors to be elected to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. Ms. Mazarella was identified as a potential director candidate by a third-party director search firm engaged by the Corporate Governance Committee and was appointed a director of Express Scripts in June 2017. All nominees are currently directors of our Company and all nominees have agreed to serve if elected. Unless otherwise specified, all proxies will be voted in favor of each nominee as a director of our Company. Proxies cannot be voted for a greater number of persons than the number of nominees named below.

Our Board has no reason to expect that any of the nominees will be unable to stand for election on the date of the meeting or will otherwise not serve. If a vacancy occurs among the original nominees prior to the meeting, the proxies may be voted for a substitute nominee named by our Board as well as for the remaining nominees. Because this election is not a contested election, directors are elected by a majority of the votes cast when a quorum is present. A majority of the votes cast means that the number of votes cast for a director exceeds the number of votes cast against that director. Votes cast excludes abstentions and any broker non-votes. Our Board has determined that, in its judgment, with the exception of Mr. Wentworth, our current President and CEO, and Mr. Paz, who retired as our CEO in May 2016, all of the

current members of, and nominees for, our Board are independent, as defined by the listing standards of The Nasdaq Global Select Market, as of the date of this proxy statement.

Our Corporate Governance Guidelines provide that the Corporate Governance Committee will nominate candidates for our Board who possess the highest personal and professional ethics, integrity and values, and who are committed to representing the long-term interests of stockholders. Although we have not adopted a formal policy on diversity, the Corporate Governance Committee considers the diversity, age, skills, and experience of the candidates in the context of the overall needs of the Board. The Corporate Governance Committee evaluates diversity in a broad sense, recognizing the benefits of racial and gender diversity, but also considers the breadth of backgrounds, professional skills, and business experiences that directors and candidates may bring to our Board. In addition to these qualities, the selection criteria for nomination include the skills and characteristics possessed by each candidate in the context of the perceived needs of the Board at that point in time in an effort to ensure there is a blend of skills and experience that will enhance the effectiveness of the Board. For a full discussion on the criteria and process for the nomination of directors, see Selection of Nominees for the Board of Directors on page 21.

For purposes of this proxy statement, service as a director of Express Scripts, Inc. prior to April 2, 2012 is considered service with the Company.



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PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**Director Nominees**

The ages, principal occupations, directorships held and other information about our nominees and directors are shown below as of March 29, 2018.

**MAURA C. BREEN**  
**Age:** 62  
**Director since:** 2004  
**Committees:**  
 Compensation (Chair)

Maura C. Breen was elected a director of Express Scripts in July 2004. Ms. Breen served as Senior Vice President and General Manager for the New York Region for Verizon Communications, Inc. or Verizon, a provider of communications services, from March 2006 until her retirement in September 2008. Previously, Ms. Breen was Senior Vice President/Support Services, Network Services Group for Verizon, from December 2003 through March 2006. Ms. Breen also served as Senior Vice President & Chief Marketing Officer, Retail Market Groups for Verizon from July 2001 through December 2003.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Ms. Breen brings experience to our board in the areas of marketing and branding, cost control and restructuring, technology and innovation, sales and business development, and operations. Ms. Breen has over 30 years of experience in the telecommunications industry. Ms. Breen was elected a director of Express Scripts in September 2011. Mr. William J. DeLaney was elected a director of Express Scripts in September 2011. Mr. DeLaney served as Chief Executive Officer of Sysco Corporation or Sysco, a food marketing and distribution company, from March 2009 until his retirement in December 2017. Previously, Mr. DeLaney served as President from March 2010 to January 2016, as Executive Vice President and Chief Financial Officer from July 2007 to October 2009 and has held positions of increasing responsibility at Sysco and its subsidiaries for more than 20 years. Mr. DeLaney served as a director of Sysco Corporation from 2009 to 2017. Mr. DeLaney currently serves as a director of Sanmina Corporation.

**WILLIAM J. DELANEY**  
**Age:** 62  
**Director since:** 2011  
**Committees:**  
 Audit  
 Compensation

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. DeLaney brings experience to our board in the areas of accounting, finance, operations and management. Throughout his career, Mr. DeLaney has developed experience and knowledge in the areas of leadership and management development, corporate strategy and development, finance and accounting and distribution and supply chain management. Mr. DeLaney holds a Masters in Business Administration and has extensive experience as a corporate executive officer, including nine years as a chief executive officer.

**ELDER GRANGER, MD, MG, USA (Retired)**  
**Age:** 64  
**Director since:** 2015  
**Committees:**  
 Compliance

Elder Granger was elected a director of Express Scripts in May 2015. Dr. Granger is a U.S. Army Major General (retired) and has served as the President and Chief Executive Officer of The 5Ps LLC, a healthcare, education, and leadership consulting firm, since August 2009. Dr. Granger served in the U.S. Army for over 35 years before retiring in June 2009, and was the Deputy Director and Program Executive Officer of the TRICARE Management Activity, Office of the Assistant Secretary of Defense (Health Affairs) in Washington, D.C. from December 2005 to June 2009. In this role he served as the principal advisor to the Assistant Secretary of Defense (Health Affairs) on DoD health plan, policy and performance and oversaw the acquisition, operation and integration of DoD's managed care program within the Military Health System. Prior to joining TRICARE Management Activity, Dr. Granger led the

largest U.S. and multi-national battlefield health system in recent history while serving as Commander, Task Force 44th Medical Command and Command Surgeon for the Multinational Corps Iraq. Dr. Granger received a B.S. Degree from Arkansas State University and earned his medical degree from University of Arkansas School of Medicine where he was awarded the Henry Kaiser Medical Fellowship for Medical Excellence and Leadership. Dr. Granger is board certified by the American College of Physician Executives, American Board of Medical Quality and American Board of Internal Medicine and holds numerous medical certifications. He is a director of DLH Holdings Corp., a provider of healthcare delivery solutions, logistics and technical services, a Governance Fellow with the National Association of Corporate Directors, and a current and former advisor or member of the board of directors of several privately-held companies.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Dr. Granger brings a wealth of knowledge with respect to healthcare management and operations and has broad experience throughout the healthcare industry as well as the government sector. Dr. Granger also brings unique and extensive leadership experience and, through his deep understanding of the markets in which we compete, provides a strong independent voice on our board.

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PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**NICHOLAS J. LAHOWCHIC**  
**Age:** 70  
**Director since:** 2001  
**Committees:**  
 Audit  
 Compensation

Nicholas J. LaHowchic was elected a director of Express Scripts in July 2001. Mr. LaHowchic is currently President and Chief Executive Officer of Diannic, LLC, a management consulting firm, and has served in this capacity since February 2007. Previously, he served as President and Chief Executive Officer of Limited Logistics Services, Inc. from October 1997 and as Executive Vice President of Lbrands, Inc. (previously Limited Brands, Inc.), a retail apparel, personal care and beauty products company from April 2004 until his retirement in February 2007. As Executive Vice President of Lbrands, Inc., Mr. LaHowchic had responsibility for company-wide Information Technology Services and co-lead with Vice-Chairman enterprise ERP Transformation Initiative. Limited Logistics Services, Inc. provides supply chain, compliance and procurement services to retailers including Lbrands, Inc. Previously Mr. LaHowchic also served as President, BD Supply Chain Services through October 1997 for Becton, Dickinson and Company, which develops, manufactures and sells medical devices, instrument systems and reagents worldwide. Mr. LaHowchic currently serves as director of a privately held company and charitable organization and previously served as a director of Advance Auto Parts, Inc.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. LaHowchic brings experience to our board in the areas of financial reporting, accounting and controls, corporate finance, mergers and acquisitions, public policy, and government regulation. Mr. LaHowchic has global experience in a variety of business sectors including retail apparel, transportation and logistics services, manufacturing and distribution, and information services. Mr. LaHowchic holds a Masters in Business Administration and has extensive experience as a chief executive officer.

**THOMAS P. MAC MAHON**  
**Age:** 71  
**Director since:** 2001  
**Committees:**  
 Corporate  
 Governance

Thomas P. Mac Mahon was elected a director of Express Scripts in March 2001 and has served as Lead Independent Director since May 2008. Mr. Mac Mahon served as Chairman of the Board, President and Chief Executive Officer and a member of the Executive and Management Committees of Laboratory Corporation of America Holdings or LabCorp, an independent clinical laboratory company, from January 1997 until his retirement in December 2006. Mr. Mac Mahon has also served or serves on the boards of several public and private companies including of LabCorp from 1995 to 2013 and PharMerica Corporation from July 2007 to June 2017. Mr. Mac Mahon is currently a director of two start-up diagnostic

(Chair)

companies, Orig3N and Aushon Biosystems and the private diagnostic company Ortho-Clinical Diagnostics.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. Mac Mahon brings experience to our board in the areas of financial reporting, accounting and controls, mergers and acquisitions, corporate finance, cost control and restructuring, operations, public policy, law and compliance, government regulation, and information services. Mr. Mac Mahon has experience in a variety of business sectors including broad healthcare experience. Mr. Mac Mahon has extensive experience as a chief executive officer.

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## PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**KATHLEEN M. MAZZARELLA**  
**Age:** 58  
**Director since:** 2017  
**Committees:**  
 none

Kathleen M. Mazzarella was elected a director of Express Scripts in June 2017. Ms. Mazzarella has served as Chairman, President and Chief Executive Officer of Graybar Electric Company, Inc., or "Graybar", a distributor of electrical, communications and data networking products and provider of related supply chain management and logistics services, since June 2012, she previously served as Executive Vice President and Chief Operating Officer from December 2010 to June 2012. Ms. Mazzarella joined Graybar in January 1980, and has held increasing roles of seniority, including Senior Vice President, Sales and Marketing and Senior Vice President, Human Resources and Strategic Planning. Ms. Mazzarella was elected a Director of Graybar January 1, 2004, and has served as Chairman since January 2013. Ms. Mazzarella has served as a director of Waste Management, Inc., since October 2015, and as a director of the Federal Reserve Bank of St. Louis since January 2015, serving as Chairman since April 2016. Ms. Mazzarella also serves on several other private company boards.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Ms. Mazzarella brings experience to our board in the areas of communications, logistics, marketing, supply chain, human resources and strategic planning. Ms. Mazzarella has over 13 years of service as an executive corporate officer, including five years as chief executive officer of a Fortune 500 Company.

**FRANK MERGENTHALER**  
**Age:** 57  
**Director since:** 2009  
**Committees:**  
 Audit  
 (Chair)

Frank Mergenthaler was elected a director of Express Scripts in January 2009. He is currently Executive Vice President and Chief Financial Officer of Interpublic Group of Companies, Inc., an advertising and marketing services company, and has served in this capacity since July 2005. From April 2002 to July 2005, Mr. Mergenthaler was Executive Vice President and Chief Financial Officer of Columbia House Company, a direct marketer of entertainment content.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. Mergenthaler brings experience to our board in the areas of financial reporting, accounting and controls, corporate finance, cost control and restructuring, insurance and risk management, marketing and branding, and information services. Mr. Mergenthaler has experience in a variety of business sectors including broad experience in the advertising and marketing industry. Mr.

**WOODROW A. MYERS, Jr., MD**  
**Age:** 64  
**Director since:** 2007  
**Committees:**  
 Compensation  
 Compliance

Woodrow A. Myers was elected a director of Express Scripts in May 2007. Dr. Myers currently serves as Chief Medical Officer and Chief Healthcare Strategist for Blue Cross Blue Shield of Arizona. He also has served as Managing Director of Myers Ventures LLC, a healthcare consulting company, since December 2015 and also from December 2005 to October 2013, and previously served as Chief Executive Officer of Corizon Health, Inc., a provider of health care solutions for correctional facilities from October 2013 to November 2015. Dr. Myers also served as Executive Vice President and Chief Medical Officer of Wellpoint, Inc. (now known as Anthem, Inc.), a health benefits company, from September

2000 through December 2005. Dr. Myers has served or serves on the boards of numerous public and private companies, including Genomic Health Inc., from 2006 to 2013, LipoScience, Inc. from 2011 to 2013, Cardionet, Inc., Mozambique Healthcare Consortium and Stanford University Hospital & Clinics. Dr. Myers previously served as Commissioner of Health for New York City and for the State of Indiana.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Dr. Myers brings medical and management experience to our board, including broad experience in the healthcare industry. Dr. Myers is a Medical Doctor and holds a Masters in Business Administration. Dr. Myers has extensive experience as a corporate executive officer, including as chief executive officer.

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PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**RODERICK A. PALMORE**  
**Age:** 66  
**Director since:** 2014  
**Committees:**  
 Corporate Governance

Roderick A. Palmore was elected a director of Express Scripts in September 2014. Mr. Palmore is currently Senior Counsel at Dentons US LLP, a multinational law firm, and has served in this capacity since July 2015. Previously, Mr. Palmore served as Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer and Secretary of General Mills, a global manufacturer and marketer of food products, from February 2008 until his retirement in February 2015. Mr. Palmore also served as Executive Vice President, General Counsel and Secretary at Sara Lee Corporation from 1999 through 2008. Mr. Palmore was a partner with Sonneschein Nath & Rosenthal in Chicago from 1993 to 1996, and a partner with Wildman, Harrold, Allen & Dixon from 1986 to 1993. Prior to joining Wildman, Harrold, Allen & Dixon as an associate in 1982, he served as Assistant United States Attorney in the Northern District of Illinois. Mr. Palmore is currently a member of the board of directors of Goodyear Tire & Rubber Co. and CBOE Holdings, Inc.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. Palmore brings experience to our board in the areas of law and compliance, corporate governance, government regulation and mergers and acquisitions. Mr. Palmore has extensive experience managing legal and corporate governance aspects of a large public company, having served as General Counsel for both General Mills and Sara Lee Corporation. Mr. Palmore is also a licensed attorney, serves as Senior Counsel with a nationally recognized law firm, and served as Assistant United States Attorney for the Northern District of Illinois.

**GEORGE PAZ**  
**Age:** 62  
**Director since:** 2004  
**Committees:**  
 none

George Paz was elected a director of Express Scripts in January 2004 and has served as Chairman of the board since May 2006. Mr. Paz served as Chief Executive Officer of Express Scripts from April 1, 2005 until his retirement in May 2016. He also served as President from October 2003 to February 2014. Mr. Paz joined Express Scripts and was appointed Senior Vice President and Chief Financial Officer in January 1998 and continued to serve as Chief Financial Officer following his appointment to the office of President until his successor joined the Company in April 2004. Mr. Paz is currently a member of the board of directors of Honeywell International, Inc. and Prudential Financial, Inc. and served on the board of directors of the Federal Reserve Bank of St. Louis from 2012 through 2015, serving as Chairman in 2015.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. Paz has extensive knowledge about Express Scripts and the opportunities and challenges we face, and brings over 30 years of experience to our board of directors, including over ten years as our chief executive officer

and over six years as our chief financial officer. Mr. Paz has experience in relevant areas such as tax, financial reporting, accounting and controls, corporate finance, insurance and risk management, mergers and acquisitions, capital markets, government regulation, and employee health benefits. Mr. Paz is a Certified Public Accountant.



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PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**WILLIAM L. ROPER, MD, MPH**  
**Age:** 69  
**Director since:** 2012  
**Committees:**  
 Compliance (Chair)

William L. Roper was elected a director of Express Scripts in April 2012 and served as a director of Medco Health Solutions, Inc. from December 2007 until the Company merged with Medco in April 2012. Dr. Roper has served as Dean of the School of Medicine and Vice Chancellor for Medical Affairs of the University of North Carolina ( UNC ) at Chapel Hill, and as Chief Executive Officer of the UNC Health Care System, in each case, since 2004. He has also served as a Professor of Pediatrics and Social Medicine at the UNC School of Medicine and as a Professor of Health Policy and Administration at the UNC School of Public Health. Before joining UNC in 1997, Dr. Roper served as Senior Vice President of Prudential Health Care and in other roles from 1993 to 1997. He also served as director of the Centers for Disease Control and Prevention from 1990 to 1993, on the senior White House staff in 1989 and 1990 and as the administrator of CMS from 1986 to 1989. Dr. Roper has been a director of DaVita HealthCare Partners Inc. since 2001. He is former Chairman of the Board of Directors of the National Quality Forum, a private, not-for-profit, public benefit corporation established to standardize healthcare quality measurement and reporting.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Dr. Roper brings medical and management experience to our board as well as experience and deep relationships in the healthcare industry. Dr. Roper is a Medical Doctor and has extensive executive experience in various capacities. Dr. Roper is a member of the American Academy of Pediatrics and the American Medical Association.

**SEYMOUR STERNBERG**  
**Age:** 74  
**Director since:** 1992  
**Committees:**  
 Audit  
 Corporate Governance

Seymour Sternberg was elected a director of Express Scripts in March 1992. Mr. Sternberg became Chief Executive Officer and Chairman of the Board of New York Life Insurance Company in April 1997, and served as Chief Executive Officer until his retirement in June 2008. Mr. Sternberg continued to serve as non-executive Chairman of the Board of New York Life Insurance Company until May 2009. Mr. Sternberg was appointed by former President Clinton as one of three U.S. representatives to the Business Advisory Council of the Asia-Pacific Economic Cooperation and has also served or serves on the boards of several public or private companies and charitable organizations. Mr. Sternberg served as a director of CIT Group Inc. from December 2005 to May 2016 and is currently a director of Northeastern University.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. Sternberg brings experience to our board in the areas of strategic oversight, capital markets, mergers and acquisitions,

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corporate finance, financial reporting, accounting and controls, law and compliance, government regulation, public policy and governmental affairs, and insurance and risk management. Mr. Sternberg has extensive experience in the life insurance and financial services industry and has over 30 years of experience as an executive corporate officer, including more than 11 years as a chief executive officer.

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PROXY ITEM NO. 1: ELECTION OF DIRECTORS

**TIMOTHY  
WENTWORTH**

**Age:** 57

**Director since:** 2015

**Committees:** none

Timothy Wentworth was elected a director of Express Scripts in June 2015. He was elected President of the Company in February 2014 and assumed the role of Chief Executive Officer in May 2016. Mr. Wentworth previously served as Senior Vice President and President, Sales and Account Management from April 2012 to February 2014. Mr. Wentworth joined Express Scripts when the Company merged with Medco in April 2012. At Medco, he served as Group President, National and Key Accounts from October 2008 to April 2012, as Chief Executive Officer of Medco's Accredo Health Group subsidiary from March 2006 to October 2008 and as Group President-National Accounts from August 2003 to March 2006.

**Skills and Experience**

Relevant Areas of Expertise, Experience and Qualifications: Mr. Wentworth brings a deep understanding of our Company and has significant executive and operational experience within our industry. Mr. Wentworth's experience includes relevant areas such as operations, sales, marketing and branding, account management, innovation, business development, mergers and acquisitions, and management.

**Recommendation of the Board**

**The Board unanimously recommends a vote FOR  
the election of each director nominee listed above.**

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CORPORATE GOVERNANCE

**CORPORATE GOVERNANCE**

**Overview of our Corporate Governance**

Our Company is committed to the values of effective corporate governance and high ethical standards. These values are conducive to long-term performance and the Board reevaluates our policies on an ongoing basis to ensure they sufficiently meet the Company's needs. We believe our key corporate governance and ethics policies enable us to manage our business in accordance with the highest standards of business practice and in the best interests of our stockholders.

- |                                       |   |
|---------------------------------------|---|
| <b>Board Independence</b>             | <ul style="list-style-type: none"> <li>• 11 out of 13 of our directors are independent</li> </ul>   |
| <b>Board Composition</b>              | <ul style="list-style-type: none"> <li>• Our CEO is the only management director</li> <li>• Currently, the Board has fixed the number of directors at 13</li> <li>• The Board regularly assesses its performance through Board and committee self-evaluation</li> <li>• The Corporate Governance Committee leads the full Board in considering board competencies and refreshment in light of company strategy</li> </ul>   |
| <b>Board Committees</b>               | <ul style="list-style-type: none"> <li>• We have four Board committees – Audit, Compensation, Compliance and Corporate Governance</li> <li>• All of the committees are composed entirely of independent directors</li> </ul>  |
| <b>Leadership Structure</b>           | <ul style="list-style-type: none"> <li>• Following the transition of our CEO in 2016, our former CEO serves as our Chairman. He and our CEO interact closely with our Lead Independent Director</li> <li>• Whenever our Chairman is not independent, we have a Lead Independent Director, who is elected annually by the independent Board members. Among other duties, our Lead Independent Director chairs executive sessions of the independent directors to discuss certain matters without management present</li> </ul> |
| <b>Risk Oversight</b>                 | <ul style="list-style-type: none"> <li>• Our full Board is responsible for risk oversight, and has designated committees to have particular oversight of certain key risks. Our Board oversees management as management fulfills its responsibilities for the assessment and mitigation of risks and for taking appropriate risks</li> </ul>  |
| <b>Open Communication</b>             | <ul style="list-style-type: none"> <li>• We encourage open communication and strong working relationships among the Lead Independent Director, Chairman and other directors</li> <li>• Our directors have access to management and employees</li> </ul>   |
| <b>Director Stock Ownership</b>       | <ul style="list-style-type: none"> <li>• Currently, our directors are required to own at least \$400,000 of our common stock - more than four times their annual cash retainer</li> </ul>   |
| <b>Accountability to Stockholders</b> | <ul style="list-style-type: none"> <li>• We use majority voting in uncontested director elections</li> <li>• We have a fully non-classified board with annual election of directors</li> <li>• We have enabled our stockholders to nominate directors and have their eligible nominees included in the proxy statement with our nominees (also known as proxy access)</li> <li>• Stockholders can call a special meeting</li> </ul>   |

- Stockholders can amend our bylaws by a majority vote
- We have not adopted a stockholder rights plan ( poison pill )
- We actively reach out to our stockholders to engage on matters of governance
- Stockholders can contact our Board, Lead Independent Director or management through our website or by regular mail
- The Board actively monitors our succession planning and management development and receives regular updates on employee engagement, diversity and retention matters
- At least once per year, the Board reviews senior management succession and development plans

**Management  
Succession  
Planning**

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## CORPORATE GOVERNANCE

**The Board of Directors and its Committees**

Our Board is responsible for establishing broad corporate policies and for overseeing the overall management of the Company. In addition to considering various matters which require its approval, our Board provides advice and counsel to, and ultimately monitors the performance of, our senior executives.

*Committees of the Board of Directors*

	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Compliance Committee</b>	<b>Corporate Governance Committee</b>
Maura C. Breen				
William J. DeLaney				
Elder Granger, MD, MG, USA (Retired)				
Nicholas J. LaHowchic				
Thomas P. Mac Mahon				
Kathleen M. Mazzarella				
Frank Mergenthaler				
Woodrow A. Myers Jr., MD				
Roderick A. Palmore				
William L. Roper, MD, MPH				
Seymour Sternberg				

Only independent directors sit on our standing committees; as such, Messrs. Paz and Wentworth do not sit on any committees. Ms. Mazzarella joined our Board in June 2017. We anticipate that Ms. Mazzarella will be added to one or more standing committees following the 2018 annual meeting.

**Chairman    Member    Financial Expert**

Our Board has four standing committees: the Audit Committee, the Compensation Committee, the Compliance Committee, and the Corporate Governance Committee. Each committee has a written charter which is reviewed at least annually to reflect the activities of each of the respective committees, changes in applicable law or other relevant considerations, with any changes approved by the full Board. Each committee is composed entirely of directors deemed to be, in the judgment of our Board, independent in accordance with listing standards of The Nasdaq Global Select Market. Our Board met eight times in 2017. Each director attended at least 75% of the total number of meetings of the Board and the Board committees of which he or she was a member in 2017. While we do not have a formal policy requiring members of the Board to attend the annual meeting of stockholders, we encourage all directors to attend. All of our directors attended the annual meeting in 2017.

The following table lists the members, primary functions, and number of meetings held with respect to each committee.

<b>Members</b>	<b>Primary Functions</b>	<b>Meetings</b>
----------------	--------------------------	-----------------

**Audit Committee**

Frank Mergenthaler  
(Chair)\*  
William J. DeLaney\*  
Nicholas J. LaHowchic\*  
Seymour Sternberg\*

- Assist the Board in its oversight of (i) the integrity of our financial statements; (ii) our compliance with securities laws, including financial and disclosure requirements; (iii) our system of internal controls and the performance of our internal audit function; and (iv) the qualifications, independence and performance of our independent registered public accountants.
- Select, retain and oversee our independent registered public accountants.
- Review our annual and interim financial statements.
- Establish procedures for the receipt and handling of complaints regarding accounting, internal accounting controls or auditing matters.

\* Each member of the Audit Committee has been determined by the Board, in its judgment, to be an audit committee financial expert, as defined under applicable SEC rules.

\*\* Includes 1 meeting of the special Financing Committee of the Board, which consisted of the members of the Audit Committee and was authorized by the Board to review and approve the terms of certain of the Company's financing transactions in 2017.

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## CORPORATE GOVERNANCE

<b>Members</b>	<b>Principal Functions</b>	<b>Meetings in 2017</b>
<b>Compensation Committee</b>  Maura C. Breen (Chair) William J. DeLaney Nicholas J. LaHowchic Woodrow A. Myers, Jr.	<ul style="list-style-type: none"> <li>•Review and approve our stated compensation strategy.</li> <li>•Review annually the goals and objectives relating to the compensation and the performance of our CEO.</li> <li>•Review and approve compensation for our senior executives (approval of compensation for our Executive Vice Presidents is ratified by the Board and approval of compensation for our CEO is ratified by the independent members of the Board).</li> <li>•Review and make recommendations to the Corporate Governance Committee regarding the compensation of directors.</li> <li>•Approve forms of employment agreements and equity award agreements for our senior executives.</li> <li>•Approve and oversee the administration of our equity plans and executive incentive compensation, including the effect of our executive incentive compensation program on the risk-taking behavior of participants.</li> </ul>	          9
<b>Compliance Committee</b>  William L. Roper (Chair) Elder Granger Woodrow A. Myers, Jr.	<ul style="list-style-type: none"> <li>•Review and make recommendations to the Board addressing our legal and regulatory compliance practices generally (excluding SEC and financial reporting matters).</li> <li>•Review our Code of Conduct and Ethics at least annually and make recommendations to the Board with respect to any proposed changes.</li> <li>•Oversee implementation by management of procedures intended to ensure compliance with our Code of Conduct and Ethics.</li> <li>•Meet regularly with our management to assess our compliance policies and procedures.</li> </ul>	          4
<b>Corporate Governance Committee</b>  Thomas P. Mac Mahon (Chair) Roderick A. Palmore Seymour Sternberg	<ul style="list-style-type: none"> <li>•Recommend to the Board criteria for membership on our Board.</li> <li>•Select and recommend candidates for election or reelection as directors at our annual meeting of stockholders.</li> <li>•Consider stockholder recommendations for and nominations of candidates for election as directors.</li> <li>•Recommend candidates to fill any vacancies on our Board.</li> <li>•Review and make recommendations to the Board regarding our Corporate Governance Guidelines and the nature and duties of the committees of the Board.</li> <li>•Approve and make adjustments to our policies regarding compensation of non-management directors.</li> <li>•Review any proposed related party transactions.</li> </ul>	          4



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### CORPORATE GOVERNANCE

#### **Leadership Structure of the Board of Directors**

##### *Chairman of the Board*

Mr. Paz has served as the Chairman of our Board since May 2006 and also served as our CEO from April 2005 to May 2016. We believe continuing this Board leadership structure is in the best interests of our stockholders as Mr. Paz is uniquely positioned to lead our Board with his exceptional depth of knowledge about Express Scripts and the opportunities and challenges we face. As our former CEO, Mr. Paz provides valuable industry and strategic perspective to our independent Board and to Mr. Mac Mahon in his role as our Lead Independent Director. Mr. Wentworth assumed the role of our CEO in May 2016 and, as stated in the Company's Corporate Governance Guidelines, the Board prefers the role of CEO and Chairman of the Board to be split following a transition of the CEO.

##### *Lead Independent Director*

Our Corporate Governance Guidelines provide for a Lead Independent Director of the Board at such times as the position of Chairman of the Board is held by a non-independent director. Following Mr. Paz's retirement as our CEO in May 2016, Mr. Mac Mahon remained the Lead Independent Director, a position he has held since May 2008 (formerly identified as Presiding Director). In his role as Lead Independent Director, Mr. Mac Mahon is involved in all significant corporate decisions, including decisions regarding strategic direction, executive leadership, and governance matters. Mr. Mac Mahon chairs separate executive sessions of the independent directors at each Board meeting and approves the Board meeting agenda in advance of each meeting. In addition, as set forth in our Corporate Governance Guidelines, the specified duties of the Lead Independent Director include:

- presiding at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors;
- serving as liaison between the Chairman of the Board and the independent directors;
- the authority to approve the nature and extent of information and data sent to the Board;
- the authority to approve meeting agendas for the Board;
- the authority to approve meeting schedules to assure there is sufficient time for discussion of all agenda items;
- the authority to call meetings of the independent directors; and
- if requested by major stockholders, ensuring availability for consultation and direct communication with such stockholders.

We believe that our governance structure provides effective oversight of the Board because:

- we have a strong, Lead Independent Director who provides substantive and meaningful contribution to our Company's most important decisions, including those involving strategic direction, executive leadership, and governance;
- the Board has established and follows robust Corporate Governance Guidelines, as discussed below;
- each member of the Board, other than Mr. Wentworth and Mr. Paz, is independent as defined by the listing standards of The Nasdaq Global Select Market;
- each standing committee of the Board is composed solely of independent directors; and
- our Lead Independent Director holds regular meetings of our independent directors.

#### **Governance Documents**

*Corporate Governance Guidelines and Committee Charters*

We have adopted Corporate Governance Guidelines to outline our corporate governance structure and address significant corporate governance issues. The Corporate Governance Committee reviews our Corporate Governance Guidelines at least annually. Copies of these Guidelines as well as the Charter for each committee of our Board can be found at the [About Express Scripts — Investor Relations — Learn More — Governance — Corporate Governance Documents](#) section of our website at [www.express-scripts.com](http://www.express-scripts.com).

*Code of Ethics*

We have adopted a Code of Ethics which applies to all of our directors, executive officers, and employees, including our senior financial officers. A copy of the Code of Ethics is available at the [About Express Scripts — Investor Relations — Learn More — Governance — Corporate Governance Documents](#) section of our website at [www.express-scripts.com](http://www.express-scripts.com). We will post any amendments to the Code of Ethics or any waivers of the Code of Ethics for any of our directors, executive officers or senior financial officers, in the same section of our website.

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### CORPORATE GOVERNANCE

#### **Selection of Nominees for the Board of Directors**

##### *Corporate Governance Committee Nomination Process*

The Corporate Governance Committee is responsible for evaluating potential candidates to serve on our Board and for recommending nominees to be presented for election or reelection to the Board at our annual meeting of stockholders. In evaluating potential director candidates, including incumbent directors, the Corporate Governance Committee considers the skills and characteristics possessed by each candidate in the context of the perceived needs of the Board in an effort to ensure there is a blend of skills and experience that will enhance the effectiveness of the Board. Among the factors considered by the Corporate Governance Committee are the following:

- the nominee’s independence;
- the nominee’s relevant professional skills and depth of business experience;
- the nominee’s character, judgment, and personal and professional integrity;
- the nominee’s ability to read and understand corporate financial statements;
- the nominee’s willingness to commit sufficient time to attend to his or her duties and responsibilities as a member of the Board;
- the nominee’s qualifications for membership on certain committees of the Board;
- any potential conflicts of interest involving the nominee; and
- the composition and diversity of our existing Board.

Although the Board has not adopted a formal policy on diversity, the Corporate Governance Committee considers the diversity, age, skills, and experience of candidates in the context of the overall needs of the Board. The Corporate Governance Committee evaluates diversity in a broad sense, recognizing the benefits of racial and gender diversity, but also considering the breadth of backgrounds, professional skills, and business experiences that directors and candidates may bring to our Board (see page 10 for examples of our Board’s diversity).

In identifying potential candidates for the Board, the Corporate Governance Committee relies on recommendations from a number of possible sources, including current directors and officers. The Corporate Governance Committee may also retain outside consultants or search firms to help identify potential candidates for membership on the Board. The Corporate Governance Committee will also consider candidates recommended by stockholders on the same basis as other candidates.

##### *Recommendation of Candidates by Stockholders*

Any stockholder wishing to recommend a candidate for consideration by the Corporate Governance Committee to become a nominee for election to the Board may do so by submitting a written recommendation to the Corporate Governance Committee in accordance with our procedures for the submission of future stockholder proposals, as set out in our bylaws (see Other Matters – Future Stockholder Proposals – Proposals and Nominations Not for Inclusion in Proxy Statement on page 77). For a nominee to be considered for election, the nominee must provide the questionnaire and the representation and agreement described in the Future Stockholder Proposals section, and must provide the information specified in our bylaws for director nominees.

The request for nomination must also be accompanied by a written consent from the proposed nominee authorizing his or her nomination and agreeing to serve as a director if elected. Our Corporate Secretary will review all such stockholder recommendations and will forward those that comply with the above-described requirements to the

Corporate Governance Committee for evaluation and consideration.

*Proxy Access*

In March 2016, we amended our bylaws to permit a holder (or a group of not more than 20 holders) of at least 3% of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials director nominees constituting up to the greater of two individuals or 20% of the Board, provided that the nominating holder(s) and the nominee(s) satisfy the requirements specified in the bylaws, including providing us advance notice of the nomination. For more detailed information on how to submit a nominee for inclusion in our proxy materials pursuant to the proxy access provisions, see Other Matters – Future Stockholder Proposals – Director Nominees for Inclusion in Proxy Statement (Proxy Access) on page 77.

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### CORPORATE GOVERNANCE

#### **Directors Compensation**

The compensation of our directors is determined by the Corporate Governance Committee and ratified by the Board with input from the Compensation Committee. The objective of our non-employee director compensation program is to attract highly-qualified individuals to serve on the Board and to appropriately align the interests of our directors with those of our stockholders. The Corporate Governance Committee and the Compensation Committee review the director compensation program periodically to ensure that it continues to meet these objectives. In order to determine whether the director compensation program is competitive, the Corporate Governance Committee and the Compensation Committee consider general market information on program design as well as the significant amount of time that directors expend in fulfilling their duties to the Company and the skill level required by members of the Board. No changes to our non-employee director compensation program were made during 2017.

Directors who are employed by our Company or its subsidiaries do not receive compensation for serving as directors. Directors who are not employees of our Company or its subsidiaries are entitled to receive:

- an annual retainer as follows:
  - \$100,000 for all non-employee directors (other than a non-employee Chairman of the Board);
  - \$275,000 for a non-employee Chairman of the Board;
  - \$25,000 for the Audit Committee Chairman;
  - \$20,000 for the Compensation Committee Chairman;
  - \$15,000 for each of the Corporate Governance Committee Chairman and the Compliance Committee Chairman;
  - an additional \$50,000 for the Lead Independent Director;
  - an additional \$10,000 for each committee on which a director serves after the first committee.

We also reimburse non-employee directors for out-of-pocket expenses incurred in connection with attending Board and committee meetings.

Our non-employee directors also receive equity awards. All awards are currently made under the Express Scripts Holding Company 2016 Long-Term Incentive Plan (the 2016 LTIP ), and, prior to effectiveness of the 2016 LTIP on May 4, 2016, all awards were made under the Express Scripts, Inc. 2011 Long-Term Incentive Plan (the 2011 LTIP ). Directors who are not employees of our Company or its subsidiaries are entitled to receive an annual equity grant with a notional value of \$200,000, granted at each annual meeting of stockholders, with new directors who have taken office since the previous annual meeting receiving a pro-rated grant for the first partial year. These equity awards are granted consistent with our Equity Award Granting Policy and the grant date is typically the date of our annual meeting of stockholders.

The equity awards are divided between non-qualified stock options and restricted stock units as follows:

- one-half of the value of the equity award in time-vested, non-qualified stock options, valued using the method we utilize in valuing the grants for financial reporting purposes (currently the Black-Scholes valuation model), with the number of stock options and the exercise price determined based on the fair market value of our common stock as of the grant date; and
- one-half of the value of the equity award in restricted stock units, valued based on the fair market value of our common stock as of the grant date. The restricted stock units entitle the non-employee director to receive an equivalent number of shares of our common stock upon vesting.

All of the stock options granted to our non-employee directors have an exercise price equal to 100% of the fair market value of our common stock on the grant date and have a ten-year term with respect to stock options granted after January 1, 2015 and a seven year term with respect to stock options granted prior to January 1, 2015. The stock options and restricted stock units vest ratably over a period of approximately three years. In order to relieve administrative burdens inherent with multiple vestings within a short timeframe, we generally align the vesting date for annual grants of time-based equity awards to a date certain (as opposed to the anniversary of the actual grant date). For non-employee director annual awards, the vesting date is May 1 of each year.

Generally, upon termination of a director's Board membership, all unvested stock options and restricted stock units are forfeited. However, the vesting of unvested stock options and restricted stock units accelerates upon a director's retirement as follows:

- upon attaining age 70, which we refer to as a tenured retirement, all unvested stock options and restricted stock units vest immediately, with the right to exercise each stock option throughout the length of its term; and
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upon attaining age 65 with at least 10 years of service on the Board, which we refer to as an early retirement, a pro-rated portion of all unvested stock options and restricted stock units vests in accordance with the original vesting schedule of the respective equity grant. The pro-rated portion that continues to vest is equal to (i) the number of months served past age 65, divided by (ii) 60, or at a rate of 20% per year between the ages 65 and 70. This vested portion of the stock option remains exercisable until the earlier of four years after the retirement date or the expiration of the award. The portion of any award that does not vest is forfeited.

The vesting of unvested stock options and restricted stock units accelerates upon a director's death or disability (as defined in the 2016 LTIP) as follows:

- all unvested stock options vest and remain exercisable for one year;
  - all unvested restricted stock units vest, pro-rated for the portion of the three-year vesting period from the grant date through the date of death or disability; and
  - upon the death or disability of a director who would have been eligible for a tenured retirement or an early retirement, such director or his or her representative can elect to have the eligible equity grants treated accordingly.
- The vesting of all unvested stock options and restricted stock units accelerates upon a change in control (as defined in the 2016 LTIP).

The following table provides information regarding our compensation of non-employee directors for 2017.

Name	Fees Earned or			Total
	Paid in Cash (1)	Stock Awards (2)	Option Awards (3)	
Maura C. Breen(4)	\$ 120,000	\$ 100,000	\$ 100,000	\$ 320,000
William J. DeLaney(4)	110,000	100,000	100,000	310,000
Elder Granger(4)	100,000	100,000	100,000	300,000
Nicholas J. LaHowchic(4)	110,000	100,000	100,000	310,000
Thomas P. Mac Mahon(4)	165,000	100,000	100,000	365,000
Kathleen M. Mazzarella(4)(5)	59,500	—	—	59,500
Frank Mergenthaler(4)	125,000	100,000	100,000	325,000
Woodrow A. Myers, Jr.(4)	110,000	100,000	100,000	310,000
Roderick A. Palmore(4)	100,000	100,000	100,000	300,000
George Paz(4)	275,000	100,000	100,000	475,000
William L. Roper(4)	115,000	100,000	100,000	315,000
Seymour Sternberg(4)	110,000	100,000	100,000	310,000

(1) This column reports the amount of cash compensation earned for 2017 service on our Board and its committees.

Each non-employee director received an award of 1,648 restricted stock units on May 11, 2017 which vest one-third per year on May 1, 2018, May 1, 2019, and May 1, 2020. Grant date fair value was \$100,000 (each grant (2) had a notional award value of \$100,000 rounded down to the nearest whole share). Pursuant to the Company's Director Compensation Policy, restricted stock unit awards have been valued in the same manner as described in footnote 1 to the Summary Compensation Table on page 45.

(3) Each non-employee director received a grant of 8,006 non-qualified stock options on May 11, 2017, which vest one-third per year on May 1, 2018, May 1, 2019, and May 1, 2020. Grant date fair value was \$100,000. Pursuant to the Company's Director Compensation Policy, non-qualified stock options have been valued in the same manner as described in footnote 2 to the Summary Compensation Table on page 45.

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(4) At year-end, directors held the following:

Name	Number of Vested Stock Options	Number of Unvested Stock Options	Number of Unvested Restricted Stock Units
Maura C. Breen	32,690	14,562	2,961
William J. DeLaney	28,398	14,562	2,961
Elder Granger	4,492	13,768	2,792
Nicholas J. LaHowchic	30,400	14,562	2,961
Thomas P. Mac Mahon	32,690	14,562	2,961
Kathleen M. Mazzarella(5)	—	—	—
Frank Mergenthaler	32,690	14,562	2,961
Woodrow A. Myers, Jr.	14,354	14,562	2,961
Roderick A. Palmore	8,162	13,912	2,823
George Paz(6)	1,012,133	237,649	47,815
William L. Roper	25,224	14,562	9,833
Seymour Sternberg	18,354	14,562	2,961

(5) Ms. Mazzarella was appointed to the Board on June 27, 2017.

Mr. Paz retired as our CEO in May 2016 and remained an employee of the Company through June 2016. At year end, Mr. Paz held the following equity awards previously granted in his role as CEO: 1,012,133 vested stock (6) options, 229,643 unvested stock options, 46,764 unvested restricted stock units and 89,387 unvested performance shares; he also held 8,006 unvested stock options and 1,648 unvested restricted stock units granted to him as a non-employee director in 2017.

**Stock Ownership Guidelines for Directors**

Our Corporate Governance Guidelines establish a minimum level of stock ownership that is sufficient, in the judgment of the Corporate Governance Committee, to closely align the interests of our directors with those of our stockholders. In March 2016, after considering input from the Compensation Committee's independent compensation consultant, Frederic W. Cook & Co., Inc. ( FWC ), and an analysis of current market practice (and in connection with the revision to the compensation program for our non-employee directors discussed above), the Corporate Governance Committee approved, and the Board ratified, certain changes to the stock ownership guidelines. No further changes have been made since that time. Directors are currently expected to maintain stock ownership with a value equal to at least \$400,000 (or four times the annual cash retainer for non-employee directors). Prior to March 2016, directors were expected to maintain stock ownership with a value equal to at least \$150,000 (or 1.5 times the notional value of our annual equity grant to non-employee directors). Only stock owned free and clear is included in determining compliance with this threshold (i.e., unexercised stock options and unvested restricted stock units are not included). Directors are given five years to meet this threshold, provided that, as a result of the greater ownership threshold adopted in March 2016, directors serving on the Board as of March 2016 have two years to meet the requirement (in addition to the initial five years for directors who have joined the Board since March 2011). Once a director meets the threshold, if the value of the stock held by such director falls below the required ownership level due to a decrease in the trading price of our stock, such director has two years to remedy the shortfall. While these guidelines are not mandatory, each director's status with respect to stock ownership is reviewed annually and communicated to the

Board. Each of our directors is currently in compliance with these guidelines.

### **The Board of Directors Role in Enterprise Risk Management**

The Board, both directly and through its committees, has general oversight responsibility for our affairs, including risk management, while senior executives of the Company are responsible for our day-to-day operations. In order to assist the Board in overseeing risk management, we have implemented enterprise risk management or ERM, which is a company-wide initiative that involves the Board in an oversight capacity, as well as our senior executives and other personnel acting in an integrated effort to identify, assess and manage risks that may affect our ability to execute on our corporate strategy and fulfill our business objectives. These activities involve the identification, prioritization and assessment of a broad range of risks (e.g., financial, operational, business, technology/cybersecurity, reputational, governance and managerial), and the formulation of plans to manage these risks or mitigate their effects.

Management provides regular updates to our Board with respect to key risks, which allows the Board to oversee the formulation and implementation of plans to manage these risks or mitigate their effects. The Board regularly (and at least

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annually) discusses enterprise risk with management and reviews the structure of our existing risk management practices. Further, our Audit Committee regularly (and at least annually) discusses with our management and internal audit team our major enterprise risks and the steps that have been taken to monitor and control such exposures, including a discussion of our risk assessment and risk management practices. As part of its oversight responsibility, the Audit Committee meets regularly with our independent registered public accounting firm, our Chief Financial Officer, our Chief Accounting Officer, and the head of our internal audit function. In addition, the Committee receives regular briefings from our Chief Information Security Officer on information security and technology risks, including cybersecurity, relevant to the Company. Our Compensation Committee regularly reviews risks related to our compensation policies and practices (see Assessment of Risk on page 43), and, at least annually, reviews and discusses the relationship between our risk management policies, corporate objectives, and compensation arrangements.

#### **Communicating with the Board of Directors**

Stockholders wishing to communicate with our Board or with an individual Board member (or major stockholders wishing to communicate with our Lead Independent Director) may do so by writing to the Board or the specific Board member, and mailing the correspondence to: Express Scripts Holding Company, Attention: Corporate Secretary, One Express Way, Saint Louis, Missouri 63121. The outside of the envelope should clearly indicate that it contains a stockholder communication. Our Board has approved a process pursuant to which the office of the Corporate Secretary will review and forward the correspondence to the appropriate person or persons for response, with the exception of correspondence which is inappropriate or unrelated to the duties and responsibilities of the Board.

#### **Certain Relationships and Related Party Transactions**

The Board has adopted a Related Person Transaction Policy which requires all Related Person Transactions to be approved by the Corporate Governance Committee. The policy is reviewed periodically by the Corporate Governance Committee.

Under the policy, a Related Person is: (i) any person who has served as an executive officer, director or director nominee of the Company at any time since the beginning of the last fiscal year; (ii) any person beneficially owning in excess of 5% of any class of the Company's voting securities; or (iii) an immediate family member of any person described in clause (i) or (ii).

Under the policy, a Related Person Transaction is any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships (i) involving an amount that exceeds or is expected to exceed \$120,000 in the aggregate; (ii) in which the Company or its subsidiaries was, is, or will be a participant; and (iii) in which a Related Person had, has, or will have a direct or indirect material interest, other than:

- any compensation arrangement with one of our executive officers if the Board or appropriate Board committee approved such compensation arrangement;
- any compensation paid to one of our directors if the compensation is approved by the Board or appropriate Board committee;
- any transaction where the Related Person's interest arises solely from the ownership of our securities and all holders of the same class of securities receive the same benefit on a pro rata basis (e.g. dividends);

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- any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved over any 12-month period does not exceed the greater of \$200,000, or 2% of that company's total annual revenues;
- any charitable contribution, grant, or endowment by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the greater of \$200,000, or 2% of the charitable organization's total annual receipts;
- transactions available to all employees generally and conducted on similar terms;
- any transaction involving a Related Person in which the rates or charges involved are determined by competitive bids;
- any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
- any transactions with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services; and
- any transaction, contract or arrangement approved by the Board.

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In addition, we are strictly prohibited from extending personal loans to, or guaranteeing the personal loans of, any director or officer.

Our executive officers and directors are expected to notify the General Counsel of any current or proposed transaction that may be a Related Person Transaction. The General Counsel will determine if such transaction is likely to be considered a Related Person Transaction, and, if so, will include it for consideration at the next meeting of the appropriate committee. Approval should be obtained in advance of a Related Person Transaction whenever practicable and is only granted where the appropriate committee determines that the transaction is in, or is not inconsistent with, the best interests of our stockholders. If it becomes necessary to approve a Related Person Transaction between meetings, the Chairman of the Corporate Governance Committee is authorized to act on behalf of the Corporate Governance Committee and will provide a report at its next meeting.

We expect our directors, officers and employees to act and make decisions that are in the best interests of our stockholders and encourage them to avoid situations which present a conflict between the interests of the Company and their own personal interests. A copy of our Code of Ethics is available at the [About Express Scripts — Investor Relations — Learn More — Governance — Corporate Governance Documents](#) section of our website at [www.express-scripts.com](http://www.express-scripts.com).

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**EXECUTIVE COMPENSATION**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

*Executive Summary*

*Company Performance*

We continue to execute our successful business model, which emphasizes the alignment of our financial interests with those of our clients and provides innovative solutions to help our patients and clients drive healthier outcomes and lower drug trends, while at the same time, delivering strong financial performance.

2017 Financial Review:

- increased earnings per diluted share attributable to Express Scripts from \$5.39 to \$7.74, a 44% increase;
- increased net income attributable to Express Scripts from \$3.404 billion to \$4.517 billion, a 33% increase; and
- increased net cash flow provided by operating activities from \$4.920 billion to \$5.351 billion, a 9% increase.

**2017 FINANCIAL REVIEW**

EARNINGS PER DILUTED SHARE	NET INCOME	NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES
\$7.74	\$4.517 BILLION	\$5.351 BILLION
44% INCREASE	33% INCREASE	9% INCREASE

*Compensation Program Reflects Best Practices*

We have designed our compensation program to drive performance toward the achievement of our short-term and long-term goals and to increase stockholder value, while appropriately balancing risk and reward. In May 2017, the Compensation Committee (for purposes of this Executive Compensation section of the proxy statement, the Committee ) conducted its annual review and risk assessment of the Company's compensation policies and practices. Following this review, the Committee concluded that no significant changes to our compensation program were necessary and that our compensation program was appropriately designed for the size and complexity of the Company and was not reasonably likely to encourage excessive risk taking. We intend to continue to regularly review our compensation program and incorporate best practices, examples of which include:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>target total direct compensation that is generally competitive with a peer group of companies and other companies with which we compete for talent</li> <li>a mix of short- and long-term performance incentives, with an emphasis on long-term performance</li> </ul> | <ul style="list-style-type: none"> <li>a prohibition on trading in derivatives with respect to our common stock and on pledging shares of our common stock</li> <li>a clawback policy</li> </ul> |
|---|--|

the regular risk assessment of compensation programs

no reportable perquisites (except relocation allowance)

stock ownership guidelines

no tax gross-ups for our senior executives

*Pay-for-Performance*

As discussed in more detail below, our compensation program is focused on aligning the interests of our senior executives with those of our stockholders. Because the majority of total direct compensation is in the form of performance-based variable pay awards (cash bonus awards and long-term incentive equity awards), the aggregate total direct compensation of our senior executives is designed to increase when the Company's performance exceeds, and to decrease when the Company's performance falls short of, our operational and financial goals. Total direct compensation for each of our senior executives can also increase or decrease based on individual performance (as determined by the Committee in consultation with the CEO or, with respect to the CEO, by the Committee and the independent members of the Board). We also measure our compensation program relative to a peer group of companies. See *Implementing Our Compensation Objectives – Competitive Market Assessment of Executive Compensation Programs* on page 33.

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### EXECUTIVE COMPENSATION

#### *Stockholder Say-on-Pay*

In May 2017, we held our annual stockholder advisory vote on executive compensation, commonly referred to as a say-on-pay vote. Of all votes cast, approximately 91% were in favor of the compensation of our named executive officers as disclosed in our 2017 proxy statement. The Committee considered the results of the say-on-pay vote together with the trends in the say-on-pay votes of other companies including among peer companies and concluded that the vote affirms stockholder support of our approach to executive compensation. As a result, the Committee decided not to make any significant changes to the structure of our compensation program in 2017.

#### *Named Executive Officers*

We refer to the following individuals as the named executive officers for the purposes of this proxy statement:

- Timothy Wentworth, our President and Chief Executive Officer;
- James Havel, our Executive Vice President and Chief Financial Officer, who was appointed in October 2017 ;
- Christine Houston, our Executive Vice President, Strategic Integrations (Executive Vice President and Chief Operations Officer through January 2018 and Executive Vice President from January 2018 to March 2018);
- Everett Neville, our Executive Vice President, Strategy, Supply Chain and Specialty;
- David Queller, our Senior Vice President, Sales and Account Management; and
- Eric Slusser, our former Executive Vice President and Chief Financial Officer, who transitioned from his position in October 2017.

On January 24, 2018, we announced the appointments of Neal Sample as Executive Vice President and Chief Operations Officer and Mr. Neville as Executive Vice President, Strategy, Supply Chain and Specialty. We also announced the retirement of Ms. Houston, who initially remained with the Company as Executive Vice President to conclude several key initiatives. In connection with the Cigna transaction announced in March 2018, Ms. Houston agreed to stay with the Company as Executive Vice President, Strategic Integrations, with responsibility for various matters relating to the transaction.

The compensation of our named executive officers is approved by the Committee, ratified by the Board in the case of our Executive Vice Presidents and ratified by the independent members of the Board in the case of our CEO.



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## EXECUTIVE COMPENSATION

*Summary of Compensation Components*

The following table outlines the key components of our compensation program for our named executive officers (excluding health and similar benefits, which are generally available to all employees).

	<b>Compensation Element</b>	<b>Purpose</b>	<b>Key Characteristics</b>
<b>Fixed Component</b>	Base Salary	Provides a pay opportunity that is generally competitive with the companies with which we compete for talent	Determined by responsibility, level of position, competitive pay assessment and individual performance
	<b>Performance-Based Component</b>	Annual Performance-Based Cash Bonus Awards (short-term emphasis)	Rewards the achievement of operational and other performance goals  Motivates performance by delivering greater rewards for superior Company and individual performance, while delivering reduced or no awards for Company or individual underperformance
	Stock Options	Aligns compensation to long-term stockholder value and stock price appreciation	3-year ratable vesting  10-year expiration period
	Long-Term Incentive Equity Awards <sup>(1)</sup> (long-term emphasis)	Restricted Stock Units	Aligns compensation to long-term stockholder value and stock price appreciation  3-year ratable vesting  Vest based on the Company's performance over three years in two equally weighted categories

Performance Shares	Rewards the achievement of long-term financial goals and value creation to our stockholders	for performance shares granted prior to January 1, 2018 and in three equally weighted categories for performance shares granted after that date: <ul style="list-style-type: none"><li>• Relative Total Stockholder Return</li><li>• Average Return on Invested Capital</li><li>• Core EBITDA growth (effective in 2018)</li></ul>
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(1) For 2018, the Board and Compensation Committee revised the mix of long-term incentive equity awards to 50% restricted stock units and 50% performance shares.

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### EXECUTIVE COMPENSATION

#### *Compensation Philosophy and Objectives*

The Committee regularly discusses the general principles that form the basis of our compensation program. These principles, which guided the Committee's compensation decisions in 2017, are discussed below.

#### *Aligning Compensation with Stockholder Interests*

The primary goal of our compensation program is to align the interests of our senior executives with those of our stockholders. The elements utilized to help achieve this alignment include:

grants of performance shares, which incentivize management actions that are likely to enhance long-term Company performance;

grants of time-vested, non-qualified stock options and awards of time-vested restricted stock units under our long-term incentive plan;

executive stock ownership guidelines pursuant to which senior executives are expected to maintain significant holdings of our stock; and

annual performance-based cash bonus awards applicable to all of our named executive officers under which amounts paid out to our named executive officers (if a minimum EPS target and other key corporate performance metrics are achieved) are determined on a subjective basis, based on a variety of factors, including, with respect to 2017, the percentage payout under the bonus plan applicable to employees below the senior executive level, the individual performance of each named executive officer, and the subjective achievement of certain strategic and operational goals.

#### *Rewarding Both Annual and Long-Term Performance, with an Emphasis on Long-Term Performance*

The various components of our compensation program are intended to reward the achievement of both annual and long-term performance, strategic, and operational objectives by the Company, the Company's business units, and individual senior executives, in each case, with a greater emphasis on long-term, sustainable performance. This objective, in many ways, overlaps with the objective to align compensation with stockholder interests and is achieved through the same compensation elements, which include:

grants of performance shares, the payout of which is contingent upon our performance, as measured by certain key financial measures, over a three-year period;

grants of stock options and restricted stock units, the values of which are dependent upon the growth of the Company's stock price over a period of several years; and

annual performance-based cash bonus awards applicable to all of our named executive officers, with a targeted focus on annual individual and Company-wide operational goals.

#### *Providing a Pay Opportunity Comparable with Peer Companies*

It is our goal to provide opportunities that are generally competitive with our peer companies in order to attract and retain superior employees in key executive positions. These opportunities include:

a competitive total direct compensation package consisting of base salary, performance-based cash bonus awards, and long-term incentive equity awards;

employment agreements with our senior executives, which contain severance and change in control provisions; and

an Executive Deferred Compensation Plan, which provides a tax-advantaged method for our senior executives to save for retirement and under which we make contributions that cliff vest after three years (subject to acceleration upon eligibility for retirement, – see Other Compensation Related Matters – Deferred Compensation on page 39).

*Managing Compensation-Related Risks*

As discussed in more detail below, we do not believe our program encourages excessive or unnecessary risk-taking. See page 43 for additional detail.

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## EXECUTIVE COMPENSATION

*Mix of Compensation*

In light of the focus of our executive compensation program on sustainable long-term performance and increased stockholder value, the majority of total direct compensation for our named executive officers is granted in the form of long-term incentive equity awards. The following chart shows the relative value of the various compensation components for 2017 (base salary, performance-based cash bonus awards and long-term incentive equity awards) as a percentage of 2017 total direct compensation.

	<b>Base Salary and All Other Compensation(1)</b>	<b>Performance-Based Cash Bonus Awards (target)</b>	<b>Long-Term Incentive Equity Awards (target)</b>
<b>CEO</b>	\$ 1,627,898	\$ 2,515,925	\$ 11,500,000
<b>Named Executive Officers (other than CEO)(2)</b>	\$ 2,947,427	\$ 2,360,273	\$ 9,900,000
<b>All Named Executive Officers(2)</b>	\$ 4,575,325	\$ 4,876,198	\$ 21,400,000

(1) All other compensation is discussed in footnote 4 to the Summary Compensation Table on page 46.

(2) Includes Mr. Slusser who served as the Chief Financial Officer until late October 2017 and excludes Mr. Havel who joined the Company in October 2017.

*Implementing our Compensation Objectives**Compensation Committee*

The Committee is responsible for establishing, overseeing and reviewing executive compensation policies as well as approving, validating and benchmarking the compensation and benefits provided to our named executive officers. Any decision by the Committee related to compensation for our Executive Vice Presidents is ratified by the Board and any decision by the Committee related to compensation for our CEO is ratified by the independent members of the Board. The Committee's charter is available on the Corporate Governance page at the About Express Scripts — Investor Relations — Learn More — Governance — Corporate Governance Documents section of our website at [www.express-scripts.com](http://www.express-scripts.com). The Committee currently includes four directors – Maura C. Breen (Chair), William J. DeLaney, Nicholas J. LaHowchic, and Woodrow A. Myers, Jr., each of whom is independent as defined by the listing standards of The Nasdaq Global Select Market.

*Role of Management in Establishing Compensation*

At the direction of the Chairman of the Committee, management generally prepares materials for the Committee in advance of its meetings. An independent compensation consultant retained by the Committee may also prepare materials, depending on the topics to be covered at the meeting. At the meetings, the Committee considers compensation matters for senior executives and management may also request that the Committee consider additional issues involving the Company's compensation

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### EXECUTIVE COMPENSATION

policies or design. As part of regular Committee meetings, Committee members generally meet in executive session, during which members of management are not present. During the annual evaluation process, the CEO evaluates the performance of our named executive officers (other than himself) and other senior executives and provides a recommendation to the Committee with respect to changes to base salary, annual performance-based cash bonus awards, and long-term incentive equity awards. The Committee makes the final compensation decisions with respect to our senior executives, which decisions are ratified by the Board, in the case of our Executive Vice Presidents, and by the independent members of the Board in the case of our CEO.

In consultation with the Committee, management establishes compensation parameters for employees below the senior executive level. These compensation parameters generally reflect the philosophy and objectives established by the Committee in designing the compensation program for our senior executives.

#### *Compensation Consultant*

Pursuant to its charter, the Committee has the independent authority to engage the services of outside advisors and experts. The Committee engaged FWC as its compensation consultant with respect to 2017 compensation matters related to our senior executives, including our CEO. For purposes of this proxy statement, the term "Compensation Consultant" refers to FWC. Management did not engage a separate executive compensation consultant during 2017.

The Committee is solely responsible for commissioning the work of the Compensation Consultant, which is independent of management. The Committee has also assessed the independence of the Compensation Consultant pursuant to the rules of the SEC and concluded that its work for the Committee does not raise any conflict of interest. The Committee has adopted a policy requiring the approval of the Committee Chairman or, at the Chairman's discretion, the entire Committee, before the Compensation Consultant can be utilized to perform any other services for the Company other than those required under its engagement by the Committee. In 2017, the Compensation Consultant was not utilized to perform any other services for the Company. The Committee has the authority to hire and dismiss the Compensation Consultant, as well as to establish new engagements. With the permission of the Committee, management may receive copies of completed work performed by the Compensation Consultant and may also discuss work in progress. If requested by the Committee, a representative of the Compensation Consultant may participate in Committee meetings.

**Role of the Compensation Consultant:** The role of the Compensation Consultant is to provide independent, expert advice to the Committee on the design of the Company's compensation programs and the level of compensation paid to our senior executives. The objective of our compensation design is to combine base salary, performance-based cash bonus awards, and long-term incentive equity awards to create an aggregate total direct compensation package that is generally competitive with the companies with which we compete for talent.

**Peer Group:** The Compensation Consultant works with the Committee and management to review and select a group of peer companies that is reflective of the Company's size and scope of business. The peer group companies (the "Peer Group Companies") used for the December 2016 and 2017 competitive market assessments include the ten companies above and the ten companies below our Company on the Fortune 50 list at the time the peer group was initially approved by the Committee in 2012 (exclusive of financial service and oil and gas companies due to their unique compensation practices). The Compensation Consultant recommended, and the Committee agreed, that the list of Peer Group Companies should remain the same for 2017, in part due to a lack of industry peers of appropriate scale and/or business sector relevance. However, the Committee expects to review and update our Peer Group Companies from

time to time as necessary to account for mergers, acquisitions or other changes, or otherwise based on a determination by the Committee that any of our Peer Group Companies is no longer appropriate for benchmarking purposes. The Peer Group Companies set forth below were reviewed and re-approved by the Committee in September 2017.

**Peer Group Companies: Compensation Benchmarking**

AmerisourceBergen Corporation	The Home Depot, Inc.
Apple Inc.	International Business Machines Corporation
AT&T Inc.	The Kroger Co.
The Boeing Company	McKesson Corporation
Cardinal Health Inc.	Pfizer Inc.
Costco Wholesale Corporation	The Procter & Gamble Company
CVS Health Corporation	Target Corporation
Ford Motor Company	UnitedHealth Group Incorporated
General Motors Company	Verizon Communications, Inc.
HP Inc.	Walgreens Boots Alliance, Inc.

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The following table provides a recent overview of our financial information relative to that of our Peer Group Companies:

**Financial Information for Peer Group Companies**

(based on publicly available information as of February 2018)

(\$ in billions)

	<b>Revenue (most recent four quarters)</b>	<b>Total Assets (most recent quarter end)</b>	<b>Market Capitalization (as of 2/15/18)</b>
75th Percentile	\$ 157.8	\$ 182.2	\$ 210.5
50th Percentile	128.5	93.7	77.8
25th Percentile	89.6	44.5	38.8
Express Scripts	100.1	54.3	42.0
Express Scripts Percentile	32 %	29 %	29 %

Competitive Market Assessment of Executive Compensation Programs: On an annual basis, the Compensation Consultant provides a competitive market assessment, which includes a report on the compensation of our senior executives, including the CEO, relative to a market median (developed based on an analysis of the compensation elements of samples from the Peer Group Companies and our general industry). The Committee considers the competitive market assessment when making its final compensation decisions, and it is the Committee's current intention to continue annual competitive market assessments to ensure that our senior executives are compensated appropriately from a competitive and design perspective.

2016 Competitive Market Assessment: In December 2016, FWC delivered its competitive market assessment (which provided the market competitiveness of the compensation components (as well as in total) for Messrs. Wentworth and Neville, Ms. Houston, and Messrs. Queller and Slusser). The December 2016 competitive market assessment was considered by the Committee when approving our 2017 executive compensation program. The following is a summary of the December 2016 competitive market assessment, which assumed payout of performance-based variable pay at target:

- total target cash compensation (base salary and annual performance-based cash bonus awards) was 19% below market median for Mr. Wentworth, 34% below market median for Mr. Neville, 19% below market median for Ms. Houston, 10% above market median for Mr. Queller, and 29% below market median for Mr. Slusser; and
- total target direct compensation (base salary, annual performance-based cash bonus awards and long-term incentive equity awards) was 15% below market median for Mr. Wentworth, 5% below market median for Mr. Neville, 19% below market median for Ms. Houston, 18% above market median for Mr. Queller, and 28% below market median for Mr. Slusser.

2017 Special Competitive Market Assessment for Ms. Houston: As a result of Ms. Houston's promotion to Executive Vice President and Chief Operations Officer in December 2016, FWC conducted and delivered to the Committee a special competitive market assessment in February 2017, which provided the market competitiveness of the



compensation components (as well as in total) for Ms. Houston's compensation package effective as of January 1, 2017. The following is a summary of the February 2017 special competitive market assessment for Ms. Houston:

- total target cash compensation (base salary and annual performance-based cash bonus awards) was 27% below market median for Ms. Houston;

- total target direct compensation (base salary, annual performance-based cash bonus awards and long-term incentive equity awards) was 26% below market median for Ms. Houston.

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### EXECUTIVE COMPENSATION

2017 Competitive Market Assessment: The Compensation Consultant also conducted a competitive market assessment with respect to 2017 executive compensation, which assessment was presented to the Committee in December 2017. The December 2017 competitive market assessment was based on data sampling that differed from the December 2016 competitive market assessment in that the December 2016 competitive market assessment was based on regression data using a larger sample size of over 100 companies, whereas the December 2017 competitive market assessment was based on tabular data for companies with a median revenue of approximately \$70 billion using a smaller sample size of between 10 and 20 companies. The December 2017 competitive market assessment provided the market competitiveness of the compensation components (as well as in total) for Messrs. Wentworth, Havel, Neville, and Queller. As a result of his transition from the role of Executive Vice President and Chief Financial Officer in October 2017, Mr. Slusser was not included in the assessment. The following is a summary of the December 2017 competitive market assessment, which assumed payout of performance-based variable pay at target:

- total target cash compensation (base salary and annual performance-based cash bonus awards) was 12% below market median for Mr. Wentworth, 22% below market median for Mr. Havel, 14% below market median for Mr. Neville, 26% below market median for Mr. Queller\*, and 9% below market median for Ms. Houston;
- total target direct compensation (base salary, annual performance-based cash bonus awards and long-term incentive equity awards) was 6% below market median for Mr. Wentworth, 23% below market median for Mr. Havel, 16% above market median for Mr. Neville, 10% above market median for Mr. Queller, and 4% below market median for Ms. Houston.

(\* ) As a result of the differing data sampling methods between the December 2016 competitive market assessment and the December 2017 competitive market assessment, the market median for target cash compensation used in the assessment of Mr. Queller's compensation was approximately 50% higher than the same market median in 2017. This variation due to data sampling methodology did not change the Committee's overall conclusions, noted below, concerning the relationship between the compensation of our named executive officers and the competitive market assessments.

The Committee concluded that the results of the December 2016 and 2017 competitive market assessments indicate that target total direct compensation for our named executive officers is generally in line with the Committee's compensation philosophy described above.

### *Components of Executive Compensation*

#### *Base Salary*

The Committee considers the following when determining the annual base salary of our senior executives:

- individual performance;
- the recommendations of management (for senior executives other than our CEO) and the Compensation Consultant;
- the level, scope and complexity of responsibilities of the position;
- the competitive market assessment (described above);
- the performance of the business unit or functional division for which the senior executive is responsible; and
- our overall budget for compensation.

Base salary levels are typically reviewed annually as part of our performance review process or upon a promotion or significant change in a senior executive's responsibilities. Changes to base salary for our senior executives are approved by the Committee, ratified by the Board in the case of our Executive Vice Presidents and ratified by the

independent members of the Board in the case of our CEO. Annual changes are generally effective each year as of April 1. In 2017, Ms. Houston received a promotion to Executive Vice President and Chief Operations Officer and a corresponding increase in her base salary with an effective date of January 1.

In early 2017, following a comprehensive review of the December 2016 competitive market assessment, base salaries for our named executive officers were increased as follows:

- Mr. Wentworth: by 3.6% from \$1,400,000 to \$1,450,000;

- Ms. Houston: by 16.7% from \$600,000 to \$700,000 in connection with her appointment to the role of Executive Vice President and Chief Operations Officer;

- Mr. Neville: by 26.3% from \$475,000 to \$600,000 in connection with an increase in his scope of responsibility to include Specialty;

- Mr. Queller: by 4.3% from \$575,000 to \$600,000; and

- Mr. Slusser: by 3.0% from \$725,000 to \$747,000.

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## EXECUTIVE COMPENSATION

In October 2017, Mr. Havel succeeded Mr. Slusser as Executive Vice President and Chief Financial Officer with a base salary of \$750,000.

*Executive Performance-Based Cash Bonus Awards*

Pursuant to our executive performance-based cash bonus award program, each senior executive, including each of our named executive officers, has an annual target bonus amount expressed as a percentage of the executive's base salary, the following outlines the targets for our named executive officers at the end of 2017— 175% for Mr. Wentworth, 100% for each of Mr. Havel, Ms. Houston and Mr. Slusser, and 80% for each of Messrs. Neville and Queller (the effect of any salary adjustments during the year are pro-rated when determining base salary). In the first quarter of each year, the Committee approves a performance-based cash bonus award for each senior executive to be paid in the first quarter of the following year. The award is granted under our stockholder-approved, long-term incentive plan, the 2016 LTIP, at 200% of each such senior executive's target annual bonus amount, which reflects the maximum potential award. In the past, including for 2017 awards, for purposes of Section 162(m) of the Code, the Committee approves, and the Board ratifies, a minimum EPS target that must be achieved during the performance year or the award is forfeited. If the minimum EPS target is met, the maximum potential award is eligible for payout and the Committee retains discretion to adjust the actual payout of the award downward from the maximum potential award. The EPS target with respect to 2017 was \$2.30 (representing non-adjusted EPS as determined in accordance with U.S. generally accepted accounting principles ( GAAP )).

The Company exceeded its minimum EPS target for 2017; however, the Committee used its downward discretion to reduce the actual payout of the awards. This decision was based on a subjective evaluation of a variety of factors (none of which were established in advance), including (i) the percentage payout under the 2017 bonus plan applicable to employees below the senior executive level, which paid out at 110% of target based in part on 2017 financial performance, including adjusted EBITDA, adjusted EPS and Net New Revenue and (ii) the individual performance of each named executive officer together with the subjective achievement of certain strategic and operational goals in 2017, including the divestiture of United BioSource Holdings, Inc. and the acquisition of CareCore National Group, LLC and its affiliates d/b/a eviCore healthcare ( eviCore ). The actual payout of each award, as adjusted by the Committee, is set forth in the table below. The final bonus payout awards for our named executive officers were approved by the Committee and, with respect to Messrs. Havel and Neville and Ms. Houston, ratified by the Board and, with respect to Mr. Wentworth, ratified by the independent members of the Board.

Each of our named executive officers received actual payouts in March 2018 under their respective 2017 performance-based cash bonus award as reflected in the following table:

Executive	Maximum Potential Bonus Award(1)	Bonus Award Paid Out	Percentage of Maximum Potential Bonus Award Paid Out	Target Bonus Award	Percentage of Target Bonus Award Paid Out
Timothy Wentworth	\$ 5,031,849	\$ 2,767,517	55 %	\$ 2,515,925	110 %
James Havel(2)	279,452	153,699	55 %	139,726	110 %

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Christine Houston	1,400,000	847,000	61	%	700,000	121	%
Everett Neville	887,260	561,192	63	%	443,630	127	%
David Queller	950,137	496,447	52	%	475,068	105	%
Eric Slusser(3)	1,483,151	734,160	50	%	741,575	99	%

(1) Maximum 2017 performance-based cash bonus awards were granted in March 2017 pursuant to the Company's 2016 LTIP.

(2) As noted above, Mr. Havel was not employed by the Company for the entirety of 2017. He was appointed as Executive Vice President and Chief Financial Officer on October 25, 2017.

(3) As noted above, Mr. Slusser transitioned from his position as Executive Vice President and Chief Financial Officer in October 2017 but is expected to remain an employee through March 31, 2018. See Employment Agreements and Potential Payments Upon Termination or Change in Control – Expected Payments to Eric Slusser on page 61.

*Annual Long-Term Incentive Equity Awards*

The 2016 LTIP permits the Company to grant stock options, restricted stock units, performance shares and other awards to eligible individuals, which awards may be subject to one or more performance measures selected from a broad range of permitted performance goals.

The Company considers many factors in determining the appropriate mix of long-term incentive equity awards, including the prevalence and composition of equity awards reported in the competitive market assessment and the mix of awards required to effectively incentivize management and reward the creation of value for stockholders and strong financial performance. The

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Committee approves and the Board ratifies (in the case of our Executive Vice Presidents) and the independent members of the Board ratify (in the case of our CEO) an aggregate value of long-term incentive equity awards for each named executive officer. The awards are then allocated among three different types of equity awards as follows:

**Stock Options**

**Target Award (As a Percentage of Total Target Annual Long-Term Incentive Equity Awards)**

- In 2017, 33<sup>1</sup>/<sub>3</sub>% of target long-term equity incentive award, based on the value calculated by the Black-Scholes valuation model, as described in Note 10 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (our 2017 10-K ).

**Key Features**

- Vests in three equal annual installments, subject to acceleration in certain circumstances.
- Expires ten years from the grant date.
- Exercise price equals the fair market value of our common stock on the grant date. The Company may not reduce the exercise price of any previously granted stock option, nor make any payment for cancellation of a stock option if the exercise price is below the fair market value of our common stock.
- Only provides value if our stock price increases after the stock options are granted.

**Restricted Stock Units**

**Target Award (As a Percentage of Total Target Annual Long-Term Incentive Equity Awards)**

- In 2017, 33<sup>1</sup>/<sub>3</sub>% of target long-term equity incentive award, based on the fair market value of our common stock on the grant date. For 2018, and until the Committee decides otherwise, restricted stock units will constitute 50% of a target long-term equity incentive award.

**Key Features**

- Vests in three equal annual installments, subject to acceleration in certain circumstances.
- Upon vesting, settled in shares of our common stock on a share-for-share basis.

- Realizable value is determined based on our stock price at the time of vesting.

### Performance Shares

#### **Target Award (As a Percentage of Total Target Annual Long-Term Incentive Equity Awards)**

- In 2017, 33<sup>1</sup>/<sub>3</sub>% of target long-term equity incentive award, based on the fair market value of our common stock on the grant date. For 2018, and until the Committee decides otherwise, performance shares will constitute 50% of a target long-term equity incentive award. The Committee approved the increase in the utilization of performance shares under the long-term incentive program to further support long-term Company initiatives, align the plan to market trends, and allow for an opportunity to reset performance goals and measures, as set forth below.

#### **Key Features**

- Performance shares are settled in shares of our common stock on a share-for-share basis.
- Value of payout depends on the achievement of certain performance measures over a three-year period. Performance measures are weighted equally and include the following:

#### ***2017 Awards***

- ***Three-year total stockholder return:*** The Company's performance with respect to three-year total stockholder return relative to the S&P 100 Index determines the payout with respect to 50% of the total number of performance shares granted based on the following scale, with a result between the various thresholds resulting in a proportionately adjusted payout, provided that achievement below the 30<sup>th</sup> percentile will result in no payout for this metric:

<b>Three-Year Total Stockholder Return: Company's Percentile Rank Against S&amp;P 100 Index</b>	<b>Payment as Percentage of 50% of the Total Number of Performance Shares Granted</b>
Less than 30 <sup>th</sup> Percentile	0%
30 <sup>th</sup> Percentile	50%
50 <sup>th</sup> Percentile	100%
80 <sup>th</sup> Percentile	250%

Stockholder return is the annualized rate of return reflecting price appreciation over the performance period plus

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## EXECUTIVE COMPENSATION

reinvestment of dividends on a monthly basis and the compounding effect of dividends paid on reinvested dividends.

- **Three-year average return on invested capital:** The Company's performance with respect to three-year average return on invested capital relative to a predetermined target determines the payout with respect to 50% of the total number of performance shares granted based on the following scale, with a result between the various thresholds resulting in a proportionately adjusted payout, provided that a three-year average return on invested capital below 11.75% will result in no payout for this metric:

<b>Three-Year Average Return on Invested Capital</b>	<b>Payment as Percentage of 50% of the Total Number of Performance Shares Granted</b>
Below 11.75%	0%
11.75%	50%
12.50%	100%
13.25%	250%

Return on invested capital is income before extraordinary items (available for common stock), divided by total invested capital, which is the sum of total long-term debt, preferred stock, minority interest and total common equity.

The Committee determines the vesting schedule for each time-based equity grant and generally makes grants that vest in equal amounts over approximately three years. In order to relieve administrative burdens inherent with multiple vestings within a short period of time (*e.g.*, calculation of tax withholding amounts, multiple SEC filing requirements, etc.), we generally align the annual vesting date for time-based equity awards to a specific date (as opposed to the anniversary of the actual grant date). For example, with respect to annual long-term incentive equity awards granted to employees, which are typically granted in late February or early March of each year, we have historically set the annual vesting dates for all awards to February 28. Except in the case of retirement, disability or death, certain change in control transactions, or, in the case of performance share awards, termination by the Company without Cause, senior executives generally must be employed by the Company on the scheduled vesting date in order for such vesting to occur.

The aggregate value of a named executive officer's long-term incentive equity award is determined by the Committee based, in part, upon the contribution that the named executive officer is expected to make to the overall growth, profitability and financial performance of the Company during the vesting period. The Committee also considers long-term incentive equity compensation levels of our Peer Group Companies and the annual competitive market



assessment. While the Company maintains stock ownership guidelines (see Other Compensation Related Matters – Stock Ownership Guidelines on page 41), the Committee does not consider existing stock ownership levels of individual executives in determining the amount of long-term incentive equity awards.

Target values for 2017 awards were determined by the Committee in conjunction with its consideration of the 2016 competitive market assessment. The value and the composition of long-term incentive equity awards granted to our named executive officers are set forth in the Summary Compensation Table on page 45.

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*Summary of 2017 Direct Compensation Decisions*

The table below details the total direct compensation decisions for 2017.

Name	2017 Base Salary(1)	Bonus Target Percentage (% of Base Salary)	Target Bonus Amount (2)	2017 LTI Award(3)	Total Target Direct Compensation(4)	Amount Earned Above/ (Below) Target Bonus Amount(5)	Total Actual Direct Compensation
Timothy Wentworth	\$ 1,450,000	175	\$ 2,515,925	\$ 11,500,000	\$ 15,465,925	\$ 251,592	\$ 15,717,517
James Havel	750,000	100	139,726 (6)	2,500,000 (7)	3,389,726	13,973	3,403,699
Christine Houston	700,000	100	700,000	2,750,000	4,150,000	147,000	4,297,000
Everett Neville	600,000	80	443,630	2,200,000	3,243,630	117,562	3,361,192
David Queller	600,000	80	475,068	2,200,000	3,275,068	21,379	3,296,447
Eric Slusser	747,000	100	741,575	2,750,000	4,238,575	(7,415 )	4,231,160

(1) Amounts shown represent annualized base salaries effective April 1, 2017 in the case of Messrs. Wentworth, Neville and Queller, January 1, 2017 in the case of Ms. Houston, and October 25, 2017 in the case of Mr. Havel.

The target bonus amount is calculated by multiplying the bonus target percentage by the executive's base salary, (2) with the effect of any salary and bonus target adjustments during the year pro-rated for the portion of the year during which such adjustments were in effect.

The amounts shown include (other than with respect to Mr. Havel) stock options, restricted stock units and performance shares (assuming payout at target) and reflect grant date fair market value. These awards are also (3) reflected in the Summary Compensation Table on page 45 below. Specific 2017 long-term incentive equity awards (which reflect grant date fair market value in the table above) are included in the Grants of Plan-Based Awards in 2017 table on page 47 below.

The amounts shown include base salary, target performance-based cash bonus award, stock options, restricted (4) stock units and performance shares (assuming payout at target). Values with respect to stock options, restricted stock units and performance shares (assuming payout at target), reflect grant date fair market value and are also included in the Summary Compensation Table on page 45 below.

(5) With respect to each of our named executive officers, amounts represent the amount by which the actual payout under the 2017 performance-based cash bonus awards was in excess of (or below) the target bonus amount.

(6) Mr. Havel's target bonus is prorated based on his hire date in October 2017.

(7) Mr. Havel joined the Company in October 2017 and received a one-time grant of restricted stock units with a grant value of \$2,500,000.

*Performance Measures*

2017 Performance-Based Cash Bonus Awards: The performance measures used to determine the payout of 2017 performance-based cash bonus awards to our named executive officers are discussed above; see Compensation Discussion and Analysis — Components of Executive Compensation — Executive Performance-Based Cash Bonus Awards on page 35.

Performance Shares (Granted in March 2017): The performance measures that will be used to determine the vesting of performance share awards granted in March 2017 for the 2017 – 2019 performance period (the 2017 PSUs ) are discussed above; see Compensation Discussion and Analysis – Components of Executive Compensation – Annual Long-Term Incentive Equity Awards – Performance Shares on page 36.

Performance Shares (Granted in March 2015): The performance measures used to determine the vesting of performance share awards for the 2015 – 2017 performance period (the 2015 PSUs ) include three-year total stockholder return and three-year average return on invested capital, with equal weighting (50%) for each performance measure.

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The first 2015 PSU performance measure – three-year total stockholder return – is calculated relative to the S&P 100 Index and payouts are triggered as follows (with results between the various thresholds resulting in proportionately adjusted payouts):

<b>Company's Percentile Rank Relative to S&amp;P 100 Index</b>	<b>Payment as Percentage of 50% of the Total Number of Performance Shares Granted</b>
Less than 30 <sup>th</sup> Percentile	0 %
30 <sup>th</sup> percentile	50 %
50 <sup>th</sup> Percentile	100 %
80 <sup>th</sup> Percentile	250 %

The second 2015 PSU performance measure – three-year average return on invested capital – is calculated relative to a predetermined target as follows (with results between the various thresholds resulting in a proportionately adjusted payout):

<b>Three-Year Average Return on Invested Capital</b>	<b>Payment as Percentage of 50% of the Total Number of Performance Shares Granted</b>
Below 10.50%	0 %
10.50%	50 %
10.75%	100 %
11.25%	250 %

The 2015 PSUs vested at 125% based on the achievement of the performance criteria as set forth in the table below. The payout of the 2015 PSUs is reflected in the Option Exercises and Stock Vested in 2017 Table on page 51.

<b>Criteria</b>	<b>Express Scripts Performance</b>	<b>Weight</b>	<b>Percentile Rank</b>	<b>Vesting as a Percentage of PSU Grant</b>	<b>Vesting Percent by Relative Weighting</b>
Three-Year Total Stockholder Return	(5.3 %)	50 %	9 %	0 %	0 %
Three-Year Average Return on Invested Capital	13.2 %	50 %	N/A	250 %	125 %

Total Vesting 125 %

**Committee Discretion:** With respect to both performance share awards and performance-based cash bonus awards, the Committee has the power and authority to make determinations concerning whether the performance measures have been achieved and may make appropriate adjustments to the results of the Company and/or any of the companies in the S&P 100 Index, to account for changes in accounting principles or practices, changes in the number of shares outstanding, and similar changes, and may appropriately adjust for one-time items, extraordinary items, prior period adjustments, discontinued operation charges, and similar items, in determining whether the performance measures have been achieved. In connection with the payout of the 2015 PSUs, the Committee generally only considered adjustments to the extent permitted by Section 162(m) of the Code. Beginning in 2018, the deduction under Section 162(m) was eliminated as a result of changes in U.S. tax laws (see *Other Compensation-Related Matters—Deductibility of Compensation and Additional Tax Considerations Relating to Executive Compensation* ).

### ***Other Compensation Related Matters***

#### *Perquisites*

In accordance with our pay-for-performance compensation philosophy, no perquisites were provided to our senior executives in 2017 that would be required to be reported in this proxy statement. All of the offices in our headquarters building are the same size, including the offices of our senior executives; no reserved parking is provided to employees at any level; and no financial counseling programs are provided to our senior executives. In addition, our senior executives pay significantly higher premiums for medical insurance than our lower compensated employees.

#### *Deferred Compensation*

The Company provides an opportunity for senior executives to participate in the Executive Deferred Compensation Plan ( *EDCP* ), a deferred compensation program that is intended to comply with the rules provided under Section 409A of the Code. Participating senior executives can elect to defer up to 50% of their annual base salary and up to 100% of their annual

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performance-based cash bonus award. In addition, we have historically made contributions to each senior executive's EDCP account in an amount equal to 6% of such senior executive's annual cash compensation, with the contributions subject to three-year cliff vesting. When a senior executive becomes eligible for retirement under the EDCP (minimum age of 55 and a combined age plus years of service with the Company of 65), or upon termination due to death or disability (as defined in the EDCP plan), all Company EDCP contributions vest in full. Upon termination for any reason other than death, disability or retirement, all unvested Company EDCP contributions are forfeited. Other than the 6% annual contribution to the EDCP and the opportunity to participate in the Company's qualified 401(k) plan, the Company provides no retirement benefits to its senior executives.

Deferred compensation provides our senior executives a tax-favored method of accumulating assets. The three-year vesting schedule applicable to Company contributions is intended to serve as a retention device for our senior executives. Amounts contributed to the EDCP by the participant are deemed to be invested in the hypothetical investment options selected by the participant from a defined set of investment options and a Company stock fund. Contributions made by the Company are allocated as follows: 75% of the contribution is allocated to the participant's selected hypothetical investment options and 25% is allocated to the Company stock fund. The account is credited with the gains or losses of the selected hypothetical investments. Accordingly, the EDCP does not credit above-market or preferential earnings on nonqualified deferred compensation. Withdrawals and distributions of vested amounts are made after termination from the Company, either at a fixed time in a lump sum payment or pursuant to a previously specified fixed schedule. Distribution of a participant's EDCP account is made in cash, except for those amounts that are invested in the Company Stock Fund, which are distributed in whole shares of our common stock with fractional shares paid in cash. All withdrawals and distributions are made in compliance with Section 409A of the Code.

#### *Additional Benefits*

Our senior executives also participate in employee benefit plans generally available to all employees on the same terms as similarly situated employees, including our 401(k) plan and health and welfare plans. The Company offers equivalent health insurance plans to all of our employees, and the employee-paid portions of the premiums on such insurance plans are tiered such that more highly compensated employees pay higher premiums in order to subsidize the premiums for lower paid employees. As a result, the employee contributions paid by our highest paid employees can be nearly 250% higher than those paid by our lowest paid employees. In addition, all of our employees, including our senior executives, are eligible to receive up to a \$2,000 contribution to a Health Savings Account, subject to enrollment in our health insurance plan available to all employees.

#### *Clawback Policy*

The Committee has approved and adopted a formal clawback policy that is applicable to all current and former senior executives who receive incentive-based compensation. The policy provides, subject to Committee discretion, for the recovery of incentive-based compensation in the event of a restatement of financial results, regardless of whether misconduct was the cause of the restatement. The policy became effective beginning with fiscal year 2012 reporting. If additional clawback rules are approved by the SEC, we intend to review our policy and compensation plans and amend them, as necessary, to comply with the new mandates.

#### *Special Bonuses and Equity Awards*

From time to time, we may grant one-time discretionary cash bonuses or equity awards for new hires, retention, promotion and special recognition. The Committee uses such bonuses and equity awards to attract, motivate, reward, and retain key executives when appropriate to promote the overall long-term success of our Company. Among the factors that the Committee considers when granting sign-on bonuses and equity awards are (1) the extent to which such executives would forfeit their unvested compensation as a result of leaving their previous employers and (2) a desire to align new hires' interests with those of our stockholders. Other than the sign-on equity award to Mr. Havel, no such bonuses or equity awards were granted to named executive officers in 2017.

#### *Employment Agreements*

As discussed beginning on page 52, we have entered into employment agreements with our CEO and each of our other senior executives, which provide for, among other things, severance benefits and change in control protections. The Committee believes that these agreements are appropriate and provide value to the Company for a number of reasons:

- the agreements assist in attracting and retaining senior executives as we compete for talented employees in a marketplace where such agreements are commonly offered;
- the severance provisions require terminated senior executives to execute a release in favor of the Company in order to receive any severance payments and such payments are further conditioned upon compliance with certain terms of the agreement, including covenants with respect to non-competition, non-solicitation and non-disparagement; and

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the change in control protections and severance benefits help to retain key personnel during rumored or actual acquisitions or similar corporate changes.

The employment agreement with Mr. Wentworth runs through March 2019. The employment agreements with our other senior executives are automatically renewed on April 1 of each year for successive one-year periods unless either party provides notice of non-renewal at least 90 days prior to the end of the term.

In March 2017, we amended our form of executive employment agreement with each of our named executive officers other than Mr. Wentworth to eliminate certain early retirement benefits, revise the definition of tenured retirement and make certain conforming changes and other minor revisions to comply with applicable law. See Employment Agreements and Potential Payments Upon Termination or Change in Control .

#### *Deductibility of Compensation*

In 2017, a goal of our executive compensation program was to preserve the deductibility of compensation through compliance with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ), to the extent deemed practicable or appropriate by the Committee. Section 162(m) places a limit of \$1 million on the amount of compensation that a publicly-traded company may deduct in any one year for any of its named executive officers (as defined in the Code). This limitation does not apply to performance-based compensation meeting certain requirements (including the requirement that such compensation be paid under a stockholder-approved plan).

For 2017, the stock option, performance share and performance-based cash bonus awards were designed with the intention of satisfying the deductibility requirements of Section 162(m). However, we cannot guarantee that our awards will in fact satisfy such requirements.

Similarly, for fiscal year 2018, the Compensation Committee has adopted Company and individual performance goals, pursuant to which the Company's executive officers may receive cash bonuses following the completion of fiscal year 2018 based on the extent to which such performance goals are achieved during the course of the fiscal year. The Compensation Committee adopted performance goals so that awards made pursuant to such goals that contributed to a named executive officer earning more than \$1 million in annual compensation would qualify as tax deductible to the Company for U.S. federal income tax purposes under Section 162(m) of the Code. However, on December 22, 2017, the U.S. federal government enacted the Tax Cuts and Jobs Act (the 2017 Tax Act ), which substantially modifies the Code and, among other things, eliminates the performance-based compensation exception under Section 162(m) with respect to awards made or modified on or after that date. As a result, the Company currently expects that, in respect of fiscal 2018 and beyond, any compensation amounts over \$1 million paid to any current or former named executive officer will no longer be deductible. See Additional Tax Considerations Relating to Executive Compensation . Although the performance-based compensation tax deduction will no longer be available, we plan to continue to offer programs that are competitive and tax efficient. The Company's expectation is that this change will not have a material effect on its operating results or financial condition.

#### *Additional Tax Considerations Relating to Executive Compensation*

Due to the effects of the 2017 Tax Act, the Company expects that several of its financial and operational projections may be affected. For example, the Company expects the lower tax rates contemplated by the 2017 Tax Act will have a favorable impact on our EPS as well as our return on invested capital. Similarly, the lower tax rates contemplated by the 2017 Tax Act may result in higher cash flows, which in turn would increase total stockholder return. Metrics tied



to our short-term and/or long-term incentive programs may be adjusted in response to the effects of the 2017 Tax Act.

*Stock Ownership Guidelines*

The Company maintains guidelines for stock ownership with respect to its senior executives and vice presidents. The purpose of the guidelines is to encourage our senior executives and vice presidents to show a commitment to the Company and its stockholders by holding a prescribed number of shares of Company stock. In addition to shares of Company stock owned directly or by a spouse, children or trust, the following equity vehicles (in each case assuming shares are withheld for taxes) are included when determining compliance with the ownership guidelines:

- unvested restricted stock units, net of taxes;
- Company share equivalents held under the EDCP, net of taxes; and
- vested, unexercised stock options and stock-settled stock appreciation rights, net of taxes.

Unvested performance shares and unvested stock options are not included in determining compliance. While the guidelines are not mandatory, compliance is reviewed annually by the Committee and communicated to the senior executives and vice presidents. Each senior executive and vice president has five years from the time of becoming a senior executive or vice president to attain the recommended ownership level. The guidelines provide that each senior executive or vice president hold

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a number of eligible shares with a value at least equal to a multiple of his or her base annual salary as follows: 6.0x for the CEO, 4.0x for the President, 3.0x for all Executive Vice Presidents, 2.5x for all Senior Vice Presidents, and 1.0x-1.5x for our Vice Presidents, with an exception for cases where the guidelines are not met due to a significant decrease in the stock price, in which case, the guidelines provide a period of two years to remedy the shortfall. As of December 31, 2017, each of our named executive officers had either met his or her ownership requirement or was progressing toward meeting such requirement within the five year timeframe.

#### *Equity Award Policy*

By granting annual long-term incentive equity awards during the first quarter, the Committee is able to consider the previous year's financial performance in determining the size and structure of such awards, both in the aggregate and with respect to individual senior executives. In addition, by granting such awards during the first quarter, the Committee is able to coordinate such grants with the payout of performance-based cash bonus awards and annual base salary adjustments. The Company has an equity award policy, which covers grant approvals and the establishment of the grant date for equity awards. Pursuant to this policy:

- annual long-term incentive equity awards granted to our named executive officers during the first quarter of each year have an effective grant date as of the last to occur of the following: (i) the date of the final action necessary by the Committee or the Board (as appropriate) to approve such award; (ii) such later date as may be specified in the terms of such award; or (iii) if the effective date under (i) or (ii) above would not fall within an open window trading period, then such award will be granted with an effective grant date as of the third trading date following the date of the next release of quarterly or annual financial results;
  - special equity awards for new hires, retention, promotion and special recognition may be granted during an open window trading period or, if the Committee, the Board or the CEO (as appropriate) acts outside of such a period, then such award will be granted with an effective grant date as of the third trading date following the date of the next release of quarterly or annual financial results;
  - the exercise price of stock options will not be less than the closing trading price of the stock on the grant date; and equity grants with a prospective grant date will be made on a nominal value basis consistent with the method the Company uses to value options for financial reporting purposes under applicable authoritative accounting guidance.
- Throughout this proxy statement, we refer to the grant date as the date of issuance of a long-term incentive equity award to a grantee, which, pursuant to the equity award policy discussed above, may be later than the date such award was approved.

#### *Derivatives Trading and Pledging*

Because a primary goal of our equity-based incentive compensation program is to align the interests of our senior executives with those of our stockholders, we prohibit the trading of derivative securities related to shares of our stock, including hedging strategies, puts, calls or other types of derivative securities. Our derivatives policy also prohibits pledging shares of our stock.

#### **Consequences of the Cigna Transaction on Equity Awards and Bonus Payments**

If the Cigna transaction closes, at such time, Company stock options, restricted stock units and deferred stock units, in each case, that are held by employees (and, in some cases, former employees) of the Company, including our named executive officers, and that are outstanding immediately prior to the closing will be converted into equivalent awards

relating to common stock of the combined company. Company performance shares (including those performance share awards granted to our named executive officers) that are outstanding immediately prior to the closing generally will vest at the level of performance determined by the Compensation Committee of the Company's Board of Directors prior to closing (provided that awards granted in 2018 will vest at the maximum level of performance) and will be cancelled at closing in exchange for the right to receive, with respect to each share of Company common stock underlying such award, the merger consideration consisting of (i) 0.2434 of a fully paid and nonassessable share of common stock of the combined company and (ii) the right to receive \$48.75 in cash, less applicable tax withholding. Company restricted stock units held by non-employee directors will be cancelled in exchange for a cash payment in an amount equal to the merger consideration.

Additionally, if the Cigna transaction closes on or prior to December 31, 2018, the Company may, immediately prior to the closing, pay each employee (including our named executive officers) who participates in the Company's employee annual bonus plan and who is then in good standing, a cash bonus in respect of the 2018 plan year in an amount equal to 200% of the participant's target bonus award.

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**Assessment of Risk**

We do not believe that our compensation program, including the executive compensation program, encourages excessive or inappropriate risk-taking. A significant portion of our executive compensation program is performance-based, and, while appropriate risk-taking is a necessary component of growing a business, the Committee and management have focused on aligning our compensation policies with our long-term interests and avoiding short-term rewards that could incentivize actions with undue long-term risks. Examples of such features of our compensation program include:

- Limits on Annual Performance-Based Cash Bonus Awards. The compensation of our named executive officers is not overly-weighted toward short-term incentives. For instance, Mr. Wentworth's target performance-based cash bonus award for 2017 was approximately 16% of his total target direct compensation. Performance-based cash bonus awards with respect to each senior executive are also capped at 200% of such senior executive's target bonus award.
  - Emphasis on Long-Term Incentive Equity Awards; Overlapping Vesting Periods. In 2017, a large percentage of total target direct compensation for our named executive officers was provided through long-term incentive equity compensation, which vests over a period of years. This vesting period encourages our senior executives to focus on sustaining and enhancing our Company's long-term performance. Long-term incentive equity awards are also made annually so that our senior executives always have unvested equity awards that could significantly decrease in value if our business is not appropriately managed for the long-term.
  - Performance Share Awards. A significant portion of the long-term incentive equity compensation in 2017 of our named executive officers consists of performance shares. Performance share payouts are tied to the achievement of certain performance measures, which encourages focus on sustaining our long-term performance. These awards also have overlapping performance periods, so that any risks taken to increase the payout under one award could jeopardize the potential payout under other awards. To further reduce the incentive for unnecessary risk-taking, we cap the payout of these awards at 250% of target.
  - Performance Measures. A significant portion of awards are made based on the achievement of a variety of performance measures, both predetermined and relative to the S&P 100 index, which diversifies the risks associated with any single indicator of performance. We believe these measures are affected by management decisions and correlate to the creation of stockholder value over the long-term.
  - Role of Compensation Committee. Members of the Committee approve the final payout of the annual performance-based cash bonus awards for our named executive officers following a review of executive and Company performance. Final payouts are ratified by the Board in the case of our Executive Vice Presidents and by the independent members of the Board in the case of our CEO. The Committee also reviews the Company's compensation and incentive plans available to employees other than our named executive officers to, among other things, prevent unnecessary risk taking under such plans.
  - Stock Ownership Guidelines. Our stock ownership guidelines require our senior executives and vice presidents to hold a certain amount of Company stock. This requirement ensures that each senior executive and vice president will have a significant amount of personal wealth tied to the long-term performance of our stock.
  - Clawback Policy. We have adopted a clawback policy applicable to all current and former senior executives (including the Chief Accounting Officer) who receive incentive-based compensation following the effectiveness of the policy. The policy provides, subject to Committee discretion, for the recovery of incentive-based compensation in the event of a restatement of financial results, regardless of whether misconduct was the cause of the restatement.
- In summary, we have structured our compensation program so that a considerable amount of the wealth of our senior executives is tied to the long-term health and performance of our Company. We seek to provide incentives for our senior executives to manage for long-term performance while safeguarding our stockholders from inappropriate

incentive-based compensation payments in the event of financial restatement. We also seek to avoid the type of disproportionately large short-term incentives that could encourage senior executives to take risks that may not be in the best interests of our stockholders. We believe this combination of factors encourages our senior executives to manage our Company in a prudent manner.

#### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee is comprised of Maura C. Breen (Chair), William J. DeLaney, Nicholas J. LaHowchic and Woodrow A. Myers, Jr., none of whom is an employee or current or former officer of our Company, or had any relationship with our Company required to be disclosed under Corporate Governance – Certain Relationships and Related Party Transactions.

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**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management. Based on such review and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

**COMPENSATION COMMITTEE**

Maura C. Breen, Chair  
William J. DeLaney  
Nicholas J. LaHowchic  
Woodrow A. Myers, Jr.

March 6, 2018

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**Summary Compensation Table**

The following table summarizes the compensation of our named executive officers for the year ended December 31, 2017:

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Stock Awards (1)</b>	<b>Option Awards (2)</b>	<b>Non-Equity Incentive Plan Compensation (3)</b>	<b>All Other Compensation (4)</b>	<b>Total</b>
<b>Timothy Wentworth</b> <i>President and Chief Executive Officer</i>	2017	\$ 1,436,539	\$ —	\$ 7,666,667 (5)	\$ 3,833,333	\$ 2,767,517	\$ 191,359	\$ 15,895,415
	2016	1,214,231	—	7,333,334	3,666,666	2,189,556	118,391	14,522,178
	2015	901,250	—	3,833,333	1,916,667	1,705,091	108,562	8,464,903
<b>James Havel(6)</b> <i>Executive Vice President and Chief Financial Officer</i>	2017	124,038	—	2,500,000 (7)	—	153,699	1,092,692	3,870,429
	2016	153,365	—	—	—	—	1,133,631	1,286,996
	2015	716,635	110,000	4,333,333	916,667	1,138,250	—	7,214,885
<b>Christine Houston</b> <i>Executive Vice President, Strategic Integrations(8)</i>	2017	698,077	—	1,833,334 (9)	916,666	847,000	98,564	4,393,641
	2016	592,039	—	1,466,667	733,333	573,580	75,441	3,441,060
	2015	586,000	—	1,266,666	633,334	780,699	76,576	3,343,275
<b>Everett Neville</b> <i>Executive Vice President, Strategy, Supply Chain and Specialty(11)</i>	2017	566,346	—	1,466,667 (10)	733,333	561,192	69,887	3,397,425
	2017	593,269	—	1,466,667 (10)	733,333	496,447	92,799	3,382,515
<b>David Queller</b> <i>Senior Vice President, Sales and Account Management</i>	2016	564,385	—	1,466,667	733,333	522,111	73,613	3,360,109
<b>Eric Slusser</b>	2017	741,077	—	1,833,334 (9)	916,666	734,160	87,408	4,312,645

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<i>Former, Executive Vice President and Chief Financial Officer</i>	2016	725,000	—	1,833,334	916,666	797,500	244,970	4,517,470
	2015	220,289	—	1,000,000	—	358,627	32,493	1,611,409

Amounts reflect the aggregate fair value of restricted stock units and performance share awards (assuming payout at target), in each case, as of the grant date calculated in accordance with applicable authoritative accounting (1) guidance. For restricted stock units and performance share awards, fair value is calculated using the closing price of our common stock on the grant date. For additional information regarding stock-based compensation, refer to Note 10 to the Consolidated Financial Statements included in our 2017 10-K.

With respect to the value of performance share awards granted in 2017, the payout is dependent on the achievement of certain performance measures over a three-year period. Based on these performance measures, the maximum payout is 250% of the target award, which would result in a maximum value of: \$9,583,335 for Mr. Wentworth; \$2,291,668 for Ms. Houston; and \$1,833,335 for each of Messrs. Neville and Queller. Mr. Slusser is expected to depart the Company on March 31, 2018, therefore, Mr. Slusser will vest in the performance awards at the lesser of (i) the number of performance shares which would have vested and been paid based on the actual achievement of the performance measures at the end of the performance period, and (ii) the number of performance shares which would have vested and been paid based on an assumed performance period ending as of September 1, 2017, in either case pro-rated for the portion of the applicable performance period that he was employed. For a full discussion of performance share awards, see Compensation Discussion and Analysis — Components of Executive Compensation — Annual Long-Term Incentive Equity Awards — Performance Shares on page 36.

Amounts reflect the aggregate fair value of stock options as of the grant date calculated in accordance with applicable authoritative accounting guidance. The value of the stock option awards was calculated using a (2) Black-Scholes multiple option-pricing model; for additional information regarding stock-based compensation, including the assumptions used in the Black-Scholes model, refer to Note 10 to the Consolidated Financial Statements included in our 2017 10-K.

With respect to 2017, amounts reflect the performance-based cash bonus awards (unvested as of December 31, (3) 2017) earned during 2017, as discussed in the Compensation Discussion and Analysis section of this proxy statement. These amounts were approved by the Committee at its March 6, 2018 meeting and ratified by the Board or the independent members of the Board, as applicable, at its March 6, 2018 meeting.

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(4) Amounts include the basic Company contribution under the EDCP, the matching contribution under the 401(k) Plan, and separation payments related to Mr. Havel's 2015 service. The amounts for 2017 are as follows:

<b>Compensation Category</b>	<b>Mr. Wentworth</b>	<b>Mr. Havel</b>	<b>Ms. Houston</b>	<b>Mr. Neville</b>	<b>Mr. Queller</b>	<b>Mr. Slusser</b>
Company Contribution under the EDCP	\$ 175,159	\$ —	\$ 82,364	\$ 54,929	\$ 75,514	\$ 65,018
Company Matching Contribution under the 401(k) Plan	16,200	5,192	16,200	14,958	17,285 (i)	22,390 (i)
Separation Payments	—	1,087,500 (ii)	—	—	—	—
Total	\$ 191,359	\$ 1,092,692	\$ 98,564	\$ 69,887	\$ 92,799	\$ 87,408

(i) For Messrs. Queller and Slusser, includes prior year Company matching contributions under the 401(k) Plan to which the individuals were entitled under the terms of the 401(k) Plan and were delivered in 2017.

(ii) Mr. Havel served as an interim Chief Financial Officer from January 2015 through September 2015 and was employed with the Company until March 11, 2016. Mr. Havel received payments in 2017 related to his prior service with the Company.

(5) Includes (i) an award of performance shares with a grant date fair value of \$3,833,334 (assuming payout at target) and (ii) an award of time-based restricted stock units with a grant date fair value of \$3,833,333, in each case based on the market price of our common stock on the grant date.

(6) Mr. Havel served as an interim Chief Financial Officer from January 2015 through September 2015. He was employed with the Company until March 11, 2016 and was re-employed in October 2017 as Executive Vice President and Chief Financial Officer. Mr. Havel's all other compensation for 2016 includes compensation related to Mr. Havel's departure in March 2016.

(7) Mr. Havel joined the Company in October 2017 and received a one-time grant of restricted stock units with a grant value of \$2,500,000.

(8) Christine Houston served as Executive Vice President and Chief Operations Officer through January 2018 and Executive Vice President from January 2018 to March 2018.

(9) Includes (i) an award of performance shares with a grant date fair value of \$916,667 (assuming payout at target) and (ii) an award of time-based restricted stock units with a grant date fair value of \$916,667, in each case based on the market price of our common stock on the grant date.

(10) Includes (i) an award of performance shares with a grant date fair value of \$733,334 (assuming payout at target) and (ii) an award of time-based restricted stock units with a grant date fair value of \$733,333, in each case based on the market price of our common stock on the grant date.

(11) Prior to January 2018, Mr. Neville served as Senior Vice President, Supply Chain and Specialty.

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## EXECUTIVE COMPENSATION

**Grants of Plan-Based Awards in 2017**

The following table provides additional information about our long-term incentive equity awards, which consist of performance share awards (PSUs), restricted stock unit awards (RSUs), non-qualified stock option awards (options) and non-equity incentive plan awards, in each case, granted to our named executive officers in 2017 pursuant to the 2016 LTIP.

Grant Date (b)(1)	Approval Date (1)	Threshold (c) (\$)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)		Estimated Future Payouts Under Equity Incentive Plan Awards(3)			All Other Stock Awards: Number of Shares of Stock or Units(i) (#)	All Other Option Awards: Number of Securities Underlying Options(j) (#)
			Target (d) (\$)	Maximum (e)(\$)	Threshold (f) (#)	Target (g) (#)	Maximum (h) (#)		
03/08/2017	03/08/2017				28,344	56,689	141,722		
03/08/2017	03/08/2017							56,689(5 )	
03/08/2017	03/08/2017								271,714(6 )
	03/08/2017	N/A	\$ 2,515,925	\$ 5,031,849					
12/15/2017	12/13/2017							34,940(7 )	
	12/13/2017	N/A	\$ 139,726	\$ 279,452					
03/08/2017	02/21/2017				6,778	13,556	33,890		
03/08/2017	02/21/2017							13,556(5 )	
03/08/2017	02/21/2017								64,975(6 )
	02/21/2017	N/A	\$ 700,000	\$ 1,400,000					

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03/08/2017	02/21/2017			5,422	10,844	27,110		
03/08/2017	02/21/2017						10,844(5 )	
03/08/2017	02/21/2017							51,980(6 ) S
	02/21/2017	N/A	\$ 443,630	\$ 887,260				
03/08/2017	02/21/2017			5,422	10,844	27,110		
03/08/2017	02/21/2017						10,844(5 )	
03/08/2017	02/21/2017							51,980(6 ) S
	02/21/2017	N/A	\$ 475,068	\$ 950,137				
03/08/2017	03/08/2017			6,778	13,556	16,945		
03/08/2017	03/08/2017						13,556(5 )	
03/08/2017	03/08/2017							64,975(6 ) S
	03/08/2017	N/A	\$ 741,575	\$ 1,483,151				

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- (1) The terms of the awards provide for a grant date which is typically the first practical date during an open window period following Committee approval and ratification by the Board (as applicable).  
The amounts in columns (c), (d) and (e) represent the threshold, target and maximum payouts with respect to 2017 performance-based cash bonus awards. Consistent with historical practice, in the first quarter of 2017, the Committee approved (at its February 21, 2017 meeting), and the Board ratified (at its March 8, 2017 meeting), a performance-based cash bonus award to be paid in the first quarter of 2018. The award was granted at 200% of each respective executive's target bonus amount, which reflected the maximum potential award. For purposes of
- (2) Section 162(m) of the Code, the Committee also approved, and the Board ratified, a minimum EPS target of \$2.30 (representing non-adjusted EPS as determined in accordance with GAAP) that must be achieved during the performance year or the award would be forfeited. The actual payout for the 2017 performance-based cash bonus awards is discussed under Compensation Discussion and Analysis — Components of Executive Compensation — Executive Performance-Based Cash Bonus Awards on page 35.  
The numbers in columns (f), (g) and (h) represent the threshold (50%), target (100%) and maximum (250%) payouts with respect to the performance share awards granted to our named executive officers in March 2017 for the January 1, 2017 through December 31, 2019 performance period. The number of shares of our common stock to be delivered upon settlement of the performance shares will be determined based upon our achievement of
- (3) certain performance measures over a three-year period. Realization of the performance share awards and their actual value, if any, will depend on our achievement of the performance measures and the market value of our common stock on the date the performance share awards are settled. See Compensation Discussion and Analysis — Components of Executive Compensation — Annual Long-Term Incentive Equity Awards — Performance Shares on page 36.  
The amounts in column (l) with respect to performance share awards are based on the grant date fair value of the award assuming payout at target. The amounts in column (l) with respect to restricted stock unit awards are based on the grant date fair value of the award. The amounts in column (l) with respect to stock option awards are
- (4) estimated on the grant date using a Black-Scholes multiple option-pricing model. For additional information regarding equity-based compensation, including the assumptions used in the Black-Scholes model, refer to Note 10 to the Consolidated Financial Statements included in our 2017 10-K.  
Numbers represent restricted stock unit awards. One-third of the restricted stock units vested on February 28, 2018
- (5) and the remainder is scheduled to vest in two equal installments on February 28, 2019 and February 28, 2020, subject to acceleration under the terms of the 2016 LTIP and the applicable award agreement.  
Numbers represent non-qualified stock option awards. These stock options have an exercise price of \$67.62 (the closing price of our common stock on the grant date); one-third of these stock options vested on February 28, 2018
- (6) and the remainder is scheduled to vest in two equal installments on February 28, 2019 and February 28, 2020, subject to acceleration under the terms of the 2016 LTIP and the applicable award agreement, and, in each case, will expire ten years following the grant date.
- (7) Numbers represent a one-time grant of restricted stock units granted to Mr. Havel when he joined the Company in October 2017.  
Pursuant to the terms of the Transition and Release Agreement dated October 30, 2017 by and between Mr. Slusser and the Company (the Transition Agreement) and Mr. Slusser's employment agreement, each as applicable, Mr. Slusser will vest in a number of performance shares granted in 2017 equal to the lesser of (i) the number of
- (8) performance shares which would have vested and been paid based on the actual achievement of the performance measures, at the end of the performance period, and (ii) the number of performance shares which would have vested and been paid based on an assumed performance period ending as of September 1, 2017, in either case pro-rated for the portion of the applicable performance period that he was employed.

The 2017 grants of options and RSUs will continue to vest per their terms through the earlier of (i) Mr. Slusser's termination date, assuming termination by the Company not for cause and (ii) Mr. Slusser's separation date (expected to be March 31, 2018).

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**Outstanding Equity Awards at 2017 Fiscal Year-End**

The following table provides information on vested and unvested equity awards held by our named executive officers as of December 31, 2017:

	Option Awards					Stock Awards			
	Grant Date	Number of Securities Underlying Unexercised Options (# Exercisable)	Number of Securities Underlying Unexercised Options (# Unexercisable)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Wentworth	2/24/2012	43,081		\$ 47.61	2/24/2022				
	3/6/2013	33,069		58.17	3/6/2020				
	3/5/2014	94,140		77.15	3/5/2021				
	3/4/2015	70,826	35,414(2 )	84.83	3/4/2025	7,532(2 )	\$ 562,188		
	3/9/2016	46,705	93,410(3 )	69.57	3/9/2026	18,367(3 )	1,370,913	68,875(4 )	\$ 5,140
	5/4/2016	41,021	82,043(5 )	72.74	5/4/2026	16,039(5 )	1,197,151	60,145(4 )	4,489
	3/8/2017		271,714(6 )	67.62	3/8/2027	56,689(6 )	4,231,267	141,722(7 )	10,578
Havel	12/15/2017					34,940(8 )	2,607,922		
Houston	11/17/2011	19,889		43.77	11/17/2018				
	2/27/2012	22,898		53.05	2/27/2019				
	3/06/2013	25,288		58.17	3/6/2020				
	3/5/2014	30,457		77.15	3/5/2021				
	3/4/2015	23,403	11,702(2 )	84.83	3/4/2025	2,489(2 )	185,779		
	3/9/2016	17,869	35,740(3 )	69.57	3/9/2026	7,027(3 )	524,495	26,350(4 )	1,966
	3/8/2017		64,975(6 )	67.62	3/8/2027	13,556(6 )	1,011,820	33,890(7 )	2,529
Neville	3/6/2013	2,237		58.17	3/6/2020				
	3/5/2014	9,387		77.15	3/5/2021				
	3/4/2015	6,080	3,041(2 )	84.83	3/4/2025	647(2 )	48,292		
	5/6/2015	10,848	5,424(9 )	84.08	5/6/2025	1,151(9 )	85,911		
	3/9/2016	14,214	28,429(3 )	69.57	3/9/2026	5,590(3 )	417,238	20,960(4 )	1,564
	3/8/2017		51,980(6 )	67.62	3/8/2027	10,844(6 )	809,396	27,110(7 )	2,023

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Queller	9/9/2014	29,599		74.65	9/9/2021					
	3/4/2015	21,556	10,778(2 )	84.83	3/4/2025	2,292(2 )	171,075			
	3/9/2016	17,869	35,740(3 )	69.57	3/9/2026	7,027(3 )	524,495	26,350(4 )	1,966	
	3/8/2017		51,980(6 )	67.62	3/8/2027	10,844(6 )	809,396	27,110(7 )	2,023	
Slusser(10)	9/9/2015					11,960(11 )	892,694			
	3/9/2016	22,337	44,674(3 )	69.57	3/31/2019	8,784(3 )	655,638	32,940(4 )	2,458	
	3/8/2017		64,975(6 )	67.62	3/31/2019	13,556(6 )	1,011,820	33,890(7 )	2,529	

(1) The market value of shares or units of stock that have not yet vested is based on the closing stock price of our stock on December 29, 2017.

(2) The unvested portion of these awards vested on February 28, 2018.

(3) One half of the unvested portion of these awards vested on February 28, 2018 and the remainder is scheduled to vest on February 28, 2019. See footnote 10 below for a description of vesting for Mr. Slusser.

Performance shares become payable following the end of the performance period on December 31, 2018. In accordance with SEC rules, because our performance in 2016 and 2017 was above target level, we are reporting the maximum

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number (250% of target) for these outstanding performance share awards. The number of shares payable may decrease from the maximum amount based upon the performance of the Company relative to the performance measures during the remainder of the performance period. See footnote 10 below for a description of vesting for Mr. Slusser.

(5) Awards granted in connection with Mr. Wentworth's assumption of the role of CEO, the unvested portion of which is scheduled to vest in two equal installments on May 4, 2018 and May 4, 2019.

One-third of the unvested portion of these awards vested on February 28, 2018 and the remainder is scheduled to (6) vest in two equal installments on February 28, 2019 and February 28, 2020. See footnote 10 below for a description of vesting for Mr. Slusser.

Performance shares become payable following the end of the performance period on December 31, 2019. In accordance with SEC rules, because our performance in 2016 was above target level, we are reporting the (7) maximum number (250% of target) for these outstanding performance share awards. The number of shares payable may decrease from the maximum amount based upon the performance of the Company relative to the performance measures during the remainder of the performance period. See footnote 10 below for a description of vesting for Mr. Slusser.

(8) Reflects Mr. Havel's sign-on award. The unvested portion of this restricted stock unit award is scheduled to vest on October 31, 2020.

(9) Reflects Mr. Neville's one-time promotion award, one third of which vested on May 6, 2016, one third of which vested on May 6, 2017 and one third is scheduled to vest on May 6, 2018.

Pursuant to the terms of his executive employment agreement and the Transition Agreement, each as applicable, Mr. Slusser will vest in a number of performance shares granted in 2016 and 2017 equal to the lesser of (i) the (10) number of performance shares which would have vested and been paid based on the actual achievement of the performance measures at the end of the performance period, and (ii) the number of performance shares which would have vested and been paid based on an assumed performance period ending as of September 1, 2017, in either case pro-rated for the portion of the applicable performance period that he was employed.

Pursuant to the terms of the original grant agreement and the Transition Agreement, each as applicable, Mr. Slusser will vest in 11,960 shares on account of the September 2015 grant of restricted stock units on the earlier of (i) the termination date if terminated by the Company other than for cause and (ii) the separation date (expected to be March 31, 2018), subject to compliance with various obligations under the Transition Agreement.

Reflects Mr. Slusser's sign-on award. The unvested portion of this restricted stock unit award was scheduled to (11) vest on September 9, 2018; however, see footnote 10 above for a description of vesting under the Transition Agreement.

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**Option Exercises and Stock Vested in 2017**

The following table provides information on the value realized by our named executive officers with respect to stock options exercised during 2017 and with respect to restricted stock units (RSUs) and performance shares (PSUs) that vested during 2017:

Name	Type of Award	Option Awards		Stock Awards	
		Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)
Timothy Wentworth	PSUs(3)	—	—	28,242	\$ 2,107,983
	RSUs	—	—	32,078	2,195,262
James Havel	PSUs(3)	—	—	4,501	335,955
Christine Houston	PSUs(3)	—	—	9,331	696,466
	RSUs	—	—	8,377	591,835
	Options	20,846	\$ 374,405	—	—
Everett Neville	PSUs(3)	—	—	4,316	322,146
	RSUs	—	—	5,324	365,701
David Queller	PSUs(3)	—	—	8,595	641,531
	RSUs	—	—	8,038	550,579
Eric Slusser	RSUs	—	—	4,392	310,295

(1) With respect to stock options, value reflects the difference between the exercise price for the stock options and the market value of our stock upon exercise.

(2) Amounts reflect the value of the vested stock based on the closing price of our stock on the vesting date.

(3) Performance shares became payable following the end of the performance period on December 31, 2017 and were settled on March 6, 2018. The stated numbers reflect a payout of 125% of target. Amounts reflect the value of the vested stock based on the closing price of our stock on December 29, 2017. See Compensation Discussion and Analysis — Summary of 2017 Direct Compensation Decisions — Performance Shares (Granted in March 2015) on page 38.

**Nonqualified Deferred Compensation in 2017**

The following table provides the EDCP account balance as of December 31, 2017 as well as 2017 EDCP contributions and earnings for each of our named executive officers. None of our named executive officers received payments under the EDCP in 2017:

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY(1)	Aggregate Earnings in Last FY(2)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE(3)
Timothy Wentworth	\$ —	\$ 175,159	\$ 72,388	—	\$ 581,859

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James Havel	—	—	—	—	—
Christine Houston	—	82,364	50,012	—	351,088
Everett Neville	215,520	54,929	141,839	—	1,644,360
David Queller	—	75,514	26,720	—	179,034
Eric Slusser	153,858	65,018	59,275	—	470,378

Amounts reflect contributions made by the Company to each named executive officer's EDCP account during the first quarter of 2017. These amounts are equal to 6% of all cash compensation (base salary and performance-based (1) cash bonus award) received by the named executive officer during 2016 and are scheduled to vest on January 1, 2020, unless the executive is eligible for retirement as defined under the EDCP, in which case these contributions vest immediately. Mr. Wentworth is eligible for retirement under the terms of the EDCP.

A named executive officer's account under the EDCP is deemed to be invested in the hypothetical investment options selected by the participant which provided returns ranging from 1.52% to 27.08% in 2017 and a Company Stock Fund, which provided a return of 8.5% in 2017. The EDCP account is credited with the gains or losses of the (2) selected hypothetical investments. Accordingly, the EDCP does not credit above-market or preferential earnings on nonqualified deferred compensation. Contributions made by the Company are allocated as follows: 75% of the contribution is allocated to the participant's selected hypothetical investment options and 25% is allocated to the Company Stock Fund.

Amounts include 2017 executive and Company contributions and related earnings, as well as Company (3) contributions and deferrals of base salary and performance-based cash bonus awards (together with related earnings) from past participation in the EDCP.

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#### **Employment Agreements and Potential Payments Upon Termination or Change in Control**

We have employment agreements with all of our named executive officers. The employment agreement with Mr. Wentworth runs through March 2019 and the employment agreements with our other named executive officers are automatically renewed for a one-year period on April 1 of each year unless either party provides at least ninety days notice prior to the end of the term. In March 2017, we amended our form of executive employment agreement with each of our named executive officers other than Mr. Wentworth to eliminate certain early retirement benefits, revise the definition of tenured retirement and made certain other conforming changes and other minor revisions to comply with applicable law.

Throughout this section of the proxy statement, the terms retirement, early retirement, tenured retirement, good reason, cause, disability, and change in control are defined terms under one or more of the 2011 LTIP, the 2016 LTIP, the EDCP, the employment agreements and the award agreements, as applicable. The 2011 LTIP, and 2016 LTIP under which the awards reflected in this table were granted, generally define a change in control as:

- a change in the composition of a majority of our Board without the approval of the incumbent directors;
- an acquisition of more than 25% of our common stock or voting power;
- any merger, unless (i) our stockholders possess more than 50% of the surviving company's outstanding stock, (ii) no person or group who did not own 25% or more of our common stock before the change in control owns 25% or more of the stock of the surviving company, and (iii) at least a majority of the Board of the surviving company were incumbent directors of our Company before the change in control;
- the sale of all or substantially all of our assets; or
- a stockholder-approved dissolution of our Company.

The award agreements under the 2011 LTIP and 2016 LTIP, pursuant to which the awards reflected in this table were granted, generally define comparable employment as employment with us or our successor following a change in control pursuant to which:

- the responsibilities and duties of the named executive officer are substantially the same as before the change in control, and the other terms and conditions of employment following the change in control do not impose obligations materially more burdensome;
- the aggregate compensation is substantially economically equivalent to or greater than the named executive officer's aggregate compensation immediately prior to the change in control; and
- the named executive officer remains employed in the metropolitan area in which he or she was employed immediately preceding the change in control (or, with respect to certain grants, the principal place of employment is not relocated more than fifty miles).

See Consequences of the Cigna Transaction on Equity Awards and Bonus Payments on page 42 for information on 2018 equity grants and bonuses.

#### *General Terms of Employment Agreements*

The following provides a summary of the benefits provided to our named executive officers as of December 31, 2017 under the employment agreements and the form of grant notices for long-term incentive equity awards. Where benefits are subject to approval by the Committee, such benefits are also ratified by the Board in the case of our Executive Vice Presidents and by the independent members of the Board in the case of our CEO. The benefits and payments set forth below are generally subject to adjustment and deferral as necessary to comply with Section 409A

of the Code. On March 8, 2017, we executed amended and restated employment agreements with each of our named executive officers (other than Mr. Wentworth, whose employment agreement runs through March 2019, and Mr. Havel who joined the Company in October 2017 and executed the form of agreement at that time). The amended and restated employment agreement applicable to each of our named executive officers other than Mr. Wentworth eliminates the concept of early retirement and revises the definition of tenured retirement, in each case, as discussed below.

Compensation and Benefits. Each of the agreements generally provides for: (i) the payment of an annual base salary (which may not be reduced after any increase); (ii) a minimum target performance-based cash bonus award as a fixed percentage of the named executive officer's base salary; (iii) the right to receive restricted stock unit awards, stock option awards and other equity awards and deferred compensation, to the extent determined by the Committee and the Board; (iv) participation in our other employee benefit plans on the same basis as such plans are generally made available to our other senior executives; (v) the reimbursement of reasonable business expenses incurred in performing the named executive officer's duties; and (vi) such perquisites and fringe benefits to which our other senior executives are entitled and which are suitable for the named executive officer's position.

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Benefits Upon Termination of Employment. Each agreement provides for the provision and forfeiture of certain benefits if the named executive officer's employment is terminated for any reason. In general, if the named executive officer's employment is terminated at any time, the named executive officer is entitled to (i) all previously earned and accrued, but unpaid, base salary; (ii) reimbursement for any business expenses properly incurred prior to termination; and (iii) such other employee benefits (if any) to which the named executive officer may be entitled under our employee benefit plans. Other than as set forth below, if the named executive officer's employment is terminated, (i) all unvested stock options are forfeited and all vested stock options remain exercisable for the one-year period following the date of termination, and (ii) all unvested restricted stock units and performance shares are forfeited. If the named executive officer's employment is terminated by the Company for cause, all vested stock options are forfeited. The benefits set forth below with respect to equity awards apply only to equity awards granted after the effective date of an employment agreement.

Benefits Upon Termination by the Company Other Than for Cause. If the named executive officer's employment is

- terminated by us other than for cause, the named executive officer is entitled to the following benefits:
  - The Cash Bonus Termination Benefit :  
Any performance-based cash bonus award earned for a previously completed performance year but unpaid as of the termination date, payable solely to the extent approved by the Committee; and an amount equal to the performance-based cash bonus award the named executive officer would have been entitled to receive for the year in which the termination occurs had the named executive officer remained employed through the end of such year, which amount shall be pro-rated for the portion of the termination year during which the named executive officer was employed by the Company and is payable in a lump sum at the same time performance-based cash bonus awards are paid out to other senior executives and payable solely to the extent approved by the Committee.

The Severance Benefit : A severance benefit equal to (i) 18 months of base salary plus (ii) 150% of the named executive officer's target performance-based cash bonus award for the year in which the termination date occurs,

- payable in 18 substantially equal monthly installments beginning the first full month after termination, subject to a six-month deferral if necessary to avoid certain adverse tax consequences.

The Healthcare Termination Benefit : Reimbursement for the cost of continuing medical insurance under COBRA for a period of 18 months after termination (for Mr. Wentworth, payments for 36 months equal to either the cost of continuing medical insurance under COBRA or, following expiration of the COBRA period, equivalent medical insurance coverage). With respect to Mr. Wentworth, following the cessation of the 36 month coverage and subject

- to certain conditions, the Company will use commercially reasonable efforts to assist Mr. Wentworth in purchasing medical coverage that is reasonably equivalent to the medical benefits provided to current employees provided that Mr. Wentworth pays the full cost of such coverage. These rights with respect to medical benefits transfer to the spouse at the time of death.

For performance share awards, the named executive officer vests in a number of unvested performance shares equal to the lesser of (i) the number of performance shares which would have vested and been paid based on the actual achievement of the performance measures at the end of the performance period, and (ii) the number of performance

- shares which would have vested and been paid based on an assumed performance period ending as of the most recently completed fiscal quarter prior to termination, in either case, pro-rated for the portion of the performance period during which the named executive officer was employed by the Company.

Benefits Upon Termination by the Named Executive Officer for Good Reason. If the named executive officer terminates employment with us for good reason, the named executive officer is entitled to the benefits set forth under

- Benefits Upon Termination by the Company Other Than for Cause above, except all unvested and unpaid performance shares are forfeited.

*Benefits Upon Termination on Account of Death or Disability.* If the named executive officer's employment

- terminates on account of death or disability, the named executive officer or his or her estate, as applicable, is generally entitled to the following benefits:

- The Cash Bonus Termination Benefit.
- The Healthcare Termination Benefit.

All unvested stock options vest and become exercisable in full, and together with all vested stock options may be

- exercised at any time, or from time to time, within one year after the date of death or disability.

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- A pro-rated portion of unvested restricted stock units vest, pro-rated for the portion of the vesting period during which the named executive officer was employed by the Company.
- The named executive officer vests in a number of unvested performance shares to the extent the performance criteria are ultimately achieved and any payment of performance shares is pro-rated for the portion of the performance period during which the named executive officer was employed by the Company.
- All Company EDCP contributions to the named executive officer's EDCP account are accelerated and vested.
- Benefits Upon Non-Renewal of the Employment Period. If either party elects not to renew the agreement at the end of any employment period, the agreement and benefits thereunder will terminate, and the further employment of the named executive officer will be at-will. However, if the Company elects not to renew the agreement at the end of any employment period, and the named executive officer resigns, the named executive officer is entitled to the benefits set forth under Benefits Upon Termination by the Named Executive Officer for Good Reason.
- Benefits Upon Tenured Retirement. If the named executive officer's employment terminates on account of a tenured retirement (as defined below), the named executive officer is generally entitled to the following benefits:
  - The Cash Bonus Termination Benefit.
  - The Healthcare Termination Benefit.
- All vested stock options remain vested and exercisable through the end of their term and all unvested stock options continue to vest in accordance with their term as if the named executive officer was still employed by the Company and remain vested and exercisable through the end of their term.
- All unvested restricted stock units continue to vest in accordance with their term as if the named executive officer was still employed by the Company.
- The named executive officer vests in a number of unvested performance shares to the extent that the performance criteria are ultimately achieved; provided, however, that if the named executive officer's termination date occurs prior to the third calendar month of the final year of the applicable performance period, the number of performance shares eligible for a payout greater than 100% of target with respect to such performance period is limited to a pro-rated number of performance shares based on the portion of the performance period during which the named executive officer was employed by the Company and the remaining performance shares are subject to a maximum payout equal to 100% of target.
- On March 8, 2017, we executed amended and restated employment agreements with each of our named executive officers (other than Mr. Wentworth, whose employment agreement runs through March 2019, and Mr. Havel who joined the Company in October 2017 and executed the form of agreement at that time). The form of amended and restated employment agreements applicable to each of our named executive officers other than Mr. Wentworth revises the definition of tenured retirement as follows: 55 years of age; 3 years of service as a senior executive; and a minimum sum of age and years of service with the Company equal to 65. For Mr. Wentworth, the definition of tenured retirement is as follows: 59.5 years of age and 4.5 years of service as a senior executive; and a minimum sum of age and years of service with the Company equal to 64.
- Benefits Upon Early Retirement (only applicable for Mr. Wentworth). If the named executive officer's employment terminates on account of early retirement (54.5 years of age, 4.5 years of service as a senior executive and the sum of the named executive officer's age and cumulative years of service as a senior executive equal at least 64 years), the named executive officer is generally entitled to the following benefits:
  - The Cash Bonus Termination Benefit.
  - The Healthcare Termination Benefit.
- With respect to stock options granted prior to January 1, 2014, vested stock options remain vested and exercisable until the earlier of (i) the end of their term and (ii) 12 months from the date of retirement plus the number of months employed by the Company past age 55 (the early retirement extension period ); and
- With respect to stock options granted after January 1, 2014:

Vested awards remain vested and exercisable until the earlier of (i) the end of their term and (ii) four years following the date of retirement.

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- Unvested stock options that are scheduled to vest prior to the early retirement option expiration date (four years following the date of retirement) vest on schedule, pro-rated based on the number of months employed by the Company past age 55 divided by 60 and remain vested and exercisable through the early retirement option expiration date; unvested stock options scheduled to vest following the early retirement option expiration date are forfeited. A pro-rated portion of restricted stock units (based on the number of months employed by the Company past age 55, divided by 60) that are scheduled to vest on or prior to the third anniversary of the retirement date shall continue to vest in accordance with their terms as if the named executive officer was still employed by the Company.
- Unvested performance shares vest, pro-rated based on the number of months employed by the Company past age 55, divided by 60, and such vested performance shares are only paid out to the extent the performance measures are ultimately achieved; provided, however, that if the named executive officer's termination date occurs prior to the third calendar month of the final year of the applicable performance period, the number of performance shares eligible for a payout greater than 100% of target with respect to such performance period is limited to a pro-rated number of performance shares based on the portion of the performance period during which the named executive officer was employed by the Company and the remaining performance shares are subject to a maximum payout equal to 100% of target.
- On March 8, 2017, we executed amended and restated employment agreements with each of our named executive officers (other than Mr. Wentworth and Mr. Havel who joined the Company in October, 2017) which eliminated the concept of early retirement .
- Benefits Upon Retirement. If the named executive officer's employment terminates on account of retirement (and such retirement is not treated as an early retirement or a tenured retirement) the named executive officer is generally entitled to the following benefits:
  - If the named executive officer has attained the age of 59.5:
  - The Cash Bonus Termination Benefit.
  - The Healthcare Termination Benefit.
- A pro-rated portion of unvested restricted stock units vest, pro-rated for the portion of the vesting period during which the named executive officer was employed by the Company.
- Unvested performance shares vest to the extent the performance criteria are ultimately achieved and any payment of performance shares is pro-rated for the portion of the performance period during which the named executive officer was employed by the Company.
- All Company contributions to the named executive officer's EDCP account vest at the time the named executive officer attains the age of 55 and has a combination of full years of age plus service with Express Scripts totaling at least 65.
- Benefits Upon a Change in Control. If, prior to, concurrent with or following a change in control, the named executive officer's employment is terminated by the Company without cause or following a change in control the named executive officer terminates employment with Company for good reason, then the named executive officer is generally entitled to the following benefits:
  - Any performance-based cash bonus award earned for a previously completed performance year but unpaid as of the termination date, payable solely to the extent approved by the Committee.
  - An amount equal to the named executive officer's target performance-based cash bonus award for the year in which the termination occurs, which amount shall be pro-rated for the portion of the termination year during which the named executive officer was employed by the Company and is payable in a lump sum within sixty days following the termination date.
  - A severance benefit equal to (i) 24 months of base salary plus (ii) 200% of the named executive officer's target performance-based cash bonus award for the year in which the termination date occurs. The severance benefit is payable in 24 substantially equal monthly installments beginning the first full month after termination, subject to a

six-month deferral if necessary to avoid certain adverse tax consequences.

- The Healthcare Termination Benefit.

If (i) within 90 days prior to the change in control date the employment of the named executive officer is terminated

- without cause, or (ii) within two years following the change in control date, the employment of the

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named executive officer is terminated without cause or the named executive officer terminates employment due to a constructive termination, then all outstanding unvested options shall vest in full on the change in control date, in the case of clause (i) above, or as of the date of termination, in the case of clause (ii) above, and remain exercisable for the duration of their term. In addition, if following the change in control date there will be no generally recognized U.S. public market for the Company's common stock or any common stock for which the Company's common stock is exchanged, then on the change in control date all unvested stock options shall vest and become fully exercisable and each stock option shall be cancelled and the Company shall provide payment in connection with such cancellation at a purchase price equal to the excess (if any) of the per share change in control purchase price over the exercise price of the option. If following the change in control date there will be a generally recognized U.S. public market for the Company's common stock or any common stock for which the Company's common stock is exchanged, then all stock options shall be assumed, exchanged or substituted for by a successor or acquirer entity and shall be subject to the same terms and conditions that were applicable to the stock options prior to the change in control.

If (i) within 90 days prior to the change in control date the employment of the named executive officer is terminated without cause, or (ii) within two years following the change in control date, the employment of the named executive officer is terminated without cause or the named executive officer terminates employment due to a constructive termination, then all outstanding unvested restricted stock units shall vest in full on the change in control date, in the case of clause (i) above, or as of the date of termination, in the case of clause (ii) above. If following the change in control date there will be no generally recognized U.S. public market for the Company's common stock or any common stock for which the Company's common stock is exchanged, then as of the change in control date, the Company shall pay into a rabbi trust, in respect of each cancelled restricted stock unit, a purchase price equal to the per share change in control purchase price and all restricted stock units shall be cancelled, and such per share amount shall be disbursed on the date on which the respective cancelled restricted stock unit would have vested, either according to its original schedule or upon acceleration, as applicable. If following the change in control date there will be a generally recognized U.S. public market for the Company's common stock or any common stock for which the Company's common stock is exchanged, then each outstanding restricted stock unit shall be assumed, exchanged or substituted by a successor or acquirer entity and shall relate to the common stock of such successor or acquirer entity and shall continue to vest according to its original schedule or upon acceleration, as applicable.

With respect to performance shares, if the named executive officer is employed by the Company on the change in control date, then the named executive officer shall receive in cash, within 10 days following the change in control date, the value of one share of the Company's common stock as of the last trading day before the change in control date, multiplied by the greater of (i) the target grant with respect to each performance share award and (ii) the portion of each performance share award which would have vested and been paid based on an assumed performance period ending the day immediately preceding the change in control date. If the named executive officer's employment has terminated due to death, disability or retirement, then the named executive officer shall receive in cash, within 10 days following the change in control date, the value of one share of the Company's common stock as of the last trading day before the change in control date, multiplied by the target grant with respect to each performance share award. If the named executive officer's employment has been terminated by the Company without cause prior to the change in control date, then the named executive officer shall receive in cash, within 10 days following the change in control date, the value of one share of the Company's common stock as of the last trading day before the change in control date, multiplied by the lesser of (i) the target grant with respect to each performance share award and (ii) the portion of each performance share award which would have vested and been paid based on an assumed performance period ending as of the most recently completed fiscal quarter prior to termination, in either case, pro-rated for the portion of the actual performance period during which the named executive officer was employed. The Committee, at its discretion, may provide for different treatment of performance share awards that are not assumed, exchanged or

substituted or are otherwise cancelled in connection with a change in control.

*Restrictive Covenants.* Upon termination of employment, each named executive officer is prohibited from (i) soliciting certain clients or prospective clients of the Company for a period of two years after termination; (ii) soliciting or hiring employees of the Company for a period of two years after termination; (iii) competing with the Company for a period of eighteen months after termination; (iv) disparaging the Company or its officers, directors • and employees; and (v) disclosing certain confidential information with respect to the Company or its business. If, following a termination, the named executive officer violates any of these covenants, then the named executive officer will forfeit all termination benefits provided under the executive employment agreement, and will be required to reimburse the Company for any realized benefits resulting from termination.

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*Terms of Slusser Transition and Release Agreement*

On October 30, 2017, the Company and Eric Slusser entered into a Transition and Release Agreement to provide for the terms of Mr. Slusser's continued employment on a part-time basis during a transition period. Pursuant to the terms of the Transition Agreement, Mr. Slusser would remain employed by the Company through the earliest of (i) March 31, 2018 (the Separation Date), (ii) the date Mr. Slusser voluntarily resigns his employment, (iii) the date of Mr. Slusser's death or disability or (iv) the date set forth in any written notice of termination by the Company (such earliest date, the Termination Date).

Subject to certain conditions, Mr. Slusser would be entitled to continue to receive his base salary through the Termination Date and generally would remain eligible for other benefits as a regular employee of the Company, provided that Mr. Slusser would not be entitled to receive any additional grants of equity awards. Subject to certain conditions, the Transition Agreement provides that if Mr. Slusser's employment were to continue through the Separation Date or the Company were to terminate his employment other than for cause prior to the Separation Date, Mr. Slusser would become entitled to the following separation benefits (the Separation Benefits):

- \$2,241,000, less taxes and withholding, paid in substantially equal monthly installments over an eighteen-month period beginning on the first day of the calendar month immediately following the Termination Date.
  - An amount equal to the monthly costs of continuing medical, dental, vision and employee assistance programs for Mr. Slusser and his dependents through the eighteen month anniversary following the Termination Date, subject to certain terms and conditions.
  - Continued vesting through the Termination Date of outstanding equity awards, except that (A) restricted stock units granted on September 9, 2015 would be eligible to vest in full on the earlier of (i) the Termination Date if Mr. Slusser's employment were terminated by the Company without cause, and (ii) the Separation Date; in either case, subject to Mr. Slusser's compliance with certain of his obligations under the Transition Agreement, and (B) performance shares granted on March 9, 2016 and March 8, 2017 would be eligible to vest in a number of shares equal to the lesser of (i) the number of shares earned based on actual achievement of the performance measures at the end of the performance period and (ii) the number of shares that would have vested based on an assumed performance period ending as of September 1, 2017, in either case pro-rated for the portion of the applicable performance period that he was employed from the commencement of the performance period through the Termination Date.
  - His 2017 annual cash bonus based on actual performance, pro-rated for the period that he was employed by the Company from January 1, 2017 through the earlier of the Termination Date or December 31, 2017.
  - His 2018 annual cash bonus based on actual performance, pro-rated for the period that he was employed by the Company from January 1, 2018 through the Termination Date.
  - Continued vesting through the Termination Date of Mr. Slusser's accounts under the Company's Executive Deferred Compensation Plan ( EDCP ) in accordance with the terms of the EDCP and the terms of the contributions made by the Company to his EDCP account.
- The Separation Benefits, other than the vesting of the restricted stock units granted on September 9, 2015, are also payable upon Mr. Slusser's voluntary resignation prior to the Separation Date.

*Estimated Benefits*

The following tables reflect the amount of incremental compensation that would be paid to each named executive officer upon the termination of employment or a change in control, in each case, as of December 31, 2017. The

computation of these amounts requires us to make certain estimates that are described above in the description of the employment agreements or in the accompanying footnotes. Some of these amounts are payable pursuant to the terms of the employment agreement while others arise from the terms of the applicable grant agreement and/or benefit plan. Those amounts payable pursuant to the employment agreement generally require the named executive officer to sign a general release and to comply with certain restrictive covenants, including those related to nonsolicitation, noncompetition, non-disparagement and confidentiality.

Because the incremental amount of payments to be made depends on several factors, the actual amounts to be paid out upon the termination of employment or a change in control can only be determined at the time of the event. The tables do not include the nonqualified deferred compensation that would be paid, which is set forth in the Nonqualified Deferred Compensation Table above, except to the extent an individual is entitled to an additional benefit as a result of the termination or change in control. The tables also do not include the value of annual performance-based cash bonus awards that were earned in 2017 and reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 45, or the value of performance shares earned during the performance period ended in 2017 and reflected in the Option Exercises and Stock Vested in 2017 table on page 51. The estimated payments, compensation and benefits upon termination and change in control are set forth in the tables below. All amounts based on the value of our common stock are calculated using the closing price of our common stock (\$74.64) on December 29, 2017.

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As described above, Mr. Slusser transitioned from the role of Executive Vice President and Chief Financial Officer effective October 25, 2017. He is expected to remain an employee through March 31, 2018 and the tables below reflect the incremental payments that would be made to him upon termination of his employment or a change in control as of December 31, 2017. See Employment Agreements and Potential Payments Upon Termination or Change in Control – Expected Payments to Eric Slusser on page 61.

**TIMOTHY WENTWORTH**

Executive Benefits and Payments Upon Termination	Voluntary Retirement* (1)	Good Reason or Involuntary Termination* (2)			Change in Control* (3) (4)		
		Not for Cause Termination*	For Cause Termination*	Death or Disability*	With Offer of Comparable Employment*	Without Offer of Comparable Employment*	
<b>Compensation:</b>							
Severance Benefit	\$ —	\$ —	\$ 5,981,250	\$ —	\$ —	\$ —	\$ 7,975,000
Long-term Incentive:							
PSUs(5)	—	4,841,545	4,973,046	—	4,973,046	10,104,110	10,104,110
Stock Options Unvested & Accelerated(6)	—	1,353,015	—	—	2,536,903	2,536,903	2,536,903
RSUs Unvested & Accelerated	—	3,926,144	—	—	4,564,309	—	7,361,519
Deferred Compensation Unvested & Accelerated(7)	—	—	—	—	—	—	—
<b>Benefits:</b>							
Post-termination Health Care(8)	—	68,691	68,691	—	68,691	—	68,691
<b>Total</b>	<b>—</b>	<b>\$ 10,189,395</b>	<b>\$ 11,022,987</b>	<b>—</b>	<b>\$ 12,142,949</b>	<b>\$ 12,641,013</b>	<b>\$ 28,046,223</b>

**JAMES HAVEL**

Executive Benefits and Payments Upon Termination	Voluntary Retirement Termination (1)*	Good Reason or Involuntary Termination* (2)			Change in Control* (3) (4)	
		Not for Cause Termination*	For Cause Termination*	Death or Disability*	With Offer of Comparable Employment*	Without Offer of Comparable Employment*

(3)

**Compensation:**

Severance Benefit	\$ —	N/A	\$ 2,250,000	\$ —	\$ —	\$ —	\$ 3,000,000
Long-term Incentive:							
PSUs(5)	—	N/A	—	—	—	—	—
Stock Options Unvested & Accelerated(6)	—	N/A	—	—	—	—	—
RSUs Unvested & Accelerated	—	N/A	—	—	141,659	—	2,607,922
Deferred Compensation Unvested & Accelerated	—	N/A	—	—	—	—	—
<b>Benefits:</b>							
Post-termination Health Care(8)	—	N/A	23,852	—	23,852	—	23,852
<b>Total</b>	<b>—</b>	<b>N/A</b>	<b>\$ 2,273,852</b>	<b>—</b>	<b>\$ 165,511</b>	<b>—</b>	<b>\$ 5,631,774</b>

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## EXECUTIVE COMPENSATION

**CHRISTINE HOUSTON**

Executive Benefits and Payments Upon Termination	Voluntary Termination	Retirement* (1)	Good Reason or Involuntary Not for Cause Termination* (2)	For Cause Termination*	Death or Disability*	Change in Control*	
						With Offer of Comparable Employment* (3)	Without Offer of Comparable Employment* (4)
<b>Compensation:</b>							
Severance Benefit	\$ —	N/A	\$ 2,100,000	\$ —	\$ —	\$ —	\$ 2,800,000
Long-term Incentive:							
PSUs(5)	—	N/A	1,077,180	—	1,077,180	2,248,157	2,248,157
Stock Options Unvested & Accelerated(6)	—	N/A	—	—	637,326	637,326	637,326
RSUs Unvested & Accelerated	—	N/A	—	—	1,091,357	—	1,722,094
Deferred Compensation Unvested & Accelerated	—	N/A	—	—	242,639	—	—
<b>Benefits:</b>							
Post-termination Health Care(8)	—	N/A	23,198	—	23,198	—	23,198
<b>Total</b>	<b>—</b>	<b>N/A</b>	<b>\$ 3,200,378</b>	<b>—</b>	<b>\$ 3,071,700</b>	<b>\$ 2,885,483</b>	<b>\$ 7,430,775</b>

**EVERETT NEVILLE**

Executive Benefits and Payments Upon Termination	Voluntary Termination	Retirement* (1)	Good Reason or Involuntary Not for Cause Termination* (2)	For Cause Termination*	Death or Disability*	Change in Control*	
						With Offer of Comparable Employment* (3)	Without Offer of Comparable Employment* (4)
<b>Compensation:</b>							
Severance Benefit	\$ —	N/A	\$ 1,620,000	\$ —	\$ —	\$ —	\$ 2,160,000
Long-term Incentive:							
PSUs(5)	—	N/A	858,733	—	858,733	1,793,972	1,793,972
Stock Options Unvested & Accelerated(6)	—	N/A	—	—	509,035	509,035	509,035
RSUs Unvested & Accelerated	—	N/A	—	—	852,866	—	1,360,836

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Deferred Compensation Unvested & Accelerated	—	N/A	—	—	81,831	—	—
<b>Benefits:</b>							
Post-termination Health Care(8)	—	N/A	36,120	—	36,120	—	36,120
<b>Total</b>	—	<b>N/A</b>	<b>\$ 2,514,853</b>	—	<b>\$ 2,338,585</b>	<b>\$ 2,303,007</b>	<b>\$ 5,859,963</b>

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## EXECUTIVE COMPENSATION

**DAVID QUELLER**

Executive Benefits and Payments Upon Termination	Voluntary Termination	Retirement (1)	Good Reason or Involuntary Not for Cause Termination* (2)	For Cause Termination*	Death or Disability*	Change in Control*	
						With Offer of Comparable Employment* (3)	Without Offer of Comparable Employment* (4)
<b>Compensation:</b>							
Severance Benefit	\$ —	N/A	\$ 1,620,000	\$ —	\$ —	\$ —	\$ 2,160,000
Long-term Incentive:							
PSUs(5)	—	N/A	992,836	—	992,836	1,995,127	1,995,127
Stock Options Unvested & Accelerated(6)	—	N/A	—	—	546,101	546,101	546,101
RSUs Unvested & Accelerated	—	N/A	—	—	974,384	—	1,504,966
Deferred Compensation Unvested & Accelerated	—	N/A	—	—	179,034	—	—
<b>Benefits:</b>							
Post-termination Health Care(8)	—	N/A	21,658	—	21,658	—	21,658
<b>Total</b>	<b>—</b>	<b>N/A</b>	<b>\$ 2,634,494</b>	<b>—</b>	<b>\$ 2,714,013</b>	<b>\$ 2,541,228</b>	<b>\$ 6,227,852</b>

**ERIC SLUSSER**

Executive Benefits and Payments Upon Termination	Voluntary Termination	Retirement (1)	Good Reason or Involuntary Not for Cause Termination* (2)	For Cause Termination*	Death or Disability*	Change in Control*	
						With Offer of Comparable Employment* (3)	Without Offer of Comparable Employment* (4)
<b>Compensation:</b>							
Severance Benefit	\$ —	N/A	\$ 2,241,000	\$ —	\$ —	\$ —	\$ 2,988,000
Long-term Incentive:							
PSUs(5)	—	N/A	1,252,957	—	1,252,957	2,494,096	2,494,096
Stock Options Unvested & Accelerated(6)	—	N/A	—	—	682,622	682,622	682,622
RSUs Unvested & Accelerated	—	N/A	—	—	1,710,407	—	2,560,152

Deferred Compensation Unvested & Accelerated	—	N/A	—	—	91,579	—	—
<b>Benefits:</b>							
Post-termination Health Care(8)	—	N/A	34,713	—	34,713	—	34,713
<b>Total</b>	<b>—</b>	<b>N/A</b>	<b>\$ 3,528,670</b>	<b>—</b>	<b>\$ 3,772,278</b>	<b>\$ 3,176,718</b>	<b>\$ 8,759,583</b>

The terms retirement, early retirement, tenured retirement, good reason, cause, disability, comparable employment and change in control are defined terms under one or more of the 2000 LTIP, the 2011 LTIP, the 2016 LTIP, the EDCP, the employment agreements and the award agreements, as applicable.

Assumes early retirement by Mr. Wentworth. No other named executive officers were retirement eligible as of December 31, 2017, including for tenured retirement. If the employment of Mr. Wentworth is terminated due to (1) death or disability, the termination event, at the option of Mr. Wentworth or his estate, as applicable, may be treated as early retirement.

(2) If the named executive officer terminates employment with us for good reason, the named executive officer is entitled to the benefits set forth in this column, except all unvested and unpaid performance shares are forfeited.

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Assumes (i) an offer of comparable employment that does not otherwise constitute a constructive termination as (3) defined in the award agreements under the 2011 LTIP and 2016 LTIP, and (ii) there is no U.S. public market for the Company's common stock or successor to the Company's common stock following the change in control date.

Assumes either (i) termination by the Company without cause or (ii) termination by the named executive officer (4) for good reason (which termination also constitutes a constructive termination as defined in the award agreements under the 2011 LTIP and 2016 LTIP), in each case concurrent with change in control.

(5) Because we are unable to calculate the number of performance shares that would have actually been paid out for the performance periods ending December 31, 2018 and 2019, the amounts with respect to performance shares for the performance periods ending December 31, 2018 and 2019 are based on an assumed performance period ended December 31, 2017 with payout for such performance shares at 125% of target. This payout level equals the actual payout level of performance shares for which the performance period ended December 31, 2017. The awards are payable in shares of our common stock.

(6) The amount set forth in the table reflects the value of unvested stock options as of December 31, 2017 that either vest on the termination date or continue to vest on schedule following the termination date.

Mr. Wentworth is eligible for retirement under the terms of the EDCP and, accordingly, all of the Company EDCP (7) contributions to Mr. Wentworth have fully vested. For the total amount payable to Mr. Wentworth under the EDCP upon termination of employment, see the Nonqualified Deferred Compensation in 2017 table on page 51.

(8) Amounts are calculated based on the current monthly cost for COBRA for the highest cost options under our current health plans for 36 months with respect to Mr. Wentworth and for 18 months with respect to our other named executive officers.

***Expected Payments to Eric Slusser***

As discussed above, Eric Slusser transitioned from the role of Executive Vice President and Chief Financial Officer effective as of October 25, 2017. Mr. Slusser is expected to remain an employee of the Company through March 31, 2018. A summary of the expected payments, compensation and benefits with respect to Mr. Slusser's transition is as follows:

<b>Executive Benefits and Payments Upon Termination</b>	<b>Benefits Upon Termination</b>
<b>Compensation:</b>	
Severance Benefit	\$ 2,241,000 (1)
Performance Cash Bonus Award	186,750 (2)
Long-term Incentive:	
PSUs	1,448,980 (3)
Stock Options Unvested & Accelerated	—
RSUs Unvested & Accelerated	892,694 (4)
Deferred Compensation Unvested & Accelerated	—
<b>Benefits:</b>	
Post-termination Health Care	34,713 (5)
<b>Total</b>	<b>\$ 4,804,137</b>

(1)

Payable in 18 monthly installments beginning April 1, 2018, subject to a six-month deferral if necessary to avoid certain adverse tax consequences.

- (2) Represents a target pro-rated annual bonus opportunity for 2018 to be paid in 2019 based on actual performance. Pursuant to the terms of his executive employment agreement and the Transition Agreement, each as applicable, Mr. Slusser will vest in a number of performance shares, granted in March 2016 and March 2017 equal to the lesser of (i) the number of performance shares which would have vested and been paid based on the actual
- (3) achievement of the performance measures at the end of the performance period, and (ii) the number of performance shares which would have vested and been paid based on an assumed performance period ending as of September 1, 2017, in either case pro-rated for the portion of the applicable performance period that he was employed. The amounts set forth in the table reflect the value as of December 31, 2017.

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The amount set forth in the table is calculated based on an assumed payout of performance shares at the end of performance periods ending in 2018 and 2019 at 125% of target, which equals the actual payout level of performance shares for which the performance period ended December 31, 2017. The payout is prorated for the portion of the applicable performance period during which Mr. Slusser is expected to be employed by the Company (i.e. through March 31, 2018). The amount set forth in the table reflects the value of such shares as of December 31, 2017.

Pursuant to the terms of the original grant agreement and the Transition Agreement, each as applicable, Mr. Slusser will immediately vest in 11,960 shares on the earlier of (i) the termination date if terminated by the Company other (4) than for cause and (ii) the separation date (expected to be March 31, 2018) subject to compliance with various obligations under the Transition Agreement. The amounts set forth in the table reflect the value as of December 31, 2017.

(5) Estimated reimbursement for cost of continuing health insurance under COBRA for 18 months calculated based on the current monthly cost for COBRA for the highest cost options under our current health plans.

Mr. Slusser also received an amount of \$734,160 pursuant to our 2017 executive performance-based bonus award program which represents 50% of his maximum potential performance-based cash bonus award.

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### EXECUTIVE COMPENSATION

#### **Pay Ratio Disclosure**

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Mr. Timothy Wentworth, our CEO. The pay ratio included in this information is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported below, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

For 2017, our last completed fiscal year:

the annual total compensation for the median of all employees of our company (other than our CEO) was \$52,509; and

the annual total compensation of our CEO, as reported in the Summary Compensation Table included elsewhere in this Proxy Statement, was \$15,895,415.

Our CEO's annual total compensation was 302.7 times that of the median of the annual total compensation of all employees.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee and our CEO, we took the following steps:

We determined that, as of December 31, 2017, our employee population consisted of approximately 26,600 individuals, with more than 95% of these individuals located in the United States. This population consisted of our full-time, part-time, and temporary employees. We did not include any independent contractors or leased workers engaged by us during 2017, as their compensation is determined by an unaffiliated third party. We selected December 31, 2017 as the date upon which we would identify the median employee because it enabled us to make such identification in a reasonably efficient and economical manner.

To identify the median employee from our employee population, we compared the amount of salary and wages of our employees as reflected in our payroll records and reported to the Internal Revenue Service on Form W-2 for 2017. In making this determination, we annualized the compensation of approximately 2,948 permanent employees (full-time and part-time) who were hired in 2017 but did not work for us for the entire fiscal year. We also excluded certain employees as permitted under Item 402(u) of Regulation S-K:

Approximately 428 employees are located in Canada, which represent 1.64% of our total of approximately 26,600 (a) U.S. and non-U.S. employees and are thus exempt from inclusion in the employee population we used to determine the median employee.

(b) We also excluded approximately 170 employees of myMatrixx Holdings, Inc., which we acquired on May 17, 2017, and approximately 4,382 employees of eviCore, which we acquired on December 15, 2017.

3. We identified our median employee using the above compensation measure, which was consistently applied to all our employees included in the calculation. Because the employee population we used to determine the median employee is located in the United States, as is our CEO, we did not make any cost-of-living adjustments in



identifying the median employee.

Once we identified our median employee, we combined all of the elements of such employee's compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$52,509. The difference between such employee's salary, wages and overtime pay and the employee's annual total compensation represents the estimated value of the Company's matching contribution under the 401(k) Plan (estimated for the employee at \$2,991).

With respect to the annual total compensation of our CEO, we used the amount reported in the Total column of our 2017 Summary Compensation Table included in this proxy statement.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

**Stock Ownership of Directors and Executive Officers**

The following table contains certain information regarding the beneficial ownership of our common stock as of February 15, 2018 (unless otherwise noted) by (i) each of our directors and director nominees, (ii) each of our current and former executive officers named in the Summary Compensation Table above, and (iii) all of our current executive officers and directors as a group. Unless otherwise indicated, each of the persons or entities listed below exercises sole voting and investment power over the shares that each of them beneficially owns. The business address for each of our directors and executive officers listed below is c/o Express Scripts Holding Company, One Express Way, St. Louis, MO 63121.

<b>Name</b>	<b>Shares of Common Stock Beneficially Owned Directly or Indirectly(1)</b>	<b>Stock Options Exercisable currently or within 60 days</b>	<b>Shares Issuable within 60 days(2)</b>	<b>Other Stock-Based Holdings(3)</b>	<b>Total Shares Beneficially Owned(4)</b>
Maura C. Breen	19,681	32,690	—	—	52,371
William J. DeLaney	6,453	28,398	—	—	34,851
Elder Granger	913	4,492	—	—	5,405
Nicholas J. LaHowchic	28,599	30,400	—	—	58,999
Thomas P. Mac Mahon	51,617	32,690	—	—	84,307
Kathleen M. Mazzarella	—	—	—	—	—
Frank Mergenthaler	24,760	32,690	—	—	57,450
Woodrow A. Myers	8,539	14,354	—	—	22,893
Roderick A. Palmore	1,740	8,162	—	—	9,902
George Paz	907,176	1,158,519	76,784	—	2,142,479
William L. Roper	6,267	25,224	—	—	31,491
Seymour Sternberg	3,189	18,354	—	—	21,543
Timothy Wentworth	8,001	458,451	63,853	2,388	532,693
James Havel	—	—	4,501	—	4,501
Christine Houston	54,224	191,034	19,851	1,229	266,338
Everett Neville	—	77,347	11,372	491	89,210
David Queller	15,741	114,998	18,014	40	148,793
Eric Slusser	2,918	66,332	8,910	—	78,160
Directors and Executive Officers as a Group (26 persons)	1,251,596	2,904,774	278,346	7,435	4,442,151

(1)

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Includes shares in which voting and investment power are shared with the director's or executive's spouse or held in family trust(s), as follows: Mr. Wentworth 9,635, Mr. Mac Mahon 51,617, Mr. Sternberg 18,403 and Mr. Paz 265,377; and for directors and executive officers as a group 345,032.

- Includes shares that may be acquired within 60 days of February 15, 2018 upon the vesting of restricted stock units ( RSUs ) and the payout of performance shares ( PSUs ). RSUs vesting within 60 days of February 15, 2018 are as follows: Mr. Paz 29,796; Mr. Wentworth 35,611; Ms. Houston 10,520; Mr. Neville 7,056; Mr. Queller 9,419; Mr. Slusser 8,910; and for directors and executive officers as a group 148,752. PSUs approved for payout on March 6, 2018 are as follows: Mr. Paz 46,988; Mr. Wentworth 28,242; Mr. Havel 4,501; Ms. Houston 9,331; Mr. Neville 4,316; Mr. Queller 8,595; and for directors and executive officers as a group 138,504. Also includes vested restricted stock units, the settlement of which has been deferred, as follows: Mr. Roper 6,872 shares, and for directors and executive officers as a group 6,872 shares.
- (3) Includes vested phantom shares representing investments in the Company stock fund under the EDCP.
- (4) The total beneficial ownership for any individual, and total for the directors and executive officers as a group, is less than 1%, based on 562,775,806 shares of common stock issued and outstanding on February 15, 2018.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

**Five Percent Owners of Company Stock**

The following table sets forth information as to each person or entity known to us, based on information available to us, to be the beneficial owner of more than five percent of the outstanding shares of our common stock as of February 15, 2018 (percent of common stock outstanding based on shares of common stock issued and outstanding on February 15, 2018).

Name and Mailing Address	Number of Shares	Percent of Common Stock Outstanding
The Vanguard Group, Inc. 100 Vanguard Blvd., Malvern, PA 19355	39,098,977(1 )	6.95 %
BlackRock, Inc. 55 East 52nd Street, New York NY 10055	35,597,306(2 )	6.33 %
Dodge & Cox 555 California Street, 40th Floor, San Francisco, CA 94104	34,767,794(3 )	6.18 %
Capital World Investors 333 South Hope Street, Los Angeles, CA 90071	31,843,307(4 )	5.66 %

Information based on Schedule 13G/A filed with the SEC on February 9, 2018 by Vanguard Group Inc., including on behalf of certain subsidiaries, reporting beneficial ownership as of December 31, 2017. Such filing reports that (1) the beneficial owner, Vanguard Group Inc. holds sole voting power with respect to 805,745 of the shares reported, shared voting power with respect to 141,655 of the shares reported, sole dispositive power with respect to 38,180,442 of the shares reported, and shared dispositive power with respect to 918,535 of the shares reported.

Information based on Schedule 13G/A filed with the SEC on January 29, 2018 by BlackRock, Inc., including on behalf of certain subsidiaries, reporting beneficial ownership as of December 31, 2017. Such filing reports that the beneficial owner, BlackRock, Inc. holds sole voting power with respect to 29,976,954 of the shares reported, and (2) sole dispositive power with respect to 35,597,306 of the shares reported. The filing also reports that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares and that no one person's interest in the shares is greater than five percent (5%) of the total number of outstanding shares.

Information based on Schedule 13G filed with the SEC on February 13, 2018 by Dodge & Cox, reporting beneficial ownership as of December 31, 2017. Such filing reports that the beneficial owner, Dodge & Cox holds sole voting power with respect to 32,946,290 of the shares reported and sole dispositive power with (3) respect to all of the shares reported. The filing also reports that clients of Dodge & Cox, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or power to direct the receipt of dividends from, and the proceeds from the sale of the shares.

Information based on Schedule 13G/A filed with the SEC on February 14, 2018 by Capital World Investors, (4) reporting beneficial ownership as of December 31, 2017. Such filing reports that the beneficial owner, Capital World Investors holds sole voting power and sole dispositive power with respect to the shares reported.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act ) requires our directors and executive officers, persons who beneficially own more than ten percent of a registered class of our equity securities, and certain other persons to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and to furnish the Company with copies of the forms. Based solely on our review of the forms we received or that were filed with the SEC, or written representations from reporting persons, we believe that all of our directors and executive officers complied with all such filing requirements during 2017.

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REPORT OF THE AUDIT COMMITTEE

**REPORT OF THE AUDIT COMMITTEE**

Our Audit Committee is composed of four directors who, in the judgment of our Board, meet the independence requirements of The Nasdaq Global Select Market.

Since 1992, the Audit Committee has operated under a charter adopted by our Board. The charter, as amended, can be found at the About Express Scripts — Investor Relations — Learn More — Governance — Corporate Governance Documents section of our website at [www.express-scripts.com](http://www.express-scripts.com). The primary function of the Audit Committee is to assist our Board in its oversight of the integrity of our Company's financial reporting processes and system of internal controls with respect to finance and accounting. Management is responsible for our financial statements and overall reporting process, including the system of internal controls. The independent registered public accountants are responsible for conducting annual audits and quarterly reviews of our financial statements and expressing opinions on the conformity of the Company's audited financial statements with generally accepted accounting principles and on the Company's internal control over financial reporting.

The Audit Committee submits the following report pursuant to SEC rules:

The Audit Committee has reviewed and discussed with management the audited consolidated financial statements of Express Scripts Holding Company included in the Annual Report on Form 10-K for the year ended December 31, 2017 (which we refer to as the Financial Statements).

The Audit Committee has discussed with PricewaterhouseCoopers LLP, or PwC, our Company's independent registered public accountants, the matters required to be discussed by Auditing Standard 1301, as established by the Public Company Accounting Oversight Board, or PCAOB.

The Audit Committee has received from PwC the written disclosures and the letters required by the applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence (which relates to the auditor's independence from our Company and its related entities), and has discussed with PwC the independence of PwC from us.

Based upon the aforementioned review and discussions, the Audit Committee recommended to the Board that the Financial Statements be included in the Express Scripts Holding Company Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

Respectfully submitted,

Frank Mergenthaler, Chair  
William J. DeLaney  
Nicholas J. LaHowchic  
Seymour Sternberg

March 6, 2018

The Report of the Audit Committee will not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement or portions thereof into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed filed under such Acts.

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## PROXY ITEM NO. 2

**PROXY ITEM NO. 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The firm of PricewaterhouseCoopers LLP served as our independent registered public accountants for the year ended December 31, 2017. The Audit Committee of the Board has appointed PricewaterhouseCoopers LLP to act in that capacity for the year ending December 31, 2018. A representative of PricewaterhouseCoopers LLP is expected to be present at the annual meeting, will have the opportunity to make a statement, and will be available to respond to appropriate questions from stockholders.

Although we are not required to submit this appointment to a stockholder vote, the Audit Committee believes that it is appropriate as a matter of policy to request that our stockholders ratify the appointment of PricewaterhouseCoopers LLP as our principal independent registered public accountants. If the stockholders do not ratify the appointment, the Audit Committee will investigate the reasons for stockholder rejection and consider whether to retain PricewaterhouseCoopers LLP or appoint another auditor. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

**Principal Accountant Fees**

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP for the audit with respect to our annual financial statements for the years ended December 31, 2016 and 2017, as well as fees billed for other services rendered by PricewaterhouseCoopers LLP during those periods.

	<b>2016</b>	<b>2017</b>
Audit fees(1)	\$ 4,049,000	\$ 5,780,000
Audit-related fees(2)	883,000	2,317,000
Tax fees(3)	40,500	945,000
All other fees(4)	8,900	8,910
Total fees	\$ 4,981,400	\$ 9,050,910

Audit fees are fees paid for professional services rendered for the audit of our annual consolidated financial statements, for reviews of our interim consolidated financial statements and SEC filings, and for the audit of internal controls over financial reporting. Audit fees also include fees for work generally only the independent auditor can be expected to provide, such as services associated with documents filed with the SEC and with assistance in responding to SEC comment letters, as well as reports, specific audits and agreed upon procedures as required by regulators.

(2) Audit-related fees are fees paid for assurance and related services performed by our independent registered public accountant, including services related to SOC 1 reports and due diligence services.

(3) Tax fees are fees paid for tax compliance, tax advice and tax planning.

All other fees include any fees earned for services rendered by PricewaterhouseCoopers LLP during 2016 and 2017 (4) that are not included in any of the above categories. The other fees for 2016 and 2017 consist of licensing fees paid by us with respect to certain accounting research software.

The Audit Committee charter requires the Audit Committee's pre-approval of all services, both audit and permitted non-audit, to be performed for the Company by the independent auditors. In determining whether proposed services

are permissible, the Audit Committee considers whether the provision of such services is compatible with maintaining auditor independence. As part of its consideration of proposed services, the Audit Committee may (i) consult with management as part of the decision-making process, but may not delegate this authority to management and (ii) delegate, from time to time, its authority to pre-approve such services to one or more Audit Committee members, provided that any such approvals are presented to the full Audit Committee at the next scheduled Audit Committee meeting.

**Recommendation of the Board**

**The Board unanimously recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ending December 31, 2018.**

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PROXY ITEM NO. 3

**PROXY ITEM NO. 3: NON-BINDING VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS**

Section 14A of the Exchange Act requires that we include in this proxy statement a non-binding stockholder vote on the compensation of our named executive officers as described in this proxy statement.

We encourage stockholders to review the Compensation Discussion and Analysis, or CD&A, beginning on page 27. The CD&A provides additional details of our executive compensation program, including our compensation philosophy and objectives, the individual elements of our executive compensation program, and how our executive compensation program is administered.

The Board believes that the executive compensation as disclosed in the CD&A, tabular disclosures, and other narrative executive compensation disclosures in this proxy statement aligns with our compensation philosophy and objectives as well as the pay practices of our Peer Group Companies. The Board strongly endorses the Company's executive compensation program and recommends that stockholders vote in favor of the following resolution:

**RESOLVED, that the stockholders approve the compensation of the named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis section and the tabular and narrative disclosures included in the Company's 2018 annual meeting proxy statement.**

Although the vote is advisory and non-binding, the Board values the opinions of the Company's stockholders as expressed through their votes and other communications. The Board and the Compensation Committee will consider the outcome of the advisory vote on executive compensation when making future compensation decisions. We currently intend to hold a non-binding stockholder vote on our executive compensation each year at the annual meeting of our stockholders.

**Recommendation of the Board**

**The Board unanimously recommends a vote FOR the approval of the above resolution and the compensation of the Company's named executive officers.**

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## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table summarizes information as of December 31, 2017 relating to our equity compensation plans under which equity securities are authorized for issuance:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options and rights</b>	<b>Weighted-average exercise price of outstanding options and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity Compensation Plans approved by security holders <sup>(1)</sup>	19,687,963 (2)	\$ 62.55(3 )	37,114,660 (4)
Equity Compensation Plans not approved by security holders	—	—	—
<b>Total</b>	<b>19,687,963 (2)</b>	<b>\$ 62.55(3 )</b>	<b>37,114,660 (4)</b>

All shares reflected in this table are issuable pursuant to equity incentive plans that were approved either (i) prior to the consummation of the merger with Medco Health Solutions, Inc. in 2012 (the Medco transactions ) by Express Scripts, Inc., in its capacity as our sole stockholder and stockholders of either Express Scripts, Inc. or Medco Health Solutions, Inc., as applicable, or (ii) by our stockholders.

(2) Does not include stock options, restricted stock units or performance shares awarded after December 31, 2017.

• The following is a summary of the 2016 LTIP as of December 31, 2017:

• There are 1,138,694 shares of our common stock to be issued upon exercise of outstanding options, with a weighted average exercise price of \$68.57.

• The number of outstanding and unvested restricted stock units and performance shares (assuming vesting at target) is 1,612,138. Assuming that all performance shares vest at the maximum level, the amount shown in column (a)

• would be increased by 269,739 shares.

• The following is a summary of the 2011 LTIP as of December 31, 2017:

• There are 7,855,357 shares of our common stock to be issued upon exercise of outstanding options, with a weighted average exercise price of \$70.08.

• The number of outstanding and unvested restricted stock units and performance shares (assuming vesting at target) is 684,452 and the number of outstanding vested deferred restricted stock units is 48,841. Assuming that all

• performance shares vest at the maximum level, the amount shown in column (a) would be increased by 443,529 shares.

• Following adoption of the 2016 LTIP on May 4, 2016, no further awards may be made under the 2011 LTIP.

• The following is a summary of the Medco Health Solutions, Inc. 2002 Stock Incentive Plan (the Medco 2002 SIP ) as of December 31, 2017:

•

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There are 7,224,289 shares of our common stock to be issued upon exercise of outstanding options, with a weighted average exercise price of \$54.99.

The number of outstanding and unvested restricted stock units is 142,514 and the number of outstanding vested deferred restricted stock units is 13,424.

We assumed sponsorship of the Medco 2002 SIP and awards granted thereunder upon the consummation of the Medco transactions. Following adoption of the 2016 LTIP on May 4, 2016, no further awards may be made under the Medco 2002 SIP.

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SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

- The following is a summary of our 2000 LTIP as of December 31, 2017:
  - There are 527,736 shares of our common stock to be issued upon exercise of outstanding options, with a weighted average exercise price of \$56.58.
  - No further awards may be made under the 2000 LTIP.
- The following is a summary of our Accredo Health, Incorporated 2002 Long-Term Incentive Plan (the Accredo Plan ) as of December 31, 2017:
  - As of December 31, 2017, there are 438,832 shares of our common stock to be issued upon exercise of outstanding options, with a weighted average exercise price of \$43.96.
  - We assumed sponsorship of the Accredo Plan and awards granted thereunder upon the consummation of the Medco transactions; however, no further awards may be made under the Accredo Plan.
- (3) Shares issuable upon vesting of restricted stock units or performance shares are not included in the weighted average exercise price computation.
  - Includes shares available for issuance under the 2016 LTIP, the EDCP and the Express Scripts, Inc. Employee Stock Purchase Plan (the ESPP ). Because no further grants may be made under the 2011 LTIP, the Medco 2002 SIP, the 2000 LTIP or the Accredo Plan, shares available for issuance under these plans are not included.
- (4) The number of shares available for issuance includes 30,221,531 shares remaining available for future issuance under the 2016 LTIP, 5,868,313 shares remaining available for future issuance under the EDCP and 1,024,816 shares remaining available for future issuance under the ESPP.

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### STOCKHOLDER PROPOSALS FOR 2018 ANNUAL MEETING

#### **STOCKHOLDER PROPOSALS FOR 2018 ANNUAL MEETING**

Certain stockholders have submitted the two proposals set forth below. The proposals have been carefully considered by our Board, which has concluded that adoption of the proposals would not be in the best interests of the Company or its stockholders. **For the reasons stated after each proposal, our Board recommends a vote AGAINST each of the stockholder proposals.**

The proposals and supporting statements are presented as received from the stockholders in accordance with SEC rules, and we (and our Board) disclaim any responsibility for their content. All references to we in the proposal and supporting statement are references to the proponents and not our other stockholders, us, or our Board. We will furnish, orally or in writing as requested, the names, addresses and claimed stock ownership positions of the proponents of each proposal promptly upon written or oral request directed to our Corporate Secretary, Express Scripts Holding Company, at One Express Way, St. Louis, Missouri 63121.

Each stockholder proposal is required to be voted upon at the annual meeting only if properly presented at the meeting by the stockholder proponents. The proponents have informed us that each intends to present the proposal and related supporting statement at the annual meeting.

Information regarding the inclusion of proposals in the proxy statement for our 2019 annual meeting of stockholders can be found on page 77 under Other Matters — Future Stockholder Proposals.

#### **Proxy Item No. 4:**

**Stockholder proposal requesting that the Company report annually to the Board and stockholders identifying whether there exists a gender pay-gap among the Company's employees and other related disclosures.**

RESOLVED: Shareholders request that Express Scripts Holding Company report annually to the board and shareholders, identifying whether there exists a gender pay gap among the company's employees, and if so, the measures being taken (policies, programs, goals etc.) to eliminate any such pay disparities and to facilitate an environment that promotes opportunities for equal advancement for women. The gender pay gap is defined as the difference between male and female earnings expressed as a percentage of male earnings according to the Organization for Economic Cooperation and Development. The report should be prepared by December 2018 at reasonable cost and omit proprietary information. We encourage the company to also address pay equity across race/ethnicity.

#### **Supporting Statement**

Women earn about 80 cents for every dollar earned by their male peers. Differences in age, education, years of experience etc. may explain some of this difference. However, a study by Glassdoor (*Demystifying the Gender Pay Gap*) of over 500,000 self-reported salary data points on its website shows that even after adjusting for these factors, there is an unexplained, statistically significant pay gap of 5.4% (the adjusted gender pay gap) between men and women in the US.

The study also revealed that the healthcare and insurance industries both have an adjusted gender pay gap of 7.2% - the largest of 25 industries studied. This means that women earn about 93 cents for every dollar earned by men

*"working in the same job title, same company, and with similar background and experience,"*

(<https://research-content.glassdoor.com/app/uploads/sites/2/2016/03/Glassdoor-Gender-Pay-Gap-Study.pdf>). This gap is 33% higher than the average adjusted gender pay gap for the US.

The gender pay gap is real - salesforce.com twice commissioned analyses of its salaries and spent \$3 million each time correcting for statistically significant gender-based salary differences for six to 11 percent of its workforce.

Many studies conclude that diversity matters to company performance. Gender and ethnically diverse companies are likely to outperform by 15% and 35% respectively

(<http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>). This raises concerns about whether companies are positioned to attract the best talent, if similar work is not being equally compensated.

Despite progress, pay inequity and advancement opportunities remain concerns for the healthcare industry in which the Company operates. Women comprise 78% of the healthcare workforce but remain underrepresented at the leadership level. At Fortune 500 healthcare companies, women represent only about 20% of executive leadership and 63% of these companies have less than 25% women on their boards (<https://rockhealth.com/the-state-of-healthcare-gender-diversity-2016/>).

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### STOCKHOLDER PROPOSALS FOR 2018 ANNUAL MEETING

In response to the proposal last year, Express Scripts enhanced its disclosure around pay equity. It explained what the compensation program is designed to prevent and reflect. It could be further enhanced to assert that based on its regular reporting and analyses, any discovered gaps are addressed and thus it does not have a gender pay gap. Company peers, including Anthem and UnitedHealth Group, make stronger assertions.

#### **Directors' Recommendation**

**The Board unanimously recommends a vote AGAINST this proposal for the reasons set forth below:**

The Board has carefully considered this proposal and concluded that its adoption is unnecessary and is not in the best interests of our stockholders.

Diversity is an essential element to driving our performance. We have long supported diversity and equality in all areas of our business, including hiring and compensation, and we strive to promote a work environment where our employees' differences are respected and valued. Express Scripts is a leader among Fortune 25 companies with a workforce that is 68% female and 39% minority. Among our leadership ranks, director level and higher, over 46% of our leaders are female. We are committed to ensuring a diverse workforce and treating everyone fairly. Our leadership and commitment to diversity have been recognized by several reputable external groups:

- DiversityInc – Listed as one of the Noteworthy Companies for 2017 (<http://www.diversityinc.com/the-diversityinc-top-50-companies-for-diversity-2017/>)
- Human Rights Campaign – Received a Corporate Equality Score of 100% on the 2018 Corporate Equality Index ([https://assets2.hrc.org/files/assets/resources/CEI-2018-FullReport.pdf?\\_ga=2.111279233.481590401.1518197322-1722752224.1518197322](https://assets2.hrc.org/files/assets/resources/CEI-2018-FullReport.pdf?_ga=2.111279233.481590401.1518197322-1722752224.1518197322))

At Express Scripts, diversity goes beyond race and gender. In 2014, we launched six Employee Resource Groups (ERG) that offer employees the opportunity to network, enhance personal development, contribute to a diverse and inclusive work environment, and give back to the community. Each ERG has a unique focus. For example, one ERG is Women of Express Scripts Listen, Engage, Advocate and Develop (WE LEAD), which focuses on promoting the diversity of women, and creating an environment for professional and personal growth for women in our Company. As of December 31, 2017, approximately 3,400 employees, 79% of which were women, participated in one or more of our ERGs. Information on WE LEAD and our other ERGs can be found at <http://lab.express-scripts.com/about/corporate-citizenship/diversity-and-inclusion>.

Consistent with our commitment to diversity and equality, the compensation programs at Express Scripts are designed to prevent gender pay differences and reduce the risks identified in the proposal. We generally determine compensation based on factors such as scope of job, complexity, required knowledge, skills, and abilities, and internal value of the job to our Company, without any disparate treatment based on the gender, race, ethnicity, religion, sexual orientation, age, or disability of the person holding the job. We also compare the compensation for any given job with market data based on multiple, nationally recognized salary surveys. This facilitates consistency of compensation among employees with similar performance who are in jobs of similar scope and complexity.

We are proud of our strong commitment to diversity and equality and believe our compensation practices appropriately address the needs of our employees. We do not believe the resources required to develop a gender pay gap report justifies the stockholder expense of further proving our already established commitment to diversity and equality.

**Accordingly, the Board unanimously recommends a vote AGAINST this proposal, and your proxy will be so voted if the proposal is presented unless you specify otherwise.**



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STOCKHOLDER PROPOSALS FOR 2018 ANNUAL MEETING

**Proxy Item No. 5:**

**Stockholder proposal requesting the Board annually review and publicly report on its cyber risk.**

**Cyber Risk Report**

RESOLVED: The Company's shareholders ask the Board to review and publicly report (at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information) on its cyber risk and actions taken to mitigate that risk. A report adequate for investors to assess practices should include:

aspects of business or operations that give rise to material cyber risk;

the extent to which the Company outsources functions that have material cyber risks, descriptions of those functions and how the Company addresses those risks;

descriptions of cyber incidents experienced by the Company that individually or in the aggregate are material, including a description of costs and consequences;

risks related to cyber incidents that remain undetected for an extended period; description of relevant insurance coverage;

compliance, regulatory or contractual obligations related to cyber risk; certification to widely recognized standards; and

how cyber risks and cyber incidents are reflected in financial statements.

The report should also discuss the scope and frequency of the Board's oversight of cyber risks which may include review of relevant systems, policies, and procedures, related to:

- determining critical assets (e.g., customer information);
- employee training on data security and privacy-related risks;
- due diligence for third party vendors and potential acquisitions;
- data breach and incident response plans;
- minimization of data collection and retention; and
- security policies and audit frequency

**Supporting Statement**

Prior to becoming the Chairman of the SEC, Jay Clayton wrote, "cyber-threats are among the most urgent risk to America's economic and national security and the personal safety of its citizens." As recently as October 2017, the Co-Director of SEC Division of Enforcement identified cybersecurity disclosure as a priority and subject of potential enforcement "where there may be a cyber-related disclosure failure by a public company."

In 2017, the Healthcare Industry Cybersecurity Task Force noted the industry experienced more cyber incidents resulting in data breaches than any of the other 15 critical infrastructure sectors. According to a 2016 report by the Ponemon Institute, data breaches in healthcare are increasingly costly and frequent, and continue to put patient data at

risk. The report estimates that data breaches could be costing the healthcare industry \$6.2 billion.

In 2008, the Express Scripts Holding Company ("Company") disclosed a data breach affecting personal and medical information of over 700,000 customers.

The Company recognized in its 2017 10-K that:

*[The Company's] ability to conduct operations depends on the security and stability of our technology infrastructure as well as the effectiveness of, and our ability to execute, business continuity plans across our operations. A failure in the security of our technology infrastructure or a significant disruption in service within our operations could materially adversely affect our business and results of operations.*

However, the Company has not provided shareholders with a full report regarding this risk and its policies, procedures or other information concerning how it mitigates this risk.

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**Directors' Recommendation**

**The Board unanimously recommends a vote AGAINST this proposal for the reasons set forth below:**

The Board has carefully considered this proposal and concluded that its adoption is unnecessary and is not in the best interests of our stockholders.

**This proposal is unnecessary because the Company already provides adequate disclosure concerning data privacy and cybersecurity risk.** The Board does not believe that preparing a separate cybersecurity report according to the terms of the proposal is an effective way for the Company to communicate the Company's cyber risk and actions taken to mitigate that risk to its investors. In fact, a disclosure regime concerning such risks is already provided for under existing disclosure rules and SEC guidance, and, contrary to the misleading assertions made by the proposal, the Company already contemplates these concerns in its existing disclosures. In that way, the proposal overlaps in numerous instances with the Company's existing disclosure obligations under SEC rules, including but not limited to requirements to disclose the following:

- risk factors, i.e., the most significant factors that might present risk to an investment in the Company's securities (Item 503(c) of Regulation S-K);
- risk oversight, i.e., the extent of the board's role in the risk oversight of the [Company], such as how the board administers its oversight function and the effect that this has on the board's leadership structure (Item 407(h) of the Regulation S-K);
- key elements of our business operations, including the material aspects of the business, which would include aspects of business or operations that give rise to material... risk (Item 101 of Regulation S-K);
- material contractual obligations, which would include any applicable outsourcing functions or third party vendor relationships, if material (Item 303(a)(5) of Regulation S-K); and
- known trends or uncertainties that have had or that the [Company] reasonably expects will have a material favorable or unfavorable impact on results of operations, which would include, if applicable, any current or prior cyber incidents experienced by the Company that... are material or are otherwise reflected in financial statements (Item 303(a)(3) of Regulation S-K).

Importantly, these disclosures on cybersecurity risk are already contained in the Company's Annual Report on Form 10-K and annual proxy materials distributed to all stockholders on an annual basis. Investors would not benefit from a separate, standalone report, as sought by the proposal, containing numerous duplicative and/or immaterial disclosures.

Our existing reporting and disclosure framework reflects our unwavering commitment to addressing and mitigating cybersecurity risk and already addresses, for example:

- detailed risk factors specific to data privacy and cybersecurity concerns, including details on risks related to (i) the security and stability of our technology infrastructure; (ii) the effectiveness of, and our ability to execute, business continuity plans across our operations; (iii) the importance to our business of securely storing and transmitting confidential data, including personal health information, while maintaining the

integrity of our confidential information; (iv) protecting against security breaches or a disruptions in service; (v) data privacy and cybersecurity risks related to the operations of our third-party vendors; and (vi) our compliance with HIPAA and other data privacy and security legislation;

- the Board's broad oversight role in risk management, which includes cybersecurity risk, in conjunction with our senior executives and other personnel, to identify, assess and manage a broad range of risks (e.g., financial, operational, business, reputational, governance and managerial), and the formulation of plans to manage these risks or mitigate their effects;
- the role of the Audit Committee and the Compliance Committee in assisting the Board in its oversight of significant enterprise risks and regulatory risk exposures, including cybersecurity risks, and the steps that have been taken to monitor and control such exposures, including the regular discussion of our risk assessment and risk management practices and policies;
- key elements of our business operations, including our IT infrastructure, the importance of related information systems essential to our operations and our ongoing efforts to seek opportunities to optimize our IT solutions; and
- vendor relationships concerning disaster recovery services for systems located at our data centers.

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These existing disclosures are extensive and specific, notwithstanding the suggestions of the proposal to the contrary.

Indeed, the SEC's Division of Corporation Finance has already outlined the types of cybersecurity-related disclosures the Division believes are material to investors, as set forth in its Disclosure Guidance: Topic No. 2 (Cybersecurity) (Oct. 13, 2011). The SEC's recent Commission Statement and Guidance on Public Company Cybersecurity Disclosures by the SEC (Feb. 21, 2018) reinforces and expands upon the 2011 guidance to underscore the importance of cybersecurity policies and procedures, among other things. The Board believes that it is in the best interests of the Company and the stockholders to continue to model its own cybersecurity disclosures, consistent with the Company's industry peers, on existing SEC rules and guidance. Nevertheless,

like the SEC, the Company continually evaluates the scope of disclosures in this area after assessing our then current environment, including any new cyber threats and measures we have taken to detect and successfully defend against such threats. Accordingly, the Company may in the future reorient its disclosures, whether in response to our ongoing internal evaluations or in response to evolving SEC guidance.

Accordingly, the Board does not believe that publishing a standalone report is necessary at this time to properly exercise its oversight of this important area or to provide investors with material information related to these risks that is not already provided. Nor does the Board believe that such a report would add to the Company's existing commitment to protecting the Company and its stockholders against cybersecurity risk.

**The report contemplated by this proposal would impose an unnecessary burden and expense on the Company with limited, if any, benefit**

**to our stockholders.**

The Board also believes that producing the report requested by the proposal would not be an efficient use of Company resources nor an effective way to protect stockholder value. Because the proposal's request is framed so broadly, we believe it would be virtually impossible for the Company to fulfill it without extraordinary and unnecessary expense. Moreover, such a report is likely to be incredibly dense, highly technical, and of limited value to investors beyond the disclosures already available to such investors. As discussed above, the Company's existing disclosures already provide investors with the types of cybersecurity-related information that we believe are useful for making an assessment of the Company's risk profile and an investment determination regarding the Company's stock.

We are committed to the highest standards for protecting against and mitigating cybersecurity risk, wherever we do business. These standards apply throughout our Company with no

exceptions. As part of our fundamental business strategy, the Company actively endeavors to implement best practices with respect to cybersecurity threats and seeks ongoing assessments of and improvements in the systems, policies, procedures and personnel we put in place to protect the Company, our investors, customers, and other business relationships against these risks.

As such, the Board sees no need to publish a separate report at this time. Instead, we believe the Company's efforts are better spent on promoting and maintaining more practical efforts to protect against cybersecurity risk.

**The implementation of the proposal could be harmful to the Company and our stockholders.** Due to the nature of Express Scripts' business, its core day-to-day operations inherently involve collecting, managing, and protecting sensitive data from customers, patients and other third parties. In addition to the customers and patients, the Company's data management



systems store confidential data and information from suppliers and other service providers. The Company uses multiple methods and processes to protect privacy and secure data, many of which require a level of confidentiality that could be compromised by the type of disclosures contemplated in the Proposal. It is, therefore, crucial that the Board and management have the discretion to determine the timing and extent of voluntary disclosures relating to its cybersecurity risk. Being bound by the detailed and highly prescriptive requirements of the proposed report would hamstring the Board and management and could potentially harm the Company and stockholders by requiring otherwise unnecessary or imprudent disclosures.

**Accordingly, the Board unanimously recommends a vote AGAINST this proposal, and your proxy will be so voted if the proposal is presented unless you specify otherwise.**

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### OTHER MATTERS

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#### **Other Business at the Annual Meeting**

Management does not intend to bring before the meeting any matters other than those specifically described above and knows of no matters other than the foregoing to come before the meeting. If any other matters or motions properly come before the meeting, it is the intention of the persons named in the accompanying proxy to vote shares of our common stock subject to such proxy in accordance with the recommendation of management on such matters or motions, including any matters dealing with the conduct of the meeting.

#### **Future Stockholder Proposals**

##### *Proposals and Nominations Not for Inclusion in Proxy Statement*

In accordance with our bylaws, a stockholder who, at any annual meeting of our stockholders, intends to nominate a person for election as a director or present a proposal must so notify our Corporate Secretary, in writing, describing such nominee(s) or proposal and providing information concerning such stockholder and the underlying beneficial owner, if any, including, among other things, name, address, occupation, number of shares held, rights to acquire shares and other derivative securities, and any relevant understandings or arrangements between the stockholder and beneficial owner, if any, and the reasons for and interest of such stockholder and beneficial owner, if any, in the proposal. Generally, to be timely, such notice must be received by our Corporate Secretary at our principal executive offices not less than 90 days nor more than 120 days in advance of the first anniversary of the preceding year's annual meeting, provided that in the event that no annual meeting was held the previous year or the date of the annual meeting has been changed by more than 30 days from the date of the previous year's meeting, or in the event of a special meeting of stockholders called to elect directors, not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first. For our annual meeting to be held in 2019, any such notice must be received by us at our principal executive offices between January 10, 2019 and February 9, 2019 to be considered timely for purposes of the 2019 annual meeting. Any person interested in offering such a nomination or proposal should request a copy of the relevant bylaw provisions from our Corporate Secretary or refer to our bylaws as publicly filed with the SEC. Please note that these time periods also apply in determining whether notice is timely for purposes of rules adopted by the SEC relating to the exercise of discretionary voting authority, which rules are separate from and in addition to the SEC requirements that a stockholder must meet in order to have a proposal included in our proxy statement.

Our bylaws also set out specific eligibility requirements that nominees for director must satisfy, which require nominees to:

- complete and return a written questionnaire with respect to the background and qualification of the nominee and the
- background of any other person or entity on whose behalf the nomination is being made; and
  - provide a written representation and agreement that the nominee:
    - will abide by the advance resignation requirements of our bylaws in connection with director elections;
  - is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any
- commitment or assurance to, any person or entity as to how such prospective nominee, if elected as a director, will act or vote on any issue or question (a Voting Commitment ) that has not been disclosed to us or (2) any Voting Commitment that could limit or interfere with the nominee's ability to comply, if elected as a director, with the

nominee's fiduciary duties under applicable law;

is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than us with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein; and

- if elected as a director, would be in compliance and will comply with all of our applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines.

*Director Nominees for Inclusion in Proxy Statement (Proxy Access)*

In March 2016, we amended our bylaws to permit a holder (or a group of not more than 20 holders) of at least 3% of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials director nominees constituting up to the greater of two individuals or 20% of the Board, provided that the nominating holder(s) and the nominee(s) satisfy the requirements specified in the bylaws, including providing us with advance notice of the nomination. Notice of director nominees submitted under these bylaw provisions must be delivered to and received by our Corporate Secretary at our principal executive offices not less than 120 days nor more than 150 days prior to the anniversary of the date

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we commenced mailing of our proxy materials in connection with the most recent annual meeting of stockholders; provided, however, that in the event the date of the annual meeting has been advanced by more than 30 days or delayed by more than 60 days from the date of the previous year's meeting, the notice must be so received no earlier than the opening of business on the 180th day prior to such annual meeting and not later than the close of business on the later of the 150th day prior to such annual meeting or, if later, the tenth day following the day on which public disclosure of the date of the meeting is first made. For our annual meeting to be held in 2019, any such notice must be received by us at our principal executive offices between October 30, 2018 and November 29, 2018 to be considered timely for purposes of the 2019 annual meeting.

#### *Proposals for Inclusion in Proxy Statement Pursuant to Rule 14a-8*

Stockholder proposals intended to be presented at the 2019 annual meeting must be received by us at our principal executive office no later than November 29, 2018, in order to be eligible for inclusion in our proxy statement and proxy relating to that meeting under Rule 14a-8 of the Exchange Act. Upon receipt of any proposal, we will determine whether to include such proposal in accordance with SEC rules and regulations.

#### **Householding of Proxy Materials**

The SEC has adopted rules which permit companies and intermediaries such as brokers to satisfy delivery requirements for Notice of Internet Availability of Proxy Material with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Material addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. We and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you currently receive multiple proxy statements and would prefer to participate in householding, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Express Scripts Holding Company, Attention: Investor Relations, One Express Way, Saint Louis, Missouri 63121, or by telephone at 314-810-3115, and we will promptly deliver these documents to you or start householding, as applicable, following our receipt of such request.

#### **Solicitation of Proxies**

We will bear the cost of the solicitation of proxies for the meeting. Brokerage houses, banks, custodians, nominees and fiduciaries are being requested to forward the proxy material to beneficial owners and their reasonable expenses will be reimbursed by us. Solicitation will be made by mail and may also be made personally or by telephone, facsimile or other means by our executive officers, directors and employees, without special compensation for such activities. We have hired MacKenzie Partners, Inc. to assist with the solicitation of proxies. MacKenzie will receive a fee for such services of approximately \$15,000, plus reasonable out-of-pocket expenses, which will be paid by us.

By Order of the Board of Directors

Martin P. Akins

*Senior Vice President, General Counsel and  
Corporate Secretary*

March 29, 2018

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**MAP TO ANNUAL MEETING OF STOCKHOLDERS**

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