

**2019 PROXY STATEMENT
AND
NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS**



**Tuesday, June 11, 2019
10:00 a.m.
800 N. Glebe Road, Suite 500
Arlington, VA 22203**

EVOLENT HEALTH, INC.
800 N. Glebe Road, Suite 500
Arlington, VA 22203



**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on June 11, 2019**

Dear Stockholder:

You are invited to attend the 2019 annual meeting of stockholders (the "Annual Meeting") of Evolut Health, Inc. (the "Company"), a Delaware corporation, which will be held on Tuesday, June 11, 2019, at 10:00 a.m., local time, at 800 N. Glebe Road, Suite 500, Arlington, VA 22203. The Annual Meeting will be held for the following purposes:

1. To elect two Class I director nominees named in the proxy statement to serve on our Board of Directors until our 2022 annual meeting of stockholders and until their successors are duly elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
3. To approve the compensation of our named executive officers for 2018 on an advisory basis.

In addition, stockholders may be asked to consider and vote upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned, or to which the Annual Meeting may be postponed.

Our Board of Directors has fixed the close of business on April 16, 2019, as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof.

We make proxy materials available to our stockholders on the Internet. You can access proxy materials at <http://ir.evoluthealth.com/Annual-Reports-Proxy-Statements>. You also may authorize your proxy via the Internet by following the instructions on that website. In order to authorize your proxy via the Internet you must have the stockholder identification number that appears on the enclosed proxy card.

By Order of our Board of Directors,

A handwritten signature in black ink that reads "Jonathan Weinberg".

Jonathan D. Weinberg
General Counsel and Secretary

**Important Notice Regarding the Availability of Proxy Materials for
the Stockholder Meeting to be Held on June 11, 2019**

**This proxy statement and our 2018 Annual Report to Stockholders are available at
<http://ir.evoluthealth.com/Annual-Reports-Proxy-Statements>**

You may request and receive a paper or email copy of our proxy materials relating to the Annual Meeting and any future stockholder meetings free of charge by emailing proxymaterials@evoluthealth.com, calling 1-844-246-2928, or visiting <http://ir.evoluthealth.com/Annual-Reports-Proxy-Statements>

Arlington, VA
April 30, 2019

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EVOLENT HEALTH, INC.
800 N. Glebe Road, Suite 500
Arlington, VA 22203

PROXY STATEMENT

**FOR OUR 2019 ANNUAL MEETING OF STOCKHOLDERS
to be held on June 11, 2019**

These proxy materials are being made available in connection with the solicitation of proxies by the Board of Directors (the "Board") of Evolent Health, Inc., a Delaware corporation, for use at our 2019 annual meeting of stockholders (the "Annual Meeting") to be held on Tuesday, June 11, 2019, at 10:00 a.m., local time, at 800 N. Glebe Road, Suite 500, Arlington, VA 22203, or at any postponement or adjournment of the Annual Meeting. References in this proxy statement to "we," "us," "our," "ours," and the "Company" refer to Evolent Health, Inc., unless the context otherwise requires. Distribution of this proxy statement and a proxy card to stockholders is scheduled to begin on or about April 30, 2019, which is also the date by which these materials will be posted.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Who is entitled to vote at the Annual Meeting?

Holders of record of our Class A common stock and Class B common stock at the close of business on April 16, 2019, the record date for the Annual Meeting, are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting. If you are a holder of record of our Class A common stock or our Class B common stock as of the record date, you may vote the shares that you held on the record date even if you sell such shares after the record date. Each outstanding share as of the record date entitles its holder to cast one vote for each matter to be voted upon and, with respect to the election of directors, one vote for each director to be elected. Stockholders do not have the right to cumulate voting for the election of directors.

What is the purpose of the Annual Meeting?

At the Annual Meeting, you will be asked to vote on the following proposals:

- *Proposal 1:* the election of two Class I director nominees named in this proxy statement to serve on our Board until our 2022 annual meeting of stockholders and until their successors are duly elected and qualified;
- *Proposal 2:* the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
- *Proposal 3:* the approval of the compensation of our named executive officers for 2018 on an advisory basis (also referred to as the “say-on-pay” vote).

You also may be asked to consider and act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

What constitutes a quorum?

The presence, in person or by proxy, of holders of a majority of the total number of outstanding shares entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of any business at the Annual Meeting. As of April 16, 2019, the record date, there were 81,908,947 shares of our Class A common stock outstanding and entitled to vote and 713,517 shares of our Class B common stock outstanding and entitled to vote.

Each share of Class A common stock and Class B common stock outstanding on the record date is entitled to one vote on each matter properly submitted at the Annual Meeting and, with respect to the election of directors, one vote for each director to be elected. Abstentions and “broker non-votes” (i.e., shares represented at the meeting held by brokers, as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which, on a particular matter, the broker does not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting.

What vote is required to approve each proposal?

Each proposal requires the affirmative vote of a majority of votes cast by the holders of our Class A common stock and Class B common stock, voting together as one class, whether present in person or by proxy at our Annual Meeting and entitled to vote for the proposal to be approved.

What effect do abstentions and “broker non-votes” have on the proposals?

A broker non-vote occurs when shares held by a broker are not voted with respect to a proposal because (1) the broker has not received voting instructions from the stockholder who beneficially owns the shares and (2) the broker lacks the authority to vote the shares at his/her discretion. Under current New York Stock Exchange (“NYSE”) interpretations that govern broker non-votes, Proposals 1 and 3 are considered non-discretionary matters, and a broker will lack the authority to vote uninstructed shares at his/her discretion on these proposals. Proposal 2 is considered a discretionary matter, and a broker will be permitted to exercise his/her discretion to vote uninstructed shares on this proposal.

An “abstention” will occur at the Annual Meeting if your shares of Class A common stock or Class B common stock are deemed to be present at the Annual Meeting, either because you attend the Annual Meeting or because you have properly completed and returned a proxy, but you do not vote on any proposal or other matter which is required to be voted on by our stockholders at the Annual Meeting. Abstentions and broker non-votes are not considered votes cast and will have no effect on the vote for any proposal.

Can I change my vote after I submit my proxy card?

If you cast a vote by proxy, you may revoke it at any time before it is voted by:

- filing a written notice revoking the proxy with our Secretary at our address;
- properly submitting to us a proxy with a later date;
- submitting a vote at a later time online before the closing of this voting facility at 11:59 p.m. EDT, June 10, 2018; or
- appearing in person and voting by ballot at the Annual Meeting.

If you attend the Annual Meeting, you may vote in person whether or not you previously have given a proxy, but your presence (without further action) at the Annual Meeting will not constitute revocation of a previously given proxy. Unless you have received a legal proxy to vote the shares, if you hold your shares through a bank, broker or other nominee, that is, in “street name,” only that bank, broker or other nominee can revoke your proxy on your behalf.

You may revoke a proxy for shares held by a bank, broker or other nominee by submitting new voting instructions to the bank, broker or other nominee or, if you have obtained a “legal proxy” from the bank, broker or other nominee giving you the right to vote the shares at the Annual Meeting, by attending the Annual Meeting and voting in person.

Who will count the votes?

We have retained American Stock Transfer & Trust Company, LLC to tabulate the votes for the Annual Meeting.

Where can I find the voting results of the Annual Meeting?

We will publish the final results of the voting in a Current Report on Form 8-K within four business days of the Annual Meeting.

How do I vote?

Voting in Person at the Annual Meeting. Only stockholders and persons holding proxies from stockholders may attend our Annual Meeting. All persons attending the Annual Meeting must bring a

form of identification. If you hold your shares in your own name as a holder of record with our transfer agent, American Stock Transfer & Trust Company, LLC, and attend the Annual Meeting, you may vote in person at the Annual Meeting. If your shares are held by a bank, broker or other nominee, that is, in “street name,” and you wish to vote in person at the Annual Meeting, you will need to obtain a “legal proxy” from the bank, broker or other nominee that holds your shares of record.

Voting by Proxy. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you have received a copy of proxy materials by mail. In that case, you may instruct the proxy holders named in the proxy card how to vote your shares of common stock in one of the following ways:

- *Vote online.* You can vote at www.voteproxy.com. To vote online, you must have the stockholder identification number provided in your proxy card.
- *Vote by regular mail.* If you received printed materials and would like to vote by mail, then please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and voting instructions have been forwarded to you by that organization. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee. If you request printed copies of the proxy materials by mail, you will receive a vote instruction form for this purpose.

If you sign and submit your proxy card without specifying how you would like your shares voted, your shares will be voted in accordance with the Board’s recommendations specified in the next question and in accordance with the discretion of the person named on the proxy card with respect to any other matters that may be voted upon at the Annual Meeting or at any adjournment or postponement of the Annual Meeting.

Even if you plan to attend the Annual Meeting, we recommend that you submit a proxy to vote your shares in advance so that your vote will be counted if you later are unable to attend the Annual Meeting.

How does the Board recommend that I vote on each of the proposals?

The Board recommends that you vote:

- **FOR Proposal 1:** the election of Seth Blackley and David Farner as directors to serve on our Board until our 2022 annual meeting of stockholders and until their successors are duly elected and qualified;
- **FOR Proposal 2:** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
- **FOR Proposal 3:** the approval of the compensation of our named executive officers for 2018 on an advisory basis (also referred to as the “say-on-pay” vote).

What other information should I review before voting?

Our 2018 Annual Report to stockholders, including our consolidated financial statements for the fiscal year ended December 31, 2018, is being made available to you along with this proxy statement. **You**

may obtain, free of charge, copies of our 2018 Annual Report to stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which contains additional information about the Company, on our website at www.evolenthealth.com or by directing your request in writing to Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203, Attention: Investor Relations. Our 2018 Annual Report to stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, however, are not part of the proxy solicitation materials, and the information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the Securities and Exchange Commission (the "SEC").

Who will pay for the cost of this proxy solicitation?

We will pay the cost of the solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may solicit proxies personally or by telephone. No arrangements or contracts have been made with any solicitors as of the date of this proxy statement, although we reserve the right to engage solicitors if we deem them necessary. Such solicitations may be made by mail, telephone, facsimile, email or personal interviews.

Why didn't I automatically receive a paper copy of the proxy statement, proxy card and annual report?

Pursuant to rules adopted by the SEC, we have elected to provide certain beneficial owners of our shares held in "street name" access to our proxy materials via the Internet.

How can I receive electronic access to the proxy materials?

You may access our proxy materials over the Internet at <http://ir.evolenthealth.com/Annual-Reports-Proxy-Statements>. If you did not receive a paper copy of the proxy materials, the materials sent to you by your broker, nominee or other organization include instructions on how to request a printed set of the proxy materials by mail or an electronic set of materials by email. In addition, stockholders may request to receive future proxy materials in printed form, by mail or electronically by email on an ongoing basis. Choosing to receive future proxy materials by email will save the Company the cost of printing and mailing documents to you and will reduce the environmental impact of the Annual Meeting. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive future proxy materials by email will remain in effect until you terminate it.

No person is authorized on our behalf to give any information or to make any representations with respect to the proposals other than the information and the representations contained in this proxy statement, and, if given or made, such information and/or representations must not be relied upon as having been authorized.

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board currently consists of eleven members and is divided into three staggered classes of directors, as nearly equal in number as possible. The current term of office of our Class I Directors expires at the Annual Meeting, while the term for our Class II Directors expires at the 2020 annual meeting and the term for our Class III Directors expires at the 2021 annual meeting. Upon unanimous recommendation by the Nominating and Governance Committee of the Board, the Board proposes that the following nominees, Seth Blackley and David Farner, each a current Class I Director, be elected for new terms of three years and until their successors are duly elected and qualified as Class I Directors. Each of the nominees has consented to serve if elected. All of our director nominees are current members of our Board. If any of them becomes unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxy holders will vote for the substitute nominee designated by the Board. There is no limit on the number of terms a director may serve on our Board. Norman Payson M.D., who currently serves on our Board as a Class I Director, will not stand for reelection upon the expiration of his term at the Annual Meeting. Dr. Payson has served on our Board since December 2013 and we wish to thank him for his years of service.

Pursuant to the stockholders agreement we entered with TPG Global, LLC and certain of its affiliates ("TPG"), University of Pittsburgh Medical Center ("UPMC") and The Advisory Board Company ("The Advisory Board") at the time of our initial public offering, for so long as each of TPG, UPMC and The Advisory Board owns or owned at least 40% of the shares of common stock held by it upon the completion of our initial public offering, such stockholder will be or was entitled to nominate two directors to serve on our Board. When such stockholder owns less than 40% but at least 5% of the shares of common stock held by it upon the completion of our initial public offering, such stockholder will be entitled to nominate one director to serve on our Board. As of April 16, 2019, TPG and The Advisory Board no longer held any of the shares of our common stock that they held upon completion of our initial public offering and UPMC owned more than 40% of the shares of our common stock it held upon the completion of our initial public offering. Upon ceasing to hold at least 40% of the shares of common stock held by it following the completion of our IPO, in accordance with the terms of the stockholders agreement, one of TPG's designees offered to tender his resignation, but the Board did not accept this offer. Similarly, upon ceasing to hold at least 5% of the shares of common stock held by it following the completion of our IPO, TPG's other designee offered to tender his resignation, but the Board did not accept this offer. One of The Advisory Board's designees resigned from our Board in 2017, and upon The Advisory Board ceasing to hold at least 5% of the shares of common stock held by it following the completion of our IPO, The Advisory Board's other designee offered to tender his resignation, but the Board did not accept this offer. Pursuant to these provisions, TPG had designated Matthew Hobart and Norman Payson, MD, The Advisory Board had designated Michael D'Amato, and UPMC has designated Diane Holder and David Farner. David Farner is up for reelection under this Proposal 1.

Information Regarding Director Nominees and Directors

Set forth below is biographical information about each of the directors and director nominees. In addition, we have described the experience, qualifications, attributes and skills of each director the Board considered in determining that such director should serve on our Board.

Directors Standing for Election

Class I Directors with Terms Expiring at the 2019 Annual Meeting

Seth Blackley, 40, Director



Seth Blackley, our co-founder, has served as our President since August 2011 and on our Board since April 2018. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. From 2014 to 2016, Mr. Blackley served on the board of directors of Advanced Practice Strategies. Mr. Blackley is currently a board member of Access Clinical Partners and Iodine Healthcare. Mr. Blackley began his career as an analyst in the Washington, D.C. office of McKinsey & Company. Mr. Blackley holds a bachelor of arts degree in business from The University of North Carolina at Chapel Hill, and a master of business administration from Harvard Business School. We believe that Mr. Blackley is qualified to serve on our Board because of his extensive experience in finance, strategy and operations, especially in the field of healthcare, and his extensive knowledge in all aspects of our business.

David Farner, 55, Director



David Farner has served on our Board since September 2014. Mr. Farner has been with UPMC for more than 30 years, holding various senior leadership positions for the last 25 years, including interim Chief Financial Officer. Since 2010, Mr. Farner has served as Executive Vice President and Chief Strategic and Transformation Officer of UPMC. Prior to UPMC, Mr. Farner worked as an auditor at Arthur Anderson & Company. Mr. Farner holds a bachelor of science in computer information systems from Westminster College. We believe that Mr. Farner is qualified to serve on our Board because of his extensive career in healthcare and finance.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE TWO DIRECTOR NOMINEES NAMED ABOVE.

Other Directors Not Standing for Election at this Annual Meeting

Directors who will continue to serve after the Annual Meeting are:

Class II Directors with Terms Expiring at the 2020 Annual Meeting

Bridget Duffy, MD, 60, Independent Director



Bridget Duffy, MD has served on our Board since September 2017. Dr. Duffy has served as the Chief Medical Officer at Vocera Communications, Inc. since January 2013. Prior to her appointment at Vocera, Dr. Duffy co-founded and served as Chief Executive Officer of ExperiaHealth from November 2010 to December 2012. Dr. Duffy also served as the Chief Experience Officer at the Cleveland Clinic. Dr. Duffy holds a bachelor of science degree from the University of Minnesota and received her doctorate in medicine from the University of Minnesota. She completed her residency in internal medicine at Abbott Northwestern Hospital in Minneapolis, Minnesota. We believe Dr. Duffy is qualified to serve on our Board because of her extensive experience in healthcare, including as Chief Medical Officer of Vocera.

Matthew Hobart, 48, Independent Director



Matthew Hobart has served on our Board since September 2013. Mr. Hobart leads the Healthcare and Financial Services investments for TPG Growth, the middle market and growth equity investment fund of TPG. Mr. Hobart is currently a board member of Northstar Anesthesia, Cancer Treatment Services International, Access Clinical Partners and Precision Medicine (among other boards) and his previous board service includes Greencross Limited, The Vincraft Group, Schiff Nutrition International, Inc., a public company, iMDSOFT, Wil Research and Agraquest. From 2001 until he joined TPG Growth in 2004, Mr. Hobart was the Vice President of Corporate Development for Critical Path. Previously, Mr. Hobart co-founded, and from 1999 to 2001 served as a Managing Director of, Vectis Group. From 1993 to 1997, Mr. Hobart made private equity investments in the United States and Europe for Morgan Stanley Capital Partners III L.P. and helped raise and invest funds for the Morgan Stanley Global Emerging Markets Fund. Mr. Hobart holds a bachelor of arts in economics from Miami University and a master in business administration from Stanford University Graduate School of Business. We believe that Mr. Hobart is qualified to serve on our Board because of his extensive experience in leadership, corporate governance and finance.

Diane Holder, 69, Director



Diane Holder has served on our Board since August 2011. Ms. Holder has been an Executive Vice President of UPMC since 2007, President of the UPMC Insurance Services Division and President and CEO of UPMC Health Plan since 2004. Ms. Holder holds a bachelor of arts in psychology from the University of Michigan and a master of science in social work from Columbia University. We believe that Ms. Holder is qualified to serve on our Board because of her extensive career in healthcare.

Michael D’Amato, 65, Independent Director



Michael D’Amato has served on our Board since April 2016. Since October 2016, Mr. D’Amato has served in various executive capacities in the finance and strategy functions of Optoro Inc., and since June 2011, Mr. D’Amato has served as Managing Partner of Sears Road Partners LLC, a private investment company. Prior to joining Sears Road Partners LLC, Mr. D’Amato served as Senior Advisor to Jeff Zients, the Federal Chief Performance Officer and Deputy Director for Management of the Office of Management and Budget from June 2009 to June 2011. From 2004 to 2009, he was a Founding Partner of Portfolio Logic LLC, an investment company focused on small-cap public and private companies, with particular emphasis on healthcare. From 1995 to 2004, he held various executive roles at The Advisory Board, including Chief Financial Officer (1996-1998) and Executive Vice President (1998-2001), and served as a Director from 2001 to 2004. Prior to joining The Advisory Board, Mr. D’Amato held various roles at the management consulting firm Bain & Company, including Senior Partner, where he focused on strategy and organizational development. Mr. D’Amato received a bachelor of science degree from The Massachusetts Institute of Technology and master’s degree in business administration from Harvard Business School. We believe that Mr. D’Amato is qualified to serve on our Board because of his experience in healthcare, finance and consulting, including his roles as Chief Financial Officer and Director of The Advisory Board.

Class III Directors with Terms Expiring at the 2021 Annual Meeting

Bruce Felt, 61, Independent Director



Bruce Felt has served on our Board since June 2015. Since August 2014, Mr. Felt has served as Chief Financial Officer of Domo, Inc. From June 2012 to June 2014, Mr. Felt served as Chief Financial Officer of Ten-X (formerly *Auction.com*). From October 2006 to June 2012, Mr. Felt served as the Chief Financial Officer of SuccessFactors, Inc. From February 2005 through August 2006, Mr. Felt served as chief financial officer of LANDesk Software, Inc. Subsequent to LANDesk's acquisition by Avocent Corp. in August 2006, Mr. Felt was retained by Avocent through February 2007 on a transitional basis to manage certain matters. From April 1999 to February 2005, Mr. Felt served as Chief Financial Officer of Integral Development Corporation. Mr. Felt currently sits on the board of directors of Cambium Networks Corporation, Betterworks and Personal Capital Corporation and has been a member of various non-profit boards. Mr. Felt was a member of the board of directors of Yodlee, Inc., a public company, from April 2015 to December 2016. Mr. Felt holds a bachelor of science in accounting from the University of South Carolina and a master's degree in business administration from Stanford University Graduate School of Business. We believe that Mr. Felt is qualified to serve on our Board because of his financial and accounting background, as well as his experience serving as a senior executive for publicly traded technology companies.

Kenneth Samet, 61, Independent Director



Kenneth Samet has served on our Board since September 2015. Since January 2008, Mr. Samet has served as Chief Executive Officer of MedStar Health, Inc. He previously served as that organization's President from 2003 and as Chief Operating Officer from 1998. From 1990 to 2000, Mr. Samet served as President of MedStar Washington Hospital Center. From the mid-1980s to 1990, he held a variety of leadership positions with the Medlantic Healthcare Group. Mr. Samet served as a director of Catalyst Health Solutions, Inc., a public company, from April 2006 to July 2012, and served as a Director of Cogentix Medical, Inc., a public company, from July 2016 to May 2018. He has served on the board of Luminex Corporation, a public company, since December 2018. Mr. Samet received a bachelor's degree in business administration from the Old Dominion University and a master's degree in health services administration from the University of Michigan. We believe that Mr. Samet is qualified to serve on our Board because of his extensive career in healthcare, leadership and corporate governance.

Cheryl Scott, 69, Independent Director



Cheryl Scott has served on our Board since November 2015. Since July 2016, Ms. Scott has served as the Main Principal of the McClintock Scott Group. From June 2006 to July 2016, Ms. Scott served as Senior Advisor to the Bill & Melinda Gates Foundation. Before joining the foundation, Ms. Scott served for eight years as President and Chief Executive Officer of Group Health Cooperative. She previously served as that organization's Executive Vice President and Chief Operating Officer. Ms. Scott currently serves on a variety of private and not-for-profit boards. She was a member of the board of directors of Recreational Equipment Incorporated (REI) from 2005 to 2017. Ms. Scott received her bachelor's degree in communications and master's degree in health management from the University of Washington. We believe that Ms. Scott is qualified to serve on our Board because of her extensive career in healthcare, leadership and corporate governance, including as the Chief Executive Officer of Group Health Cooperative.

Frank Williams, 52, Director



Frank Williams, our co-founder, has served as our Chief Executive Officer since August 2011 and on our Board since August 2011. He served as the Chief Executive Officer of The Advisory Board from 2001 to 2008. Mr. Williams was a member of the board of directors of The Advisory Board, a public company, from 2001 to 2015. Prior to joining The Advisory Board, Mr. Williams served as President of MedAmerica OnCall from March 1999 to early 2001, President of Vivra Orthopedics from 1995 to 1999, and as a management consultant for Bain & Co. from June 1988 to June 1990. Mr. Williams holds a bachelor of arts degree in Political Economies of Industrial Societies from the University of California, Berkeley, and a master of business administration from Harvard Business School. We believe that Mr. Williams is qualified to serve on our Board because of his extensive knowledge and experience in all aspects of our business and his extensive experience in the healthcare and consulting services fields, including as Chief Executive Officer of The Advisory Board.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed the accounting firm of Deloitte & Touche LLP (“Deloitte”) to serve as our independent registered public accounting firm to audit the Company’s consolidated financial statements as of and for the fiscal year ending December 31, 2019 and its internal control over financial reporting as of December 31, 2019.

As we previously disclosed in a Current Report on Form 8-K filed with the SEC on April 10, 2019, the Audit Committee conducted a competitive process to determine the Company’s independent registered public accounting firm to provide audit services as of and for the 2019 fiscal year. Following review of proposals from the independent registered public accounting firms that participated in the process, the Audit Committee notified PricewaterhouseCoopers LLP (“PwC”) on April 8, 2019, that it was dismissed as the Company’s independent registered public accounting firm, effective immediately. On April 8, 2019, the Audit Committee approved the engagement of Deloitte as the Company’s independent registered public accounting firm to audit the Company’s consolidated financial statements as of and for the year ending December 31, 2019.

The audit reports of PwC on the Company’s consolidated financial statements as of and for the years ended December 31, 2018 and December 31, 2017, did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company’s two most recent years ended December 31, 2018 and 2017, and the subsequent interim period through April 8, 2019, there were no disagreements within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions between us and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction would have caused PwC to make reference in connection with their opinion to the subject matter of the disagreement. Also during this same period, there were no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K, except for a material weakness in internal control over financial reporting related to an insufficient complement of resources with an appropriate level of accounting knowledge, experience and training to address accounting for complex, non-routine transactions. This material weakness was remediated as described in Item 4 to our Quarterly Report on Form 10-Q for the period ended June 30, 2018. PwC has discussed this matter with the Audit Committee, and we have authorized PwC to fully respond to any inquiries of the successor independent registered accounting firm concerning this matter.

During the two most recent years ended December 31, 2018 and December 31, 2017, and the subsequent interim period through April 8, 2019, we have not consulted with Deloitte regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and no written or oral advice was provided to us by Deloitte that it concluded was an important factor considered by us in reaching a decision as to any accounting, auditing, or financial reporting issue, or (ii) any matter that was subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K, or other reportable event of the types described in Item 304(a)(1)(v) of Regulation S-K.

Stockholder ratification of the appointment of Deloitte is not required by law, the NYSE or the Company’s organizational documents. However, as a matter of good corporate governance, the Board has elected to submit the appointment of Deloitte to the stockholders for ratification at the Annual Meeting. Even if the appointment is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time if the Audit Committee believes that such a change would be in the best interest of the Company and its stockholders. If stockholders do not ratify the appointment of Deloitte, the Audit Committee will take that fact into consideration,

together with such other factors it deems relevant, in determining its next selection of an independent registered public accounting firm. Deloitte is considered by our management to be well-qualified. Deloitte has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in the Company or any of our subsidiaries in any capacity.

A representative of Deloitte will be present at the Annual Meeting, will be given the opportunity to make a statement at the Annual Meeting if he or she so desires and will be available to respond to appropriate questions.

A majority of all of the votes cast at the Annual Meeting at which a quorum is present in person or represented by proxy is required for the ratification of the appointment of Deloitte as our independent registered public accounting firm for the fiscal year ending December 31, 2019. We will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence or absence of a quorum. Abstentions and broker non-votes will have no effect on this proposal.

Fee Disclosure

The following is a summary of the fees billed by PwC for professional services rendered for us for the fiscal years ended December 31, 2018 and 2017:

	2018	2017
Audit Fees	\$ 2,750,000	\$ 2,215,000
Audit-Related Fees	125,000	400,000
Tax Fees	-	-
All Other Fees	2,700	2,700
Total	\$ 2,877,700	\$ 2,617,700

Audit Fees

“Audit Fees” include fees associated with professional services rendered for the audit of the financial statements and services that are normally provided by PwC in connection with statutory and regulatory filings or engagements. For example, audit fees include fees for professional services rendered in connection with quarterly and annual reports, the issuance of consents by PwC to be named in our registration statements and to the use of their audit report in the registration statements and the issuance of an attestation of management’s report on internal controls over financial reporting, and fees associated with transactions and proposed transactions (including acquisitions and securities offerings).

Audit-Related Fees

“Audit-Related Fees” refers to fees for assurance services in connection with our securities offerings, as well as related services that are reasonably related to the performance of the audit or review of our financial statements.

Tax Fees

“Tax Fees” refers to fees and related expenses for professional services for tax compliance, tax advice and tax planning.

All Other Fees

“All Other Fees” refers to fees and related expenses for products and services other than services described above, including fees to the independent registered public accounting firm or its affiliates for annual subscriptions to online accounting and tax research software applications and data.

Our Audit Committee considered whether the provision by PwC of any services that would be required to be described under “All Other Fees” would have been compatible with maintaining PwC’s independence from both management and the Company.

Pre-Approval Policies and Procedures of our Audit Committee

Consistent with SEC policies regarding auditor independence and the Audit Committee’s charter, the Audit Committee is directly responsible for the appointment, compensation, retention, removal and oversight of the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Our Audit Committee must pre-approve all audit, non-audit and any other services to be provided by the independent registered public accounting firm. All of the fees billed by PwC for the professional services rendered for us for the fiscal years ended December 31, 2017 and 2018, were pre-approved by our Audit Committee.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

AUDIT COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, (the "Securities Act") or the Securities Exchange Act of 1934 (the "Exchange Act"), that might incorporate this proxy statement or future filing with the SEC, in whole or in part, the following report shall not be deemed incorporated by reference into any such filing.

The Audit Committee operates pursuant to a charter which is reviewed annually by the Audit Committee. Our management is responsible for the preparation, presentation and integrity of our financial statements, the application of accounting and financial reporting principles and our internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for auditing our financial statements, expressing an opinion as to their conformity with accounting principles generally accepted in the United States and auditing management's assessment of the effectiveness of internal control over financial reporting.

The undersigned members of the Audit Committee of the Board of Directors of Evolent Health, Inc. submit this report in connection with the committee's review of the financial reports for the fiscal year ended December 31, 2018 as follows:

1. the Audit Committee has reviewed and discussed with management the audited financial statements and internal control over financial reporting of Evolent Health, Inc. for the fiscal year ended December 31, 2018;
2. the Audit Committee has discussed with representatives of PricewaterhouseCoopers LLP the matters required to be discussed with them pursuant to Auditing Standard No. 1301, "Communications with Audit Committees," as adopted by the Public Company Accounting Oversight Board; and
3. the Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements of Evolent Health, Inc. be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for filing with the SEC.

Submitted by the Audit Committee

Bruce Felt (Chairman)
Kenneth Samet
Cheryl Scott

CORPORATE GOVERNANCE AND BOARD STRUCTURE

Board of Directors Meetings and Committees

The Board met 11 times during 2018. Each incumbent member of the Board attended 75% or more of the meetings of the Board and of the committees on which he or she served that were held during the period for which he or she was a director or committee member, respectively. We do not have a policy on director attendance at our Annual Meeting. None of our directors other than Mr. Williams attended our 2018 annual meeting of stockholders.

Standing committees of our Board include the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Compliance and Regulatory Affairs Committee. The principal functions of each of these committees are briefly described below. The Company's Audit Committee, Compensation Committee and Nominating and Governance Committee are fully independent under the applicable NYSE listing standards and rules of the SEC. The current charters for each of the Audit Committee, Compensation Committee, Nominating and Governance Committee and Compliance and Regulatory Affairs Committee are available on our website at www.evolenthealth.com.

Director	Audit	Compensation	Nominating and Corporate Governance	Compliance and Regulatory Affairs
Frank Williams				
Seth Blackley				
Michael D'Amato		✓		
M. Bridget Duffy, MD			✓	✓
David M. Farner				
Bruce Felt	✓*			
Matthew Hobart		✓*	✓*	
Diane Holder				✓*
Norman Payson, MD**				✓
Kenneth Samet	✓		✓	
Cheryl Scott	✓	✓		
Number of Meetings	4	4	2	3

✓ = Current Committee Member

* = Chair

** = Dr. Payson will not stand for reelection following the expiration of his term at the Annual Meeting

Audit Committee

Our Audit Committee currently consists of Bruce Felt (Chair), Cheryl Scott and Kenneth Samet. In 2018, the Audit Committee met four times. The Audit Committee, among other things:

- Oversees the quality and integrity of our financial statements and accounting practices;
- Selects and appoints an independent registered public accounting firm, such appointment to be ratified by stockholders at our Annual Meeting;
- Pre-approves all services to be provided to us by our independent registered public accounting firm;

- Reviews and evaluates the qualification, performance, fees and independence of our registered public accounting firm;
- Reviews with our independent registered public accounting firm and our management the plan and scope of the accounting firm's proposed annual financial audit and quarterly review, including the procedures to be utilized;
- Reviews with our independent registered public accounting firm and our management the accounting firm's significant findings and recommendations upon the completion of the annual financial audit and quarterly reviews;
- Oversees our internal audit function;
- Reviews our annual and interim financial statements, the report of our independent registered public accounting firm on our annual financial statements, Management's Report on Internal Control over Financial Reporting and the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations in our periodic reports and other filings with the SEC;
- Meets with our independent registered public accounting firm and our management regarding our internal controls, critical accounting policies and practices and other matters;
- Discusses earnings releases and reports to rating agencies with our management;
- Assists our board in the oversight of our financial structure, financial condition and capital strategy;
- Administers our policy governing related party transactions; and
- Oversees our compliance program, response to regulatory actions involving financial, accounting and internal control matters, internal controls and risk assessment policies.

The Board has determined that Bruce Felt qualifies as an "audit committee financial expert", as such term is defined in the rules of the SEC, and that Bruce Felt, Cheryl Scott and Kenneth Samet meet the standards of independence required by SEC rules and NYSE listing standards applicable to members of audit committees; the Company's Audit Committee is fully independent.

Compensation Committee

The Compensation Committee currently consists of Michael D'Amato, Matthew Hobart (Chair) and Cheryl Scott. The Compensation Committee met four times in 2018. The Compensation Committee, among other things:

- Sets and reviews our general policy regarding executive compensation;
- Determines the compensation (including salary, bonus, equity-based grants and any other long-term cash compensation) of our chief executive officer and our other senior executives;
- Oversees our disclosure regarding executive compensation;
- Administers our executive bonus and equity-based incentive plans;
- Reviews and makes recommendations to our board with respect to non-employee director compensation; and
- Assesses the independence of compensation consultants, legal counsel and other advisors to the Compensation Committee and hires, approves the fees and oversees the work of, and terminates the services of such advisors.

Except as prohibited by law, applicable regulations of the NYSE, our charter or our second amended and restated by-laws, the compensation committee may delegate its responsibilities to subcommittees or individuals.

The Board has determined that all members of the Compensation Committee meet the standards of independence required by SEC rules and NYSE listing standards applicable to service on compensation committees; the Company's Compensation Committee is fully independent.

Compensation Consultant

The Compensation Committee has the authority under its charter to retain outside consultants or advisors, as it deems necessary or advisable. In accordance with this authority, the Compensation Committee has directly engaged Exequity LLP (“Exequity”) as its independent compensation consultant to provide it with objective and expert analyses, advice and information with respect to executive compensation. All executive compensation services provided by Exequity were directed or approved by the Compensation Committee, and Exequity reports directly to the Compensation Committee on this assignment. Exequity attended a portion of each of the Compensation Committee meetings during 2018. The Compensation Committee has concluded that no conflict of interest exists with Exequity with respect to the services it provided to the Compensation Committee during 2018. Exequity did not provide any services to the Company or its management other than services to the Compensation Committee, and we do not currently expect Exequity to provide other services to the Company while serving as the Compensation Committee’s consultant.

In addition to Exequity, members of our human resources, legal and finance departments support the Compensation Committee in its work management by providing data, analysis and recommendations regarding the Company’s executive and director compensation practices and policies and individual pay recommendations.

Compensation Committee Interlocks and Insider Participation

Michael D’Amato, Matthew Hobart and Cheryl Scott served on our Compensation Committee during 2018. None of the members of our Compensation Committee has at any time been an officer or employee of the Company. As described above, Matthew Hobart is a partner with TPG. Michael D’Amato and Matthew Hobart were appointed to our Board by The Advisory Board and TPG, respectively, pursuant to the provisions of our stockholders agreement as described above. Certain transactions involving these parties are described under the heading “Certain Relationships and Related Party Transactions”. During 2018, none of our executive officers served as a member of the board of directors or a compensation committee of any entity for which a member of our Board or Compensation Committee served as an executive officer.

Nominating and Governance Committee

The Nominating and Governance Committee currently consists of Matthew Hobart (Chair), Kenneth Samet and Bridget Duffy, MD. The Board has determined that Matthew Hobart, Kenneth Samet and Bridget Duffy, MD meet the standards of independence required by SEC rules and NYSE listing standards; the Company’s Nominating and Governance Committee is fully independent.

The Nominating and Governance Committee met two times in 2018. The Nominating and Governance Committee, among other things:

- Oversees our corporate governance practices;
- Evaluates the composition, size and governance of our Board and its committees and makes recommendations regarding the appointment of directors to our committees;
- Considers stockholder nominees for election to our Board;
- Evaluates and recommends candidates for election to our Board;
- Leads the self-evaluation process of our Board;
- Reviews our corporate governance guidelines and provides recommendations to the board regarding possible changes; and
- Oversees and monitors general governance matters, including communications with stockholders and regulatory developments relating to corporate governance.

Compliance and Regulatory Affairs Committee

Our Compliance and Regulatory Affairs Committee currently consists of Diane Holder (Chair), Norman Payson, MD and Bridget Duffy, MD. The Compliance and Regulatory Affairs Committee met three times in 2018. The Compliance and Regulatory Affairs committee, among other things:

- Assists our Board in carrying out its responsibilities relating to regulatory compliance and ethics;
- Oversees our compliance program;
- Reviews and recommends for approval our code of business conduct and ethics;
- Oversees our response to regulatory actions, and privacy and security issues; and
- Reviews the processes and procedures for reporting concerns by our partners, our employees and our vendors.

GOVERNANCE OF THE COMPANY

We are committed to operating our business under strong and accountable corporate governance practices. Our committee charters, code of business conduct and ethics and corporate governance guidelines are available on our website at www.evolenthealth.com. Any stockholder also may request them in print, without charge, by contacting our Secretary at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203.

Code of Business Conduct and Ethics

Our Board has adopted a code of business conduct and ethics that applies to all of our directors, officers and other employees, including our principal executive officer, principal financial officer and principal accounting officer. Any waiver of the code for directors or executive officers and any amendment of the code may be made only by our Board. We intend to make disclosures of such waivers or amendments required by SEC rules and NYSE listing standards, if any, through publication on our website, www.evolenthealth.com.

Corporate Governance Guidelines

Our Board has adopted corporate governance guidelines that serve as a flexible framework within which our Board and its committees operate. These guidelines cover a number of areas, including the size and composition of the Board, Board membership criteria and director qualifications, director responsibilities, Board agenda, roles of the Chairman of the Board, Chief Executive Officer and presiding director, meetings of independent directors, committee composition, Board member access to management and independent advisors, director communications with third parties, director compensation, director orientation and continuing education, evaluation of senior management and management succession planning.

Board Leadership Structure

Our Board leadership structure consists of a Chairman of the Board who is also our Chief Executive Officer (“CEO”).

Periodically, our Nominating and Governance Committee assesses these roles and the Board leadership structure to ensure the interests of the Company and its stockholders are best served.

Both the Chairman and CEO positions are currently held by Mr. Williams. We also have a Presiding Director selected by the Board in the manner it determines to be in the best interests of the Company’s stockholders. Mr. Felt currently serves as the Presiding Director.

The duties of the Presiding Director include:

- Presiding at meetings of the Board at which the Chairman is not present;
- Collaborating with the Nominating and Governance Committee and the Compensation Committee to organize and communicate performance evaluations of the Chairman/CEO;
- Serving as liaison between the chairman and the independent directors;
- Approving information, meeting agendas and meeting schedules sent to the Board;
- Calling meetings of the independent directors, as appropriate; and
- If requested by major stockholders, ensuring that he or she is available for consultation and direct communication, as appropriate.

Our Board has determined that its current structure, with combined Chairman and CEO roles and a Presiding Director is in the best interests of the Company and its stockholders at this time. A number of factors support the leadership structure chosen by the Board, including, among others:

- Mr. Williams has extensive knowledge of all aspects of the Company and its business and risks, its industry and its customers;
- Mr. Williams is intimately involved in the day-to-day operations of the Company and is best positioned to elevate the most critical business issues for consideration by the Board;
- The Board believes having Mr. Williams serve in both capacities allows him to more effectively execute the Company's strategic initiatives and business plans and confront its challenges;
- A combined Chairman and CEO structure provides the Company with decisive and effective leadership with clearer accountability to our stockholders and customers;
- This structure allows one person to speak for and lead the company and the Board;
- The combined role is both counterbalanced and enhanced by the effective oversight and independence of our Board, and the independent leadership provided by our Presiding Director; and
- In our view, splitting the roles would potentially make our management and governance processes less effective through undesirable duplication of work and possibly lead to a blurring of clear lines of accountability and responsibility.

Board's Role in Risk Oversight

Our Board plays an active role in overseeing management of our risks. The committees of our Board assist our full Board in risk oversight by addressing specific matters within the purview of each committee. Our Audit Committee focuses on financial compliance (i.e., accounting and financial reporting), as well as internal controls and any audit steps taken in light of material control deficiencies. Our Audit Committee discusses our major financial and other risk exposures and the steps that management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. Our Compensation Committee focuses primarily on risks relating to executive compensation plans and policies. Our Nominating and Governance Committee focuses on reputational and corporate governance risks relating to our company including the independence of our Board. Our Compliance and Regulatory Affairs Committee focuses on our regulatory compliance and corporate ethics. While each of these committees is responsible for evaluating certain risks and overseeing the management of such risks, our full Board remains regularly informed regarding such risks through committee reports and otherwise. In addition, our Board and these committees receive regular reports from our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel and other members of senior management regarding areas of significant risk to us, including operational, strategic, legal and regulatory, financial and reputational risks. We believe the leadership structure of our Board supports and promotes effective risk management and oversight.

Director Independence

Our corporate governance guidelines provide that our Board shall consist of such number of directors who are independent as is required and determined in accordance with applicable laws and regulations and requirements of the NYSE and SEC rules. The Board has determined affirmatively, based upon its review of all relevant facts and circumstances and after considering all applicable relationships of which the Board had knowledge, between or among the directors and the Company or our management (some of such relationships are described in the section of this proxy statement entitled "Certain Relationships and Related Party Transactions"), that each of the following directors and director nominees has no direct or indirect material relationship with us and is independent under the listing standards of the NYSE and SEC rules: Michael D'Amato, Bruce Felt, Matthew Hobart, Kenneth

Samet, Cheryl Scott and Bridget Duffy, MD. In determining the independence of Mr. Hobart, who is a partner with TPG, our Board considered TPG's prior investment in the Company and related agreements, but did not view the relationship as materially impacting its independence determination. In determining the independence of Mr. Samet, who is the Chief Executive Officer of MedStar Health, Inc., one of our partners, our Board considered the relationship arising through the ordinary course of business between us and MedStar Health, Inc., but did not view the relationship as materially impacting its independence determination. Our corporate governance guidelines provide that the independent directors should hold an executive session at least once a year.

Communications with the Board

Stockholders and other interested parties who wish to communicate with our Board, our Presiding Director Bruce Felt, our independent or non-management directors as a group, any of the committees or any of the individual non-employee directors may do so by sending a letter to the intended recipient, in the care of our Secretary, at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203. Such correspondence will be relayed to the appropriate director or directors as appropriate. Stockholders may communicate with Mr. Williams and Mr. Blackley, the Board's employee-directors, by sending a letter addressed to the intended recipient at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203.

Identification of Director Candidates

On an annual basis our Board conducts a formal board self-evaluation led by our Nominating and Governance Committee to determine targeted focus areas. Our Board continually assesses and evaluates its composition, taking into account, among other things, the experience, skills, background and diversity of its members. The Nominating and Governance Committee evaluates director candidates in accordance with the director membership criteria described in our corporate governance guidelines and our policy statement regarding director nominations. In addition to satisfying relevant independence standards and the requirements of Section 8 of the Clayton Act, the following are the minimum qualifications that candidates for the Board must possess:

- Minimum of 21 years of age at the time they commence their term and will not be eligible for nomination or re-nomination to the Board if they are older than age 75;
- Demonstrated reputation for integrity, judgment, acumen, and high professional and personal ethics;
- Financial literacy and significant experience at the policy-making level in business, government or the non-profit sector;
- Time and ability to make a constructive contribution to the Board, and a clear commitment to fulfilling fiduciary duties and serving the interests of all the Company's stockholders; and
- An expectation of regularly attending meetings, staying informed about the Company and its businesses, participating in the discussions of the Board and its committees, complying with applicable Company policies, and taking an interest in the Company's businesses and providing advice and counsel to the Chairman and Chief Executive Officer.

The Nominating and Governance Committee reviews a candidate's qualifications to serve as a member of our Board based on the skills and characteristics of the individual as well as the overall composition of our Board in light of the Company's current and expected structure and business needs, regulatory requirements, the diversity of viewpoints represented on the Board and committee membership requirements. The Nominating and Governance Committee evaluates a candidate's professional skills and background, experience at the policy-making level in the business, government or non-profit sectors or as a director of a widely-held public corporation, financial literacy, age, independence and past performance (in the case of incumbent candidates), along with qualities

expected of all directors, including integrity, judgment, acumen, high professional and personal ethics, familiarity with our business and the time and ability to make a constructive contribution to our Board. The Nominating and Governance Committee believes it would be desirable for new candidates to contribute to the variety of viewpoints on the Board, which may be enhanced by a mix of different professional and personal backgrounds and experiences. The Nominating and Governance Committee will consider director candidates recommended by stockholders. The Nominating and Governance Committee considers and reviews all candidates in the same manner regardless of the source of the recommendation. Our second amended and restated by-laws provide that any stockholder of record entitled to vote for the election of directors at the applicable meeting of stockholders may nominate persons for election to our Board, if such stockholder complies with the applicable notice procedures, which are discussed under the heading “*Other matters—Stockholder Proposals*” in this proxy statement.

Director/Nominee Skills Matrix

Director/Nominee	Healthcare	Finance/ Former CFO	Consulting	CEO/ Former CEO	Technology	Corporate Governance
Frank Williams	✓		✓	✓		
Seth Blackley	✓	✓	✓			
Michael D’Amato	✓	✓	✓			
Bridget Duffy	✓		✓	✓		✓
David Farner	✓	✓				
Bruce Felt		✓			✓	
Matthew Hobart	✓	✓				✓
Diane Holder	✓			✓		
Norman Payson*	✓		✓	✓		
Kenneth Samet	✓			✓		✓
Cheryl Scott	✓			✓		✓

* Dr. Payson will not stand for reelection following the expiration of his term at the Annual Meeting

Executive Sessions of Non-Management Directors

Our corporate governance guidelines provide that the independent directors serving on the Board should hold an executive session at least once a year. In accordance with such guideline, the Board regularly schedules executive sessions. The executive sessions are chaired by our Presiding Director and facilitate candid discussion of the independent directors’ viewpoints regarding the performance of management and the Company.

Corporate Governance Policies Related to Compensation and Equity

Please refer to “*Compensation Discussion and Analysis-Corporate Governance Policies*” beginning on page 24 of this proxy statement for discussion of our policies with respect to prohibiting derivative trading, hedging and pledging and the tax deductibility of compensation.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Named Executive Officers (“NEOs”)

This Compensation Discussion and Analysis describes the compensation of our NEOs named in the Summary Compensation Table for 2018:

Name	Position
Frank Williams	Chairman of the Board and CEO
Seth Blackley	President
Nicholas McGrane	Chief Financial Officer
Thomas Peterson	Chief Operating Officer
Jonathan Weinberg	General Counsel

2018 Highlights

Below are highlights of our financial performance in 2018, including revenue and Adjusted EBITDA , which were the performance metrics used for the Company’s 2018 Annual Executive Bonus Plan (the “2018 Bonus Plan”):(1)

- Revenue of \$627.1 million, an increase of 44.2% compared to 2017; Adjusted Revenue of \$632.4 million, an increase of 44.9% compared to 2017
- Net income (loss) attributable to Evolent Health, Inc. of \$(52.7) million; Adjusted EBITDA of \$23.2 million

(1) See Appendix A to this proxy statement, entitled “Use of Non-GAAP Financial Metrics”, for the definitions of Adjusted Revenue and Adjusted EBITDA, and reconciliations to revenue and net income (loss) attributable to Evolent Health, Inc.

Year in Review

We achieved a number of important operational and clinical milestones in 2018 and met our financial objectives on both the top and bottom line while advancing our position as a leading partner for providers in their movement to value-based care. The successes of 2018 include:

- Won and launched our first Medicaid plan;
- Managed our first fully-owned health plan to a successful and profitable first year;
- Addition of approximately 800,000 lives on platform;
- Expanded our capabilities with the addition of specialty care management through our acquisition of New Century Health; and
- Improved our cost structure via automation and buildout of our Indian subsidiary.

Corporate Governance “Best Practices”

Below is a summary of best practices that we have implemented with respect to the compensation of our NEOs because we believe they support our compensation philosophy and are in the best interests of our Company and our stockholders.

- Our compensation is aligned with a pay-for-performance philosophy where a substantial portion of executive officer compensation is at-risk and tied to objective performance objectives.

- The Compensation Committee engages an independent compensation consultant.
- We prohibit all executives and directors from hedging and pledging our securities, subject to limited exceptions.
- We do not typically provide our NEOs with any perquisites not generally available to our other associates.
- Since our initial public offering, we only grant equity awards with “double-trigger” vesting.
- Our executive officers do not have employment agreements and are not guaranteed salary increases or bonuses.

Our Board and the Compensation Committee greatly value the benefits of maintaining a dialogue with our stockholders to understand their views on our executive compensation program and practices. The Compensation Committee intends to consider the outcome of say-on-pay votes and is devoted to consistently reviewing and enhancing our compensation programs.

Our 2018 Executive Compensation Program and Practices

The Compensation Committee believes that our executive compensation program is appropriately designed to advance stockholder interests through effective performance-based incentives with retention features. The primary components and associated purposes of our compensation program are as follows:

- *Base Salary* - Ongoing cash compensation based on the executive officer’s role and responsibilities, individual job performance and experience. We use base salary to provide the security of a competitive fixed cash payment for services rendered.
- *Annual Cash Incentives* - Annual incentive with target award amounts for each executive officer. Actual cash payouts are linked to achievement of pre-established annual Company goals and individual performance. We use annual cash incentives to motivate exceptional annual performance and support our objectives by tying any award to performance against corporate and individual objectives.
- *Long-Term Equity Compensation* - Restricted stock unit (“RSU”) and stock option awards that generally vest 25% annually over four years. We use RSUs and stock options to retain executives and align their interests with those of our long-term stockholders by motivating them to build stockholder value over the life of the grants and beyond.
- *Other Benefits* - Provide other benefits that are competitive and consistent with the market. We offer general health and welfare benefits. We have not entered into any agreements with our executives that provide cash severance in the event of involuntary termination. Retirement benefits are generally limited to participation in a tax-qualified 401(k) plan, which includes a Company match.

Under our executive compensation program, performance-based incentive compensation comprises a substantial portion of target compensation, and our executive officers have a larger percentage of compensation at-risk than is fixed relative to total compensation. The Compensation Committee considers each component of compensation collectively with other components when establishing the various forms, components, and levels of compensation for our executive officers. In determining the appropriate mix of compensation elements for each executive officer, our compensation program seeks to provide a balance between the various components by rewarding performance through annual performance-based cash incentive compensation that encourages achieving and exceeding annual goals designed to advance our long-term growth strategy and also through long-term equity incentive compensation to align our executive officers’ interests with those of our stockholders.

Objectives of our Executive Compensation Program

Our compensation philosophy for executive officers aims to provide incentives to achieve both short- and long-term business objectives, align the interests of our executive officers and stockholders, and ensure that we can hire and retain talented individuals in a competitive marketplace.

Key objectives of our executive compensation program are as follows:

- Attract and retain highly qualified and productive executives.
- Motivate executives to enhance our overall performance and profitability through the successful execution of the Company's short- and long-term business strategies.
- Align the long-term interests of our executives and stockholders through the ownership of Company stock by executives and by rewarding stockholder value creation.
- Reflect our pay-for-performance philosophy.
- Ensure that compensation opportunities are competitive.

Role of the Compensation Committee and the CEO

The Board has delegated to the Compensation Committee the responsibility of overseeing the administration of the Company's compensation plans and the preparation of all reports and documents required by the rules and regulations of the SEC. The Compensation Committee annually reviews and approves the corporate goals and objectives upon which the executive compensation program is based. The Compensation Committee evaluates the CEO's performance in light of these goals and objectives. Furthermore, the Compensation Committee reviews and makes recommendations to the Board with respect to any incentive compensation plans, including equity-based plans, to be adopted or submitted to the Company's stockholders for approval.

The Compensation Committee meets at least quarterly throughout the year and may meet more often, as required to address ongoing events. In 2018, the Compensation Committee met four times. Meeting agendas are determined by the Chair of the Compensation Committee with the assistance of our CEO. Our CEO attended all four Compensation Committee meetings, and representatives from the Compensation Committee's independent compensation consultant, Exequity, attended all four meetings of the Compensation Committee. At the Compensation Committee meetings, our CEO made recommendations to the Compensation Committee regarding the annual base salary, annual cash incentive compensation, and equity compensation of our NEOs (other than our CEO).

Compensation Setting Process

The Compensation Committee makes compensation determinations for our CEO after consideration of individual and Company performance for the year, along with an examination of external market data of our industry peer group, based on the surveys described below under "*Use of Peer Companies*".

The Compensation Committee makes compensation determinations for our NEOs (other than our CEO) based on recommendations made by our CEO, taking into account each NEO's individual performance (with an assessment of the individual's accomplishments provided by our CEO) and Company performance, along with an examination of external market data, based on the surveys described below under "*Use of Peer Companies*".

Use of Peer Companies

To begin the compensation review process relating to 2018, the Compensation Committee reviewed the Company's peer group to determine if revisions were needed based on changes affecting either

the Company or any of the peer group companies. Our process focused on reviewing companies within related industries to develop a peer group that balances industry focus and revenue size, among other considerations. The listing of potential peers included companies identified as our peers by Institutional Shareholder Services and was further defined based on business scope and the competitive market for talent.

Based on key metrics for the current peer group and guidance from Exequity, the Compensation Committee determined to keep the peer group intact for 2018. All of the peer companies are publicly traded and demonstrate appropriate revenue size and industry focus or a level of complexity and business model similar to that of ours. At the time of the review, our market capitalization approximated the peer group 43rd percentile, and our revenues approximated the peer group 33rd percentile. The peer group consists of the following companies:

The Advisory Board Company ⁽¹⁾	Inovalon Holdings, Inc.
athenahealth, Inc.	Medidata Solutions, Inc.
Benefitfocus, Inc.	National Research Corporation
Castlight Health, Inc.	Navigant Consulting, Inc.
HealthEquity, Inc.	Premier, Inc.
HealthStream, Inc.	Quality Systems, Inc.
HMS Holdings Corp.	Tivity Health, Inc.
Huron Consulting Group Inc.	Veeva Systems Inc.

(1) The Advisory Board was acquired by OptumInsight, Inc., a division of UnitedHealth Group Incorporated, in November 2017. The Advisory Board filed a proxy on November 9, 2017 and the Compensation Committee determined that The Advisory Board could remain a viable peer for 2018 review.

Compensation data from public filings of companies in our peer group and from published surveys formed the basis of the competitive benchmarking analysis and pay mix comparison. The data provided a useful reference point in the Compensation Committee’s efforts to align target total executive compensation at the median of our peers, which would afford our NEOs the opportunity to earn above-target level of compensation for exceptional performance that could be expected to increase value for stockholders, while providing that they would earn less than targeted compensation if the Company’s performance failed to meet expectations.

In determining the structure of our executive compensation program, as well as the individual pay levels of our executive officers, the Compensation Committee reviewed competitive market data provided by Exequity, which compared the various elements of compensation provided to our executive officers, relative to compensation paid to individuals holding similar positions at companies in our executive compensation peer group. Exequity worked with management to assess the data and review our compensation practices.

Elements of our Compensation Program

Base Salary

The Compensation Committee reviews executive officer base salaries each year (or otherwise at the time of a new hire or promotion) and makes any adjustments it deems necessary. In setting base salaries, the Compensation Committee considers changes in responsibilities, individual performance, tenure in position, internal pay equity, Company performance, market data for individuals in similar positions and advice from our independent compensation consultant. The Compensation Committee

gives no specific weighting to any one factor in setting the level of base salary and the process ultimately relies on the subjective exercise of the Compensation Committee's judgment. As part of the annual review process, base salaries for Messrs. Williams, Blackley, McGrane and Peterson remained the same as compared to 2017 because the Compensation Committee determined that market conditions did not warrant any other adjustments while Mr. Weinberg's salary was increased in July, 2018 to bring him more in line with the market median as reflected in the table below.

Name	2017 Base Salary	2018 Base Salary	\$ Increase	Rationale
Frank Williams	\$600,000	\$600,000	-	Market conditions did not warrant increase
Seth Blackley	\$400,000	\$400,000	-	Market conditions did not warrant increase
Nicholas McGrane	\$375,000	\$375,000	-	Market conditions did not warrant increase
Thomas Peterson	\$375,000	\$375,000	-	Market conditions did not warrant increase
Jonathan Weinberg	\$300,000	\$350,000	\$50,000	Increased in July 2018 to bring more in line with market median

Annual Cash Incentive Plan

We use our annual bonus program to encourage the achievement of specified strategic and operational objectives. Each of our NEOs was awarded a cash incentive opportunity pursuant to the 2018 Bonus Plan, with the opportunity to earn a cash bonus based on satisfaction of pre-established quantitative and qualitative performance metrics, as well as achievement of individual goals. The 2018 Bonus Plan is funded based on the Company's achievement of Company performance goals. Payments under the 2018 Bonus Plan to our NEOs are then determined by our Compensation Committee based, in the case of our NEOs other than Mr. Williams, on recommendations made by Mr. Williams, considering the executive's performance as rated on a five-point scale against predetermined individual performance goals. The Board selected the following individual performance goals for our NEOs and the Company performance goals for the 2018 Bonus Plan: (i) operational standardization and solution expansion; (ii) clinical and financial performance of our partners; (iii) financial metrics (revenue of \$610 million to \$630 million and Adjusted EBITDA of \$22 million to \$27 million); (iv) growth through new bookings and expanded partnerships; and (v) optimal and high-performing organization, measured by engagement, talent depth and retention. Each of our NEOs met or exceeded all the corporate goals under the 2018 Bonus Plan. The Committee retains discretion to adjust any payouts based on an assessment of the NEOs' cumulative performance against their objectives.

Each of our NEOs' baseline bonus opportunities, which corresponds to three out of five points, or a rating of "meets expectations," target bonus opportunities, which corresponds to four out of five points, or a rating of "exceeds expectations" and maximum bonus opportunities, which corresponds to five out of five points, or a rating of "exceptional performance," under the 2018 Bonus Plan are as follows:

Name	Baseline	Target	Maximum
Frank Williams	\$ 300,000	\$ 600,000	\$ 900,000
Seth Blackley	\$ 200,000	\$ 400,000	\$ 600,000
Nicholas McGrane	\$ 131,250	\$ 215,625	\$ 300,000
Thomas Peterson	\$ 131,250	\$ 215,625	\$ 300,000
Jonathan Weinberg	\$ 122,500	\$ 201,250	\$ 280,000

2018 Bonus Plan Payout Results

Our CEO, Mr. Williams, reviewed with the Compensation Committee the performance and impact as compared to the pre-established individual goals for our NEOs (which are described below in “Personal Leadership Assessment”) other than Mr. Williams. The review included a personal leadership assessment, which considered achievement by each officer against pre-determined goals, changes in responsibility levels, and input obtained from other members of the Company’s senior management. With respect to the annual compensation for the Company’s CEO, the Compensation Committee reviewed the quantitative and qualitative goals for the Company and considered information relating to Mr. Williams’ individual performance from other members of the Company’s senior management. Information about the factors considered when determining award payouts is presented below.

Evolent Health, Inc. Financial Performance

We value the link between performance and payout. In establishing the annual incentive program, the quantitative Company financial metrics against which our executives are measured included revenue and Adjusted EBITDA. The Compensation Committee utilized these quantitative Company performance metrics because it believes that they are key determinants of stockholder value and offer a comprehensive and clear measure of the Company’s performance.

Metric	Target	Actual
Revenue	\$610M - \$630M	\$627.1M
Adjusted EBITDA	\$22M - \$27M	\$23.2M

Personal Leadership Assessment

The personal leadership assessment included 360-degree feedback to take into account what was accomplished and how it was accomplished. Each NEO is measured against goals in the areas of Compelling Solutions, Client Value, Growth and Organization. Individual goals relating to the decisions for 2018 compensation for each NEO included the following:

Compelling Solutions

- Operational standardization driving effectiveness and efficiency.
- Solution expansion through clinical innovation, high-output platform development, and M&A.

Client Value

- Deliver on-target clinical, administrative and financial results.
- Drive partner success, resulting in high satisfaction, retention and growth.

Growth

- Set up 2019 topline through same store expansion and new partnerships.
- Achieve 2018 operating budget, on track to become cashflow positive in 2019.

Organization

- Build a high performing organization, with a focus on leadership, diversity, and a differentiated employee experience.

After a thorough review of the Company's overall performance during 2018, our Compensation Committee, in consultation with our CEO, made the decision to reduce the funding of the 2018 Bonus Plan. While the Company hit baseline targets for revenue and Adjusted EBITDA for 2018, our performance fell short of our stretch targets and did not meet our goals for setting up 2019. As a result of the reduced funding, the Compensation Committee, in its discretion, made the decision to not award annual cash bonuses to our NEOs under the 2018 Bonus Plan.

Name	Baseline	Target	Bonus Payout
Frank Williams	\$ 300,000	\$ 600,000	\$ 0.00
Seth Blackley	\$ 200,000	\$ 400,000	\$ 0.00
Nicholas McGrane	\$ 131,250	\$ 215,625	\$ 0.00
Thomas Peterson	\$ 131,250	\$ 215,625	\$ 0.00
Jonathan Weinberg	\$ 122,500	\$ 201,250	\$ 0.00

Long-Term Annual Equity Compensation

As part of our annual equity award grants, in January 2018, our Compensation Committee approved the grant of equity-based awards under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan (as amended, the "2015 Plan") to certain of our employees, including our NEOs, in the form of time-based RSUs and stock options. For our NEOs, 2018 grant amounts were determined and established to deliver the total target compensation opportunity within an acceptable range of the peer group median for each respective position. The Compensation Committee considers its long-term equity compensation program to be a key component of the executive officer compensation program in order to motivate and reward executive officers over the long term and further align the interests of our executives with those of our stockholders.

Restricted Stock Units

On February 1, 2018, Messrs. Williams, Blackley, McGrane, Peterson and Weinberg each received a grant of time-based RSUs. The amount of RSUs granted was equal to 50% of the targeted grant date value, divided by the closing price of our common stock on the grant date of \$13.95. The RSUs vest at a rate of 25% on each of the first four anniversaries of the grant date, subject to the individual's continued employment through such date. The RSUs are fair value awards that fluctuate with the upward and downward movement of the Company's stock price. These awards serve to align management's interest with those of stockholders, while at the same time creating more stability by providing an incentive for holders of RSUs to remain with the Company even if our stock price declines after the grant date.

Stock Options

On February 1, 2018, Messrs. Williams, Blackley, McGrane, Peterson and Weinberg each received a grant of time-based stock options. The amount of options granted was equal to 50% of the targeted grant date value, divided by the Black-Scholes value of the options on the grant date. The stock options vest at a rate of 25% on each of the first four anniversaries of the grant date, subject to the individual's continued employment through such date. The stock options provide the holder with a strong performance-based incentive, since the value of the stock option depends on an increase in our stock price from the grant date.

Grants of stock-based awards to our NEOs are generally made as part of the broad grant to other Company employees, which occurs annually, typically in the first quarter of the calendar year. The timing of annual grants generally is dictated by the timing of the completion of performance reviews

and the timing of decisions regarding other forms of direct compensation. We do not have any program, plan, or practice to time such awards in coordination with the release of material non-public information. Stock-based awards are made under the terms of the Company's 2015 Plan and, in the case of stock options, are granted with an exercise price equal to the closing price of our common stock on the grant date, as reported on the NYSE.

The Company calculates the fair value of the stock awards using the Black-Scholes model. The calculations were based on the grant date closing price of the Company's common stock of \$13.95, as reported on the NYSE.

Name	RSUs (#)	Stock Options (#)	Grant Date Value (\$)
Frank Williams	96,774	227,273	\$2,700,000
Seth Blackley	86,022	101,010	1,800,000
Nicholas McGrane	22,401	52,609	625,000
Thomas Peterson	25,090	58,923	700,000
Jonathan Weinberg	10,753	25,253	300,000

For further information regarding our RSU and stock option awards, see the "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" and "Potential Payments Upon Termination or Change of Control" sections of this proxy statement.

Other Benefits

Our NEOs are entitled to employee benefits generally available to all full-time employees of the Company, including health and welfare benefits. In designing these offerings, the Company seeks to provide an overall level of benefits that is competitive with the level of benefits offered by similar companies in the markets in which it operates.

Severance Benefits

Consistent with our policy, we have not entered into any employment or severance agreements with any of our NEOs. As such, we do not have any agreements with any of our NEOs that provide cash payments upon a termination of employment or a change in control of the Company.

Historically, our outstanding equity awards contained "single trigger" and "double trigger" provisions. Awards granted pursuant to the Evolent Health Holdings, Inc. 2011 Equity Incentive Plan (the "2011 Plan") contained "single trigger" provisions and would have vested upon a change of control of the Company. As of the date of this proxy statement, no "single trigger" awards granted to our NEOs remain unvested. Awards granted pursuant to the 2015 Plan contain "double trigger" provisions and only vest upon a qualifying termination of employment without cause or for good reason that occurs within 12 months following a change of control of the Company. If these provisions are triggered, they will cause certain of the outstanding stock options to become fully exercisable and RSUs to become fully vested, as described below in the "Potential Payments Upon Termination or Change of Control" section of this proxy statement.

Retirement Plans

The Company maintains a qualified defined contribution retirement plan (the "Evolent Health 401(k) Plan") to allow employees to save for retirement in a tax-efficient manner. The plan is broadly available to eligible employees and does not discriminate in favor of the NEOs or other members of senior

management. All our NEOs are eligible to participate in the Evolent Health 401(k) Plan in the same manner as all U.S. employees. Participants are eligible for a 100% match on 4% of eligible pay, subject to IRS-qualified plan compensation limits and highly compensated threshold limits, and may not receive 401(k) benefits in excess of these limits. None of the NEOs participate in any defined benefit pension plans, non-qualified deferred compensation plans or supplemental retirement or executive savings plans.

Corporate Governance Policies

Prohibition on Derivative Trading, Hedging and Pledging

Under our policies, no director, officer or employee may buy or sell puts, calls, other derivative securities of the Company or any derivative securities that provide the economic equivalent of ownership of any of the Company's securities at any time. We also have an anti-pledging policy whereby no director, officer or employee may pledge Company securities, unless the pledge has been approved by the Audit Committee.

Policy with Respect to Tax Deductibility of Compensation

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Section 162(m), as in effect prior to 2018, provided that we may not deduct compensation of more than \$1,000,000 paid in any year to the CEO or any of the three other most highly compensated officers (excluding the Chief Financial Officer), unless the compensation qualified as "performance-based compensation" under Section 162(m). In connection with granting incentive compensation to the NEOs, the Compensation Committee's historical practice has been to consider the implications under Section 162(m) while retaining flexibility to design programs that it believes are in the best interests of the Company and its stockholders and consistent with the objectives of our executive compensation programs, including the flexibility to authorize payments that might not be deductible, including payments under the 2018 Bonus Plan. The Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, eliminated the exception for "performance-based" compensation under Section 162(m) with respect to compensation paid in fiscal year 2018 and in future years. As a result, compensation over \$1,000,000 paid in fiscal 2018 by the Company to any NEO will be nondeductible under Section 162(m). Beginning in 2019, following a one-year transition period from the closing of the Company's acquisition of True Health New Mexico, Inc. in January 2018 as permitted under the applicable regulations, the Company expects to be subject to Section 162(m)(6) of the Code. This section limits the deductibility of compensation of more than \$500,000 paid in any year to any employee of a covered health insurance provider and its affiliates.

Compensation Program Risk Assessment

As part of its oversight role, the Compensation Committee considers the impact of our compensation program, policies and practices (both at the executive and below-executive levels), on the Company's overall risk profile. Specifically, the Compensation Committee, with assistance from our CEO, reviews the compensation plans, incentive plan design, incentive payouts and factors that may affect the likelihood of excessive risk taking to determine whether they present a significant risk to the Company. We believe that our pay program provides an effective balance in cash and equity mix and short- and longer-term performance periods, and also allows for the Compensation Committee's discretion. The Company also maintains policies to mitigate compensation-related risk such as vesting periods on equity, insider-trading prohibitions, and independent Compensation Committee oversight. Based on this review, the Compensation Committee determined that the risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with management. Based on its review and discussion with management, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by our Compensation Committee

Matthew Hobart, Chairman
Cheryl Scott
Michael D'Amato

ADDITIONAL EXECUTIVE COMPENSATION INFORMATION

Summary Compensation Table

The following table sets forth information concerning the compensation earned by our chief executive officer, our chief financial officer and our three other most highly compensated executive officers, who we refer to as our NEOs, during our fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016, except in the case of Mr. McGrane, who was not a NEO in 2016, and Mr. Weinberg, who was not a NEO in 2017 or 2016.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) ⁽³⁾	Total Compensation (\$)
Frank Williams (CEO) ⁽⁴⁾	2018	\$ 600,000	\$ —	\$ 1,350,000	\$ 1,350,000	\$ —	\$ —	\$ 11,000	\$ 3,311,000
	2017	600,000	300,000	1,125,000	1,125,000	—	—	10,800	3,160,800
	2016	500,000	600,000	500,000	1,250,000	—	—	10,600	2,860,600
Seth Blackley (President) ⁽⁴⁾	2018	400,000	—	1,200,000	600,000	—	—	11,000	2,211,000
	2017	400,000	200,000	750,000	750,000	—	—	10,800	2,110,800
	2016	325,000	400,000	325,000	812,500	—	—	10,600	1,873,100
Nicholas McGrane (CFO)	2018	375,000	—	312,500	312,500	—	—	7,700	1,007,700
	2017	375,000	131,250	312,500	312,500	—	—	10,800	1,142,050
Thomas Peterson (COO)	2018	375,000	—	350,000	350,000	—	—	11,000	1,086,000
	2017	375,000	131,250	250,000	250,000	—	—	10,800	1,017,050
	2016	300,000	135,000	225,000	225,000	—	—	10,600	895,600
Jonathan Weinberg (General Counsel)	2018	325,000	—	150,000	150,000	—	—	11,000	636,000

- (1) The amounts reported in this column represent the aggregate grant-date fair value of RSUs granted during 2018, 2017 and 2016, as computed in accordance with Accounting Standards Codification 718 “Compensation-Stock Compensation” (“ASC 718”). For a further discussion of the assumptions used in the calculation of the grant-date fair values for the RSUs pursuant to ASC 718, please see Note 11 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal years ended December 31, 2018 and 2017. For further discussion of RSUs granted in 2018, see the section entitled “*Long-Term Annual Equity Compensation - Restricted Stock Units*” in the “*Compensation Discussion & Analysis*” section of this proxy statement and the discussion and the “*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table*” section of this proxy statement.
- (2) The amounts reported in this column represent the aggregate grant-date fair value of the stock options granted during 2018, 2017 and 2016, as computed in accordance with ASC 718. For a further discussion of the assumptions used in the calculation of the grant-date fair values for the stock options pursuant to ASC 718, please see Note 11 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal years ended December 31, 2018 and 2017. For further discussion of stock options granted in 2018, see the section entitled “*Long-Term Annual Equity Compensation - Stock Options*” in the “*Compensation Discussion & Analysis*” section of this proxy statement and the discussion and the “*Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table*” section of this proxy statement.
- (3) Amounts reported in this column represent a 401(k) matching contribution provided by the Company to each NEO. The 401(k) matching contributions are made to each participant in the

401(k) in an amount up to 4% of the participant's annual base salary, subject to certain limitations, and are fully vested when made. The amounts shown do not include life insurance premiums for coverage offered through programs available on a nondiscriminatory basis to all employees of the Company.

- (4) Messrs. Williams and Blackley also serve as directors of the Company but did not receive any compensation for their role as a director.

Grants of Plan-Based Awards

The following table shows information with respect to each equity-based award granted to our NEOs during 2018.

Name	Grant Date	Approval Date	All other stock awards: Number of shares of stock or units (#)	All other option awards: Number of securities underlying options (#)	Exercise or base price of option awards (\$/share)	Grant date fair value of stock and option awards ⁽¹⁾
Frank Williams	2/1/2018	1/30/2018	—	227,273	\$ 13.95	\$ 1,350,000
	2/1/2018	1/30/2018	96,774	—	—	1,350,000
Seth Blackley	2/1/2018	1/30/2018	—	101,010	13.95	600,000
	2/1/2018	1/30/2018	86,022	—	—	1,200,000
Nicholas McGrane	2/1/2018	1/30/2018	—	52,609	13.95	312,500
	2/1/2018	1/30/2018	22,401	—	—	312,500
Thomas Peterson	2/1/2018	1/30/2018	—	58,923	13.95	350,000
	2/1/2018	1/30/2018	25,090	—	—	350,000
Jonathan Weinberg	2/1/2018	1/30/2018	—	25,253	13.95	150,000
	2/1/2018	1/30/2018	10,753	—	—	150,000

(1) The amounts reported in this column represent the aggregate grant-date fair value of RSUs and stock options granted during 2018, as computed in accordance with ASC 718. For a further discussion of the assumptions used in the calculation of these amounts, please see Note 11 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The following describes material features of the compensation disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards table. Consistent with our policy, we have not entered into employment agreements with any of our NEOs. For further information on the material features of the 2018 Bonus Plan, see the section entitled “*Annual Cash Incentive Plan*” in the “*Compensation Discussion & Analysis*” section of this proxy statement.

Restricted Stock Unit Awards and Stock Options Under the 2015 Plan and 2011 Plan

In connection with our initial public offering, on June 4, 2015, our Compensation Committee approved the grant of equity-based awards under the 2015 Plan to certain of our employees, including Messrs.

McGrane and Weinberg, in the form of RSUs and stock options. These awards generally vest 25% on each of the first four anniversaries of the grant date. None of Messrs. Williams, Blackley or Peterson received equity-based awards at the time of our initial public offering, because each of them had received stock options on February 1, 2015 under the 2011 Plan, which vested in two equal installments on February 1, 2018 and February 1, 2019.

As part of our annual equity award grants, in March 2016 and in February 2017 and 2018, our Compensation Committee approved the grant of equity-based awards under the 2015 Plan to certain of our employees, including our NEOs, in the form of RSUs, time-based stock options and, only in March 2016, performance-based stock options. The RSUs and time-based stock options granted to our NEOs vest 25% on each of the first four anniversaries of the grant date. The performance-based stock options granted to Messrs. Williams and Blackley in March 2016 vest in two equal installments on March 1, 2019 and March 1, 2020. In addition to service-based vesting conditions, the performance-based stock options granted to Messrs. Williams and Blackley in March 2016 were subject to the achievement of performance hurdles, which required that, prior to the expiration date of the stock options, the average closing price of the Company's Class A common stock reach specified prices for at least 90-consecutive calendar days. One-third of the stock options were earned when the 90-day average was equal to at least \$13.35 per share, one-third of the stock options were earned when the 90-day average was equal to at least \$16.43 per share and the remaining one-third of the stock options were earned when the 90-day average was equal to at least \$19.51 per share. Although the performance-based vesting conditions were satisfied as of December 31, 2016, the stock options remain subject to each NEO's continued employment through the applicable vesting date. The award agreements under the 2015 Plan contain restrictive covenants, including confidentiality, non-competition and non-solicitation obligations.

Generally, upon a termination of employment, the unvested portion of any RSUs and stock options granted under the 2015 Plan or 2011 Plan is forfeited. If any of our NEOs is terminated without cause or terminates his employment for good reason, in each case, within 12 months following a change of control of the Company, any unvested RSUs and stock options granted under the 2015 Plan will automatically vest at the time of such termination, as described below in the "*Potential Payments Upon Termination or Change of Control*" section of this proxy statement. In addition, stock options granted under the 2011 Plan would have automatically vested in the event of a change of control of the Company, as described below in the "*Potential Payments Upon Termination or Change of Control*" section of this proxy statement. As of the date of this proxy statement, no awards to our NEOs under the 2011 Plan remain unvested.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding equity awards held by each of our NEOs as of December 31, 2018:

Officer	Grant Date	Option Awards					Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ⁽¹⁾	Market Value of Shares of Stock That Have Not Vested ⁽²⁾	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights that have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested	
Frank Williams	4/1/2014	736,560	— ⁽³⁾	—	\$ 3.84	4/1/2024	—	\$ —	—	\$ —	
	2/1/2015	170,000	170,000 ⁽⁴⁾	—	6.87	2/1/2025	—	—	—	—	
	3/1/2016	54,095	54,095 ⁽⁵⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	162,285 ⁽⁶⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	—	—	—	—	24,342	485,623	—	—	
	2/1/2017	—	103,401 ⁽⁷⁾	—	18.25	2/1/2027	—	—	—	—	
	2/1/2017	—	—	—	—	—	46,233	922,348	—	—	
	2/1/2018	—	227,273 ⁽¹⁰⁾	—	13.95	2/1/2028	—	—	—	—	
	2/1/2018	—	—	—	—	—	96,774	1,930,641	—	—	
	2/1/2018	—	—	—	—	—	—	—	—	—	
Seth Blackley	4/1/2014	336,040	— ⁽³⁾	—	3.84	4/1/2024	—	—	—	—	
	2/1/2015	100,000	100,000 ⁽⁴⁾	—	6.87	2/1/2025	—	—	—	—	
	3/1/2016	35,162	35,162 ⁽⁵⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	105,485 ⁽⁶⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	—	—	—	—	15,822	315,649	—	—	
	2/1/2017	22,978	68,934 ⁽⁷⁾	—	18.25	2/1/2027	—	—	—	—	
	2/1/2017	—	—	—	—	—	30,822	614,899	—	—	
	2/1/2018	—	101,010 ⁽¹⁰⁾	—	13.95	2/1/2028	—	—	—	—	
	2/1/2018	—	—	—	—	—	86,022	1,716,139	—	—	
	2/1/2018	—	—	—	—	—	—	—	—	—	
Nicholas McGrane	10/22/2014	209,618	— ⁽⁸⁾	—	3.84	10/22/2024	—	—	—	—	
	6/4/2015	12,655	4,222 ⁽⁹⁾	—	17.00	6/4/2025	—	—	—	—	
	6/4/2015	—	—	—	—	—	1,023	20,409	—	—	
	3/1/2016	14,335	14,335 ⁽⁵⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	—	—	—	—	6,450	128,678	—	—	
	2/1/2017	9,574	28,723 ⁽⁷⁾	—	18.25	2/1/2027	—	—	—	—	
	2/1/2017	—	—	—	—	—	12,842	256,198	—	—	
	2/1/2018	—	52,609 ⁽¹⁰⁾	—	13.95	2/1/2028	—	—	—	—	
	2/1/2018	—	—	—	—	—	22,401	446,900	—	—	
	2/1/2018	—	—	—	—	—	—	—	—	—	
Thomas Peterson	4/1/2014	108,274	— ⁽³⁾	—	3.84	4/1/2024	—	—	—	—	
	2/1/2015	50,000	50,000 ⁽⁴⁾	—	6.87	2/1/2025	—	—	—	—	
	3/1/2016	24,343	24,343 ⁽⁵⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	—	—	—	—	10,954	218,532	—	—	
	2/1/2017	7,659	22,978 ⁽⁷⁾	—	18.25	2/1/2027	—	—	—	—	
	2/1/2017	—	—	—	—	—	10,274	204,966	—	—	
	2/1/2018	—	58,923 ⁽¹⁰⁾	—	13.95	2/1/2028	—	—	—	—	
	2/1/2018	—	—	—	—	—	25,090	500,546	—	—	
	2/1/2018	—	—	—	—	—	—	—	—	—	
	2/1/2018	—	—	—	—	—	—	—	—	—	
Jonathan Weinberg	4/1/2014	55,431	— ⁽³⁾	—	3.84	4/1/2024	—	—	—	—	
	10/22/2014	28,000	—	—	3.84	10/22/2024	—	—	—	—	
	6/4/2015	12,665	4,222 ⁽⁹⁾	—	17.00	6/4/2025	—	—	—	—	
	6/4/2015	—	—	—	—	—	1,023	20,409	—	—	
	3/1/2016	3,516	10,549 ⁽⁵⁾	—	10.27	3/1/2026	—	—	—	—	
	3/1/2016	—	—	—	—	—	4,746	94,683	—	—	
	2/1/2017	3,064	9,191 ⁽⁷⁾	—	18.25	2/1/2027	—	—	—	—	
	2/1/2017	—	—	—	—	—	4,109	81,975	—	—	
	2/1/2018	—	25,253 ⁽¹⁰⁾	—	13.95	2/1/2028	—	—	—	—	
	2/1/2018	—	—	—	—	—	10,753	214,522	—	—	

- (1) The terms of the RSU awards provide that 25% of each award vests on each of the first four anniversaries of the grant date, subject to the named executive officer's continued employment through the applicable vesting date.
- (2) The values reported in this column are based on the closing price of the Company's Class A common stock on the NYSE on December 31, 2018 (\$19.95).
- (3) Stock options granted under the 2011 Plan on April 1, 2014 to (a) Messrs. Williams, Blackley and Peterson vested 25% on each of December 1, 2014, 2015, 2016 and 2017 and (b) Mr. Weinberg vested 25% on each of February 1, 2015, 2016, 2017, and 2018.
- (4) Stock options granted under the 2011 Plan on February 1, 2015 to Messrs. Williams, Blackley and Peterson vest in two equal installments on February 1, 2018, and February 1, 2019, subject to the named executive officer's continued employment through the applicable vesting date.
- (5) Stock options granted under the 2015 Plan on March 1, 2016 to each of our NEOs vest 25% on each of March 1, 2017, 2018, 2019 and 2020, subject to the named executive officer's continued employment through the applicable vesting date.
- (6) Performance-based stock options granted under the 2015 Plan on March 1, 2016 to Messrs. Williams and Blackley vest in two equal installments on March 1, 2019, and March 1, 2020, subject to achievement of the performance hurdles described in the narrative below, all of which were satisfied as of December 31, 2017, and each named executive officer's continued employment through the applicable vesting date.
- (7) Stock options granted under the 2015 Plan on February 1, 2017 to each of our NEOs vest 25% on each of February 1, 2018, 2019, 2020 and 2021, subject to the named executive officer's continued employment through the applicable vesting date.
- (8) Stock options granted under the 2011 Plan on October 22, 2014 to (a) Mr. Weinberg vested 25% on each of November 1, 2015, 2016, 2017 and 2018 and (b) Mr. McGrane vested according to the following schedule, subject to Mr. McGrane's continued employment through the applicable vesting date: 25% vested on November 1, 2015 and 6.25% vested every three months thereafter until November 1, 2018.
- (9) Stock options granted under the 2015 Plan on June 4, 2015 to Messrs. McGrane and Weinberg vest 25% on each of June 4, 2016, 2017, 2018 and 2019, subject to the named executive officer's continued employment through the applicable vesting date.
- (10) Stock options granted under the 2015 Plan on February 1, 2018 to each of our NEOs vest 25% on each of February 1, 2019, 2020, 2021 and 2022, subject to the named executive officer's continued employment through the applicable vesting date.

2018 Option Exercises and Stock Vested

The following table shows a summary of any stock option exercises and the vesting of RSUs with respect to our NEOs in 2018.

Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ⁽¹⁾	Number of Shares Acquired on Vesting	Value Realized on Vesting ⁽²⁾
Frank Williams	—	—	27,582	\$ 389,029
Seth Blackley	155,000	\$ 2,829,952	18,186	256,464
Nicholas McGrane	—	—	8,530	127,335
Thomas Peterson	70,000	1,656,494	8,902	126,100
Jonathan Weinberg	30,000	591,844	4,006	63,660

(1) Calculated using the closing price of a share of our common stock on the exercise date, less the strike price of the option.

(2) Calculated using the closing price of a share of our common stock on the vesting date.

Potential Payments upon Termination or Change of Control

We do not have any agreements with any of our NEOs that provide payments upon termination or in conjunction with a change in control (except as described below). The following description and table showing the estimated dollar value of potential accelerated vesting that would be provided to our NEOs

(or, in the case of death, to their respective estates or beneficiaries) under the RSU and stock option award agreements following a termination of their employment, assumes, in accordance with the SEC regulations, all relevant events occurred on December 31, 2018.

Stock Options under the 2011 Plan

Upon a termination of employment, the unvested portion of a stock option award granted under the 2011 Plan is forfeited. Following a termination of employment, the unexercised vested portion of the option award must be exercised within six months (or one year in the case of death or disability) of the date of termination, provided that if the holder is terminated for Cause (as defined below), all outstanding options will immediately terminate. In addition to potential acceleration in the event of a Change in Control (as defined below under the 2011 Plan), any unvested options will automatically vest upon a Sale of the Company (as defined below). As of the date of this proxy statement, no awards granted to our NEOs under the 2011 Plan remain unvested.

Under the stock option award agreements, "Cause" generally means: (1) the failure to perform material duties to the Company; (2) the misappropriation of a material business opportunity or of any Company funds or property; (3) the conviction of, indictment for, or entering a guilty plea or a plea no contest to a felony or any other crime involving dishonesty or theft of property; (4) the commission of one or more acts of sexual harassment in violation of applicable federal, state or local laws, as determined by the board; (5) use of illegal drugs or abuse of controlled substances or alcohol, which in the case of alcohol use, interferes with job responsibilities or which reflects negatively upon the integrity or reputation of the Company; and/or (6) a breach of the terms of any employment agreement, restrictive covenant agreement or other material agreement with the Company.

Under the 2011 Plan, "Change in Control" means the occurrence of any of the following events: (i) the acquisition, other than from the Company, by any individual, entity or group (other than the Company or any subsidiary or affiliate) of more than 50% of the combined voting power of then outstanding voting securities of the Company; (ii) reorganization, merger, consolidation or recapitalization of the Company, following which the Company's stockholders hold 50% or less of the combined voting power of the surviving entity; (iii) a complete liquidation of the Company or all of substantially all of its assets; or (iv) during any consecutive 24-month period, a change in the composition of a majority of the board of directors, as constituted on the first day of such period, that was not supported by a majority of the incumbent board of directors. "Sale of the Company" means (a) a transaction in which a person other than the Company or one of our affiliates acquires from two or more significant securityholders all of our shares of Class A common stock or all the equity interests in Evolent Health LLC or otherwise acquires a majority of our shares of Class A common stock or a majority of the voting power of Evolent Health LLC; or (b) a sale of all or substantially all of the assets of our Company and our subsidiaries.

Restricted Stock Unit Awards and Stock Options under the 2015 Plan

Upon a termination of employment prior to a Change of Control (as defined below under the 2015 Plan) or more than 12 months following a Change of Control, the unvested portion of any RSU or stock option award granted under the 2015 Plan is forfeited. Following a termination of employment, the unexercised vested portion of a stock option must be exercised within three months (or one year in the case of death or disability) of the date of termination, provided that if the holder is terminated for Cause (as defined below), all outstanding options will immediately terminate. In the event of a Change of Control, outstanding RSUs and stock options will remain outstanding and continue to vest in accordance with their terms. If any of our NEOs is terminated without Cause or terminates his employment for Good Reason (as defined below), in each case, within 12 months following a Change of Control, the unvested portion of any stock option award and any unvested RSUs granted under the 2015 Plan will automatically vest at the time of such termination.

Under the 2015 Plan, “Change of Control” means any of the following events, generally: (i) during any period of 24 consecutive months, a change in the composition of a majority of the Board, as constituted on the first day of such period, that was not supported by a majority of the incumbent Board or made pursuant to the stockholders agreement with TPG, UPMC and The Advisory Board; (ii) consummation of certain mergers or consolidations of the Company or a sale or other disposition of all or substantially all of the Company’s assets to an unaffiliated entity, following which the Company’s stockholders hold 50% or less of the combined voting power of the surviving entity; (iii) stockholder approval of a complete liquidation or dissolution of the Company; and (iv) acquisition by any individual, entity or group of beneficial ownership of more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors.

Under the 2015 Plan, “Cause” has the same meaning set forth in the 2011 Plan and, under the stock option and RSU award agreements of our NEOs, “Good Reason” generally means the occurrence of any of the following events: (a) a material reduction in annual base salary or target bonus opportunity; (b) assignment to duties inconsistent in any material respect with the executive’s position, authority or responsibilities with the Company, or any other action or omission by the Company which results in a material diminution of such position, authority or responsibilities; (c) a relocation of principal work location by more than 50 miles from such location as of immediately prior to the Change of Control; or (d) any material breach of the award agreement by the Company. Good Reason will not exist unless the executive provides the Company notice of the event giving rise to Good Reason within 60 days of the date the executive has knowledge of such event and informs the Company that it is required to cure such breach (if curable) within 90 days. If the Company does not cure the breach within such 90 days, the executive must terminate for Good Reason within three months following the end of such 90-day cure period.

The following table shows the potential payments that would be made by us to each of the NEOs, assuming all relevant events occurred on December 31, 2018 and based on the closing price of the Company’s Class A common stock on the NYSE on December 31, 2018 (\$19.95).

Name	Benefit	Termination Without Cause or for Good Reason on or within 12 Months Following a Change of Control ⁽¹⁾	Change of Control (no Termination) ⁽²⁾
Frank Williams	Accelerated Equity Vesting	\$ 9,196,191	\$ 2,223,600
Seth Blackley	Accelerated Equity Vesting	6,039,397	1,308,000
Nicholas McGrane	Accelerated Equity Vesting	1,367,884	—
Thomas Peterson	Accelerated Equity Vesting	2,206,280	654,000
Jonathan Weinberg	Accelerated Equity Vesting	630,223	—

(1) The amounts in this column represent the value of all outstanding unvested RSUs and stock options granted to each NEO, which would accelerate vesting and become exercisable, upon either a (i) Change of Control or (ii) a qualifying termination on or within 12 months following a Change of Control, as applicable, including both “single trigger” and “double trigger awards”.

(2) The amounts in this column represent the value of all outstanding unvested stock options granted under the 2011 Plan for each NEO, which would accelerate vesting and become exercisable upon a Sale of the Company. As of the date of this proxy statement, no awards to our NEOs under the 2011 Plan remain unvested.

PAY RATIO

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 (other than our CEO) and the annual total compensation of Frank Williams, our CEO.

As of December 31, 2018, which is the date we used to determine our employee population for purposes of identifying our median employee, we had 3,880 full-time and part-time employees, 3,522 of whom are located in the United States with the remaining 358 in Pune, India. We did not include independent contractors we retained during 2018.

In order to identify our median employee from our employee population, we compared the amount of salary and wages of our employees as reflected in our payroll records. We did not make any cost-of-living adjustments in identifying the median employee. We annualized salary and wages for permanent employees in our employee population that did not work the full year in 2018. Once we identified our median employee, we combined all of the elements of such employee's compensation for 2018 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K for determining total compensation in the Summary Compensation Table, except that the estimated value of health and welfare benefits under non-discriminatory benefit plans (estimated for the employee and such employee's eligible dependents at \$6,969) was also included in the calculation of the median employee's total annual compensation for 2018 for purposes of this pay ratio disclosure, resulting in annual total compensation of \$77,099.

The 2018 annual total compensation for our CEO, as reported in the Summary Compensation Table in this proxy statement, was \$3,311,000. To maintain consistency between the annual total compensation of our CEO and the median employee, we added the estimated value of our CEO's health and welfare benefits under non-discriminatory benefit plans (estimated for our CEO and our CEO's eligible dependents at \$20,563) to the amount reported in the Summary Compensation Table. This resulted in 2018 annual total compensation for our CEO for purposes of determining the pay ratio in the amount of \$3,331,563. The 2018 median annual total compensation for all employees of our Company (other than our CEO), determined in accordance with the requirements for determining total compensation in the Summary Compensation Table (including the estimated value of health and welfare benefits), was \$77,099. The ratio of our CEO's annual total compensation to the median annual total compensation of all our employees (other than our CEO) for 2018 is 43.2 to 1. We believe this ratio represents a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

PROPOSAL 3: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION FOR 2018

We are asking stockholders to approve an advisory resolution on the compensation of our NEOs as reported in this proxy statement, commonly referred to as the “say-on-pay” vote. Although the say-on-pay vote is advisory and therefore non-binding on us, the Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program. As described above in the “*Compensation Discussion and Analysis*” section of this proxy statement, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

- Attract and retain highly qualified and productive executives.
- Motivate executives to enhance our overall performance and profitability through the successful execution of the Company’s short- and long-term business strategies, with an emphasis on the long-term.
- Align the long-term interests of our executives and stockholders through ownership of Evolent Health, Inc.’s Class A common stock by executives and by rewarding stockholder value creation.
- Reflect our pay-for-performance philosophy.
- Ensure that compensation opportunities are competitive.

We encourage stockholders to read the “*Compensation Discussion and Analysis*” section of this proxy statement, which provides an overview of our executive compensation policies and procedures, how they operate and are designed to achieve our pay-for-performance objectives and how they were applied for 2018. The Summary Compensation Table and other related compensation tables and narrative provide detailed information on the compensation of our NEOs. The Compensation Committee and the Board believe that the policies and procedures articulated in the “*Compensation Discussion and Analysis*” section of this proxy statement are effective in achieving our goals and that the compensation of the NEOs reported in this proxy statement has contributed to our success.

In accordance with Section 14A of the Exchange Act and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the Annual Meeting:

“RESOLVED, that the Company’s stockholders approve, on a non-binding advisory basis, the compensation of our NEOs as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in this proxy statement.”

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NEOs FOR 2018 ON AN ADVISORY BASIS.

DIRECTOR COMPENSATION

The table below details the compensation of our directors during 2018.

Director ⁽¹⁾	Fees Earned or Paid in Cash (\$)	Stock Awards ⁽²⁾ (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Michael D'Amato	\$ 50,000	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000
M. Bridget Duffy, MD	50,000	125,000	-	-	-	-	175,000
David Farner	50,000	125,000	-	-	-	-	175,000
Bruce Felt	70,000	125,000	-	-	-	-	195,000
Matthew Hobart	-	-	-	-	-	-	-
Diane Holder	65,000	125,000	-	-	-	-	190,000
Norman Payson, MD	50,000	125,000	-	-	-	255,456	430,456
Kenneth Samet	50,000	125,000	-	-	-	-	175,000
Cheryl Scott	50,000	125,000	-	-	-	-	175,000

(1) Frank Williams, the Chairman of the Board and CEO, and Seth Blackley, President and Director, are not included in this table because they are employees of the Company and receive no additional compensation for service as a director. The compensation received by Mr. Williams and Mr. Blackley as employees is shown in the Summary Compensation Table.

(2) Amounts in this column represent the grant date fair value of the RSU awards computed in accordance with FASB ASC Topic 718 and reflect an estimate of the grant date fair value of RSU grants made during the 2018 fiscal year, rather than amounts paid to or realized by the non-employee directors. There can be no assurance that estimated amounts will be realized, and amounts could ultimately exceed the estimated amounts. The RSUs vest on the earlier of June 13, 2019 and the date of the Company's 2019 annual meeting subject in each case to continued service through the vesting date. See Note 11 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for a discussion of the assumptions used in valuation of the RSU awards.

The following table shows the aggregate number of outstanding equity awards held by each non-employee director at December 31, 2018.

Director	RSUs Outstanding at 12/31/2018	Options Outstanding at 12/31/2018
Michael D'Amato	5,459	-
M. Bridget Duffy, MD	5,459	-
David Farner	5,459	-
Bruce Felt	5,459	-
Matthew Hobart	-	-
Diane Holder	5,459	-
Norman Payson, MD	5,459	128,000
Kenneth Samet	5,459	-
Cheryl Scott	5,459	-

Narrative disclosure to the director compensation table

With the exception of Mr. Hobart who has waived his rights to receive any compensation for services as a director, each of our non-employee directors received the following as compensation for services as a director during 2018: an annual cash retainer of \$50,000 and an annual grant of RSUs with a grant-date fair value of \$125,000. In addition, the chair of our Audit Committee received an additional annual cash retainer of \$20,000, and the chair of our Compliance and Regulatory Affairs Committee and our Compensation Committee each earned an additional annual cash retainer of \$15,000 (which was waived by Mr. Hobart). The equity awards granted to our directors were made pursuant to the 2015 Plan (the terms of which are summarized below) and vest on the earlier of the first anniversary of grant and the date of the Company's 2019 annual meeting subject generally to continued service through such date. The Company currently anticipates that its non-employee directors will receive annual equity grants on the date of the annual stockholder meeting and any future directors elected other than at the annual meeting will receive a grant upon joining our board and thereafter on the same schedule as other directors.

Director RSUs under the 2015 Plan

As reported in the Director Compensation Table above, in 2018, we granted an award of RSUs to each of our non-employee directors with the exception of Mr. Hobart. The RSUs cliff vest on the earlier of June 13, 2019 and the date of our 2019 annual meeting, in the case of all other relevant directors, subject to the director's continued service through the vesting date.

Absent a Change of Control (as defined above in "—Restricted Stock Unit Awards and Stock Options under the 2015 Plan"), upon a termination of service with the Board for any reason prior to the vesting date, the director's RSU award is forfeited. Under the terms of the 2015 Plan, any unvested RSUs will vest upon termination of the director's services without Cause (as defined above in "—Restricted Stock Unit Awards and Stock Options under the 2015 Plan") on or within 12 months following a Change of Control.

2014 consulting agreement with Norman Payson, MD

On March 12, 2014, we entered into a consulting agreement with NCP, Inc. ("NCP"), a New Hampshire corporation that is controlled by Dr. Payson, pursuant to which NCP agreed to provide certain consulting and advisory services to us. The consulting agreement will remain in effect until either NCP or we give notice of termination of the agreement for any reason. Pursuant to this consulting agreement, NCP receives an annual fee of \$200,000, payable in monthly installments, and reimbursement for reasonable out-of-pocket expenses incurred by NCP in the performance of its duties under the consulting agreement. The fees payable under the consulting agreement are separate from, and in addition to, any compensation Dr. Payson may become entitled to receive as a member of our Board. In the event the consulting agreement is terminated, NCP is entitled to receive only accrued and unpaid fees and reimbursement for any expenses incurred, in each case, through the date of termination. The consulting agreement also contains certain restrictive covenants, including confidentiality obligations that survive termination of the agreement and non-solicitation obligations that end 12 months following the termination of the consulting agreement, and assignment of intellectual property provisions. Dr. Payson's term as a director on our Board expires at the Annual Meeting and he will not stand for reelection.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our Class A common stock and Class B common stock as of April 16, 2019, by:

- each person whom we know to own beneficially more than 5% of our Class A common stock or Class B common stock;
- each of the directors and named executive officers individually; and
- all directors and executive officers as a group.

As of April 16, 2019, there were 81,908,947 shares of our Class A common stock and 713,517 shares of our Class B common stock outstanding. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of our Class A common stock subject to options currently exercisable or exercisable within 60 days of April 16, 2019, or shares of our Class A common stock subject to unvested RSUs that will vest within 60 days of April 16, 2019, are deemed outstanding for calculating the percentage of outstanding shares of the person holding these options, but are not deemed outstanding for calculating the percentage of any other person. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of Class A common stock or Class B common stock.

Named executive officers and directors	Shares of Class A common stock beneficially owned	Percentage of shares of Class A common stock beneficially owned	Shares of Class B common stock beneficially owned	Percentage of shares of Class B common stock beneficially owned	Total voting power
Frank Williams ⁽¹⁾	1,931,335	2.4%	-	-	2.3%
Seth Blackley ⁽²⁾	748,148	*	-	-	*
Michael D'Amato ⁽³⁾	38,212	*	-	-	*
M. Bridget Duffy, MD ⁽³⁾	12,143	*	-	-	*
David Farner ⁽⁴⁾	21,284	*	-	-	*
Bruce Felt ⁽³⁾	21,284	*	-	-	*
Matthew Hobart	-	-	-	-	*
Diane Holder ⁽⁵⁾	21,284	*	-	-	*
Nicholas McGrane ⁽⁶⁾	296,672	*	-	-	*
Norman Payson, MD ⁽⁷⁾	149,284	*	-	-	*
Thomas Peterson ⁽⁸⁾	301,415	*	-	-	*
Kenneth Samet ⁽³⁾	17,879	*	-	-	*
Cheryl Scott ⁽³⁾	14,802	*	-	-	*
Jonathan Weinberg ⁽⁹⁾	133,553	*	-	-	*
All directors and executive officers as a group (fifteen people)	3,717,545	4.5%	-	-	4.5%
Greater than 5% Stockholders:					
Capital Research Global ⁽¹⁰⁾	7,642,137	9.3%	-	-	9.2%
JPMorgan Chase & Co. ⁽¹¹⁾	7,116,321	8.7%	-	-	7.5%
UPMC ⁽¹²⁾	6,434,283	7.9%	-	-	7.8%
The Vanguard Group ⁽¹³⁾	5,966,234	7.3%	-	-	*
BlackRock, Inc. ⁽¹⁴⁾	4,668,237	5.7%	-	-	5.5%
Atul Dhir ⁽¹⁵⁾	-	-	169,100	23.7%	*
Christopher Nee ⁽¹⁶⁾	-	-	148,130	20.8%	*
Ptolemy Capital, LLC ⁽¹⁷⁾	-	-	70,000	9.8%	*
Fernando Villacain ⁽¹⁸⁾	-	-	60,930	8.5%	*
Michael Mirt ⁽¹⁹⁾	-	-	45,431	6.4%	*
Joaquin Baralt ⁽²⁰⁾	-	-	39,092	5.5%	*

*Represents less than 1.0%

- (1) Includes 1,364,597 shares of Class A common stock underlying options that are currently exercisable or exercisable within 60 days of April 16, 2019.
- (2) Includes 712,734 shares of Class A common stock underlying options that are currently exercisable or exercisable within 60 days of April 16, 2019.
- (3) Includes 5,459 of unvested RSUs that will vest within 60 days of April 16, 2019.
- (4) Includes 5,459 unvested RSUs that will vest within 60 days of April 16, 2019. David Farner, who is one of our directors, is Executive Vice President and Chief Strategic and Transformation Officer of UPMC. Mr. Farner has no voting or investment power over and disclaims beneficial ownership of the shares held by UPMC. The address of Mr. Farner is c/o UPMC, U.S. Steel Building, 600 Grant Street, 62nd Floor, Pittsburgh, PA 15219.
- (5) Includes 5,459 of unvested RSUs that will vest within 60 days of April 16, 2019. Diane Holder, who is one of our directors, is Executive Vice President of UPMC. Ms. Holder has no voting or investment power over and disclaims beneficial ownership of the shares held by UPMC. The address of Ms. Holder is c/o UPMC, U.S. Steel Building, 600 Grant Street, 55th Floor, Pittsburgh, PA 15219.
- (6) Includes 280,308 shares of Class A common stock underlying options that are currently exercisable or exercisable within 60 days of April 16, 2019 and 1,023 unvested RSUs that will vest within 60 days of April 16, 2019.
- (7) Includes 128,000 shares of Class A common stock underlying options that are currently exercisable or exercisable within 60 days of April 16, 2019. Includes 5,459 of unvested RSUs that will vest within 60 days of April 16, 2019.
- (8) Includes 274,837 shares of Class A common stock underlying options that are currently exercisable or exercisable within 60 days of April 16, 2019.
- (9) Includes 123,510 shares of Class A common stock underlying options that are currently exercisable or exercisable within 60 days of April 16, 2019 and 1,023 unvested RSUs that will vest within 60 days of April 16, 2019.
- (10) Beneficial ownership is based on Amendment No. 1 to Schedule 13G filed by Capital Research Global Investors reporting ownership as of December 31, 2018. Capital Research Global Investors disclosed sole voting and sole dispositive power as to 7,642,137 shares of Class A common stock. Capital Research Global Investors disclaims beneficial ownership. The address of Capital Research Global Investors is 333 South Hope Street, Los Angeles, California 90071.
- (11) Beneficial ownership is based on Amendment No. 2 to Schedule 13G filed by JPMorgan Chase & Co. reporting ownership as of December 31, 2018. JPMorgan Chase & Co. disclosed sole voting power as to 6,178,433 shares of Class A common stock and sole dispositive power as to 7,116,321 shares of Class A common stock. The address of JPMorgan Chase & Co. is 270 Park Avenue, New York, NY 10017.
- (12) The board of directors of UPMC has voting and dispositive power over the shares of Class A common stock held by UPMC. The members of such board of directors disclaim beneficial ownership with respect to such shares. The address of UPMC is UPMC, U.S. Steel Building, 600 Grant Street, 55th Floor, Pittsburgh, PA 15219.
- (13) Beneficial ownership is based on Amendment No. 1 to Schedule 13G filed by The Vanguard Group reporting ownership as of December 31, 2018. The Vanguard Group disclosed sole voting power as to 84,042 shares of Class A common stock, shared voting power as to 9,100 shares of Class A common stock, sole dispositive power as to 5,878,943 shares of Class A common stock and shared dispositive power with respect to 87,291 shares of Class A common stock. The address of The Vanguard Group is 100 Vanguard Boulevard, Malvern, PA 19355.
- (14) Beneficial ownership is based on the Schedule 13G filed by BlackRock, Inc. reporting ownership as of December 31, 2018. BlackRock, Inc. disclosed sole voting power as to 4,517,814 shares of Class A common stock and sole dispositive power as to 4,668,237 shares of Class A common stock. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

- (15) The address of Atul Dhir is c/o NCH Management Systems, Inc. 675 Placentia Avenue, Suite 300, Brea, CA 92821.
- (16) The address of Christopher Nee is 4575 Dean Martin Dr., Las Vegas, NV 89103.
- (17) Michael R. Stone has voting and dispositive power over the shares of Class B common stock held by Ptolemy Capital, LLC. The address of Michael R. Stone and Ptolemy Capital, LLC is 1250 Prospect Street Suite 200, La Jolla, CA 92037.
- (18) The address of Fernando Villacian is c/o NCH Management Systems, Inc. 675 Placentia Avenue, Suite 300, Brea, CA 92821.
- (19) The address of Michael Mirt is c/o Water Street Healthcare Partners, LLC, 444 West Lake Street, Suite 1800, Chicago, IL 60606.
- (20) The address of Joaquin Baralt is c/o NCH Management Systems, Inc. 675 Placentia Avenue, Suite 300, Brea, CA 92821.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and the NYSE. Officers, directors and persons who own more than 10% of a registered class of our equity securities are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. To our knowledge, based solely on review of the copies of such reports and any amendments thereto furnished to us during or with respect to our most recent fiscal year, all Section 16(a) filing requirements applicable to our executive officers, directors and persons who own more than 10% of a registered class of our equity securities were satisfied.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements with directors and executive officers described under “Executive Compensation,” the following is a description of each transaction that has occurred since the beginning of 2018, and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers, beneficial holders of more than 5% of either class of our common stock, or any member of their immediate family or person sharing their household had or will have a direct or indirect material interest.

Initial Public Offering Reorganization Transactions

On June 10, 2015, we closed an initial public offering of 13,225,000 shares of our Class A common stock at a public offering price of \$17.00 per share. We received \$209.1 million in proceeds, net of underwriting discounts and commissions, but before offering expenses of \$3.2 million. We used the net proceeds to purchase newly-issued Class A common units from Evolent Health LLC, our consolidated subsidiary. Evolent Health LLC used the net proceeds for working capital and other general corporate purposes.

Historically, our business was operated through Evolent Health LLC and its predecessor. Evolent Health, Inc., was incorporated as a Delaware corporation on December 12, 2014, for the purpose of our initial public offering, and prior to the initial public offering engaged only in activities in contemplation of our initial public offering. Immediately prior to the completion of the initial public offering in June 2015, we amended and restated our certificate of incorporation to, among other things, authorize two classes of common stock, Class A common stock and Class B common stock (the “Offering Reorganization”). Pursuant to the Offering Reorganization, Evolent Health, Inc. merged with Evolent Health Holdings and an affiliate of TPG. In accordance with the terms of the mergers, each of the then-existing stockholders of Evolent Health Holdings, including UPMC, The Advisory Board, TPG, as well as certain other entities, existing customers and employees, received a certain number of shares of our Class A common stock in exchange for each share of common stock it held in Evolent Health Holdings, and TPG received a certain number of shares of our Class A common stock in exchange for 100% of the equity that it held in its affiliate that was merged with Evolent Health, Inc. In addition, pursuant to the Offering Reorganization we issued shares of our Class B common stock to TPG and The Advisory Board, each of which was a member of Evolent Health LLC prior to the Offering Reorganization. Substantially all of our operations continue to be conducted through Evolent Health LLC, and subsequent to the offering reorganization the financial results of Evolent Health LLC are consolidated in the financial statements of Evolent Health, Inc. Evolent Health, Inc. is a holding company whose principal asset is all of the Class A common units it holds in Evolent Health LLC, and its only business is to act as sole managing member of Evolent Health LLC.

In connection with our initial public offering and offering reorganization, we engaged in certain transactions described below with entities controlled by TPG, UPMC and The Advisory Board, each of which was a beneficial owner of 5% or more of our Class A common stock or Class B common stock at the beginning of 2018.

Third amended and restated operating agreement of Evolent Health LLC

We operate our business through our subsidiary Evolent Health LLC. The operations of Evolent Health LLC, and the rights and obligations of its members are governed by the third amended and restated operating agreement of Evolent Health LLC, dated June 4, 2015.

Governance

We serve as sole managing member of Evolent Health LLC. As such, we control its business and affairs and are responsible for the management of its business.

No other members of Evolent Health LLC, in their capacity as such, have any authority or right to control the management of Evolent Health LLC or to bind it in connection with any matter.

Voting and economic rights of members

Evolent Health LLC has two series of outstanding equity: Class A common units, which may only be issued to Evolent Health, Inc., as sole managing member, and Class B common units. We refer to these Class A common units and Class B common units of Evolent Health LLC, collectively, as common units. The Class A common units and Class B common units entitle their holders to equivalent economic rights, meaning an equal share in the profits and losses of, and distributions from, Evolent Health LLC. Holders of Class B common units have no voting rights, except for the right to approve certain amendments to the third amended and restated operating agreement.

Net profits and losses of Evolent Health LLC generally are allocated, and distributions are made, to its members pro rata in accordance with the number of common units (Class A or Class B, as the case may be) they hold. Accordingly, as of April 16, 2019, net profits and net losses of Evolent Health LLC are allocated, and distributions made, approximately 99.1% to us and 0.9% to the holders of Class B common units, respectively.

Subject to the availability of net cash flow at the Evolent Health LLC level and to applicable legal and contractual restrictions, we intend to cause Evolent Health LLC to distribute to us, and to the other holders of common units, cash payments for the purposes of funding tax obligations in respect of any net taxable income that is allocated to us and the other holders of common units as members of Evolent Health LLC to fund dividends, if any, declared by us and to make any payments due under the tax receivables agreement, as described below. Regardless of whether Evolent Health LLC makes distributions to its members in any given year, the determination to pay dividends, if any, to holders of our Class A common stock will be made by our Board except that we will be required to pay cash dividends out of our future earnings to the extent that cash distributions from Evolent Health LLC are materially in excess of our assumed tax liability and our obligations under the tax receivables agreement. We do not, however, expect to declare or pay any cash or other dividends in the foreseeable future on our Class A common stock, as we intend to reinvest any cash flow generated by operations in our business. Class B common stock is not entitled to any dividend payments.

Coordination of Evolent Health, Inc. and Evolent Health LLC

Whenever we issue one share of Class A common stock for cash, the net proceeds will be transferred promptly either to Evolent Health LLC in exchange for one Class A common unit, or to a holder of Class B common units in exchange for a Class B common unit and a share of our Class B common stock. If we issue other classes or series of equity securities, we will contribute to Evolent Health LLC the net proceeds we receive in connection with such issuance, and Evolent Health LLC will issue to us an equal number of equity securities with designations, preferences and other rights and terms that are substantially the same as our newly issued equity securities. Conversely, if we repurchase any shares of Class A common stock (or equity securities of other classes or series) for cash, Evolent Health LLC will, immediately prior to our repurchase, redeem an equal number of Class A common units (or its equity securities of the corresponding classes or series), upon the same terms and for the same price, as the shares of our Class A common stock (or our equity securities of such other classes or series)

that are repurchased. Common units and shares of our common stock will be subject to equivalent stock splits, dividends and reclassifications.

We do not expect to conduct any business other than the management and ownership of Evolent Health LLC, or own any other material assets (other than on a temporary basis), although we may take such actions and own such assets as are necessary to comply with applicable law, including compliance with our responsibilities as a public company under the U.S. federal securities laws, and may incur indebtedness and take other actions if we determine that doing so is in our best interest.

Issuances of common units

Class A common units may be issued only to us as the sole managing member of Evolent Health LLC. Class B common units may be issued only to persons or entities we permit. Such issuances shall be made in exchange for cash or other consideration. Class B common units may not be transferred as Class B common units except to certain permitted transferees and in accordance with the restrictions on transfer set forth in the third amended and restated operating agreement of Evolent Health LLC. Any such transfer must be accompanied by the transfer of an equal number of shares of our Class B common stock.

Exchange agreements

In connection with our initial public offering, we entered into an exchange agreement with Evolent Health LLC, The Advisory Board, TPG and Ptolemy Capital, LLC, which were the initial holders of the Class B common units of Evolent Health LLC. Pursuant to and subject to the terms of the exchange agreement and the third amended and restated operating agreement of Evolent Health LLC, holders of Class B common units, at any time and from time to time, may exchange one or more Class B common units, together with an equal number of shares of our Class B common stock, for shares of our Class A common stock on a one-for-one basis. Such exchanges may be completed, at the election of Evolent Health LLC, by us or Evolent Health LLC. If Evolent Health LLC completes such an exchange, we will contribute Class A common stock to Evolent Health LLC prior to the exchange.

Separately, in connection with the closing of the acquisition of NCIS Holdings, Inc. (“New Century”), we entered into (i) an exchange agreement (the “NCIS Exchange Agreement”) with certain New Century equityholders party thereto, pursuant to which such New Century equityholders may exchange their shares of our Class B common stock, together with an equal number of Evolent Health LLC’s Class B common units, for shares of our Class A common stock, and (ii) an exchange agreement (the “Blocker Exchange Agreement”) with certain other New Century equityholders party thereto, pursuant to which such New Century equityholders may exchange shares of up to three wholly-owned subsidiaries (each, a “Blocker”), through which they hold their Class B common stock and Class B common units, for Class A common stock.

The initial exchange rate under the NCIS Exchange Agreement is (a) one share of Class B common stock plus (b) one Class B common unit for one share of Class A common stock. The initial exchange rate under the Blocker Exchange Agreement is a number of shares of common stock of each Blocker for Class A common stock such that the New Century equityholders party thereto will be entitled to one share of Class A common stock for each share of Class B common stock and Class B common unit held by such Blockers; provided, however, that any exchange pursuant to the Blocker Exchange Agreement will be for all shares of a Blocker.

Each of the aforementioned exchange rates are subject to equitable adjustments for certain stock splits, stock dividends and reclassifications.

Holders do not have the right to exchange Class B common units if we determine that such exchange would be prohibited by applicable law or regulation, would violate other agreements to which we may be subject or, or in some cases, would pose a material risk that Evolent Health LLC would be treated as a “publicly traded partnership” for U.S. federal income tax purposes. If the IRS were to contend successfully that Evolent Health LLC should be treated as a “publicly traded partnership” for U.S. federal income tax purposes, Evolent Health LLC would be treated as a corporation for U.S. federal income tax purposes and thus would be subject to entity-level tax on its taxable income. A holder that exchanges Class B common units is also required to deliver an equal number of shares of our Class B common stock. In connection with each exchange, Evolent Health LLC will cancel the delivered Class B common units and issue to us Class A common units on a one-for-one basis. Thus, as holders exchange their Class B common units for Class A common stock, our interest in Evolent Health LLC will increase.

The third amended and restated operating agreement prohibits certain business combination transactions in which our Class A common stock is exchanged for consideration unless each holder of shares of Class A common stock or Class B common stock is allowed to participate equally in the transaction as if the Class B common stock, together with the corresponding number of Class B units, had been exchanged for shares of Class A common stock pursuant to the exchange agreements immediately prior to the transaction.

We, Evolent Health LLC and the exchanging holder will each generally bear our own expenses in connection with an exchange, except that, subject to a limited exception, we are required to pay any transfer taxes, stamp taxes or duties or other similar taxes in connection with such an exchange.

During the year ended December 31, 2018 The Advisory Board exchanged approximately 1.8 million Class B common units and Class B common shares (representing all of its remaining shares of the Company’s Class B common stock and Class B common units of Evolent Health LLC) and no longer owns any of the shares of our Class A common stock, Class B common stock or Evolent Health LLC Class B common units it held upon completion of our IPO. During the year ended December 31, 2018, TPG exchanged approximately 0.7 million Class B units and Class B common shares (representing all of its remaining shares of the Company’s Class B common stock and Class B common units of Evolent Health LLC) and no longer owns any of the shares of our Class A common stock, Class B common stock or Evolent Health LLC Class B common units it held upon completion of our IPO.

We have reserved for issuance 3,190,301 shares of our Class A common stock for potential exchange in the future for Class B common units, which is the aggregate number of Class B common units outstanding as of April 16, 2019.

Exculpation and indemnification

The third amended and restated operating agreement of Evolent Health LLC contains provisions limiting the liability of Evolent Health LLC’s members (including Evolent Health, Inc.), officers and their respective affiliates to Evolent Health LLC or any of its members. Moreover, the third amended and restated operating agreement contains broad indemnification provisions for Evolent Health LLC’s members (including Evolent Health, Inc.), officers and their respective affiliates. Because Evolent Health LLC is a limited liability company, these provisions are not subject to the limitations on exculpation and indemnification contained in the Delaware General Corporation Law with respect to the indemnification that may be provided by a Delaware corporation to its directors and officers.

Voting rights of Class A stockholders and Class B stockholders

Each share of our Class A common stock or our Class B common stock entitles its holder to one vote. As of April 16, 2019, our Class B stockholders collectively held approximately 0.9% of the total voting power of our common stock by virtue of their ownership of Class B common stock.

Tax consequences

Holders of common units of Evolent Health LLC, including Evolent Health, Inc., generally incur U.S. federal, state and local and non-U.S. income taxes on their allocable shares of any net taxable income of Evolent Health LLC. The third amended and restated operating agreement of Evolent Health LLC provides for cash distributions to its members in an amount at least equal to the members' assumed tax liability attributable to Evolent Health LLC. Distributions in respect of the members' assumed tax liability generally are computed based on our estimate of the net taxable income of Evolent Health LLC allocable per common unit multiplied by an assumed tax rate. As a result, these distributions will be pro rata in accordance with the number of common units (Class A or Class B) held. Funds used by Evolent Health LLC to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, these tax distributions may be substantial, and will likely exceed (as a percentage of Evolent Health LLC's income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. In addition, as a result of potential differences in the amount of net taxable income allocable to us and to the other members of Evolent Health LLC, as well as the use of an assumed tax rate in calculating Evolent Health LLC's distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the tax receivables agreement described below. In accordance with the third amended and restated operating agreement, Evolent Health LLC intends to make distributions to its members in respect of such assumed tax liability and to fund dividends, if any, declared by us, as well as any payments we are obligated to make under the tax receivables agreement described below.

Evolent Health LLC made an election under Section 754 of the Code which was effective for 2015 and will be effective for each taxable year in which an exchange of Class B common units occurs, together with an equal number of shares of our Class B common stock, for shares of our Class A common stock. We expect that, as a result of this election, any future exchanges of Class B common units, together with an equal number of shares of our Class B common stock, for shares of our Class A common stock, will result in increases in the tax basis in our share of the tangible and intangible assets of Evolent Health LLC at the time of such exchange, which will increase the tax depreciation and amortization deductions available to us and which could create other tax benefits. Any such increases in tax basis and tax depreciation and amortization deductions or other tax benefits could reduce the amount of tax that we would otherwise be required to pay in the future.

In addition, we expect that certain net operating losses of Evolent Health Holdings, Inc. and an affiliate of TPG will be available to us as a result of the offering reorganization. We will be required to pay a portion of the cash savings we actually realize from such increase in the tax basis of the tangible and intangible assets of Evolent Health LLC or from the utilization of such net operating losses to certain former and current holders of Class B common units or contributors of the net operating losses pursuant to the tax receivables agreement.

Furthermore, payments under the tax receivables agreement, as described below, will themselves give rise to additional tax benefits and therefore, to additional payments under the tax receivables agreement. To the extent that we are unable to make payments under the tax receivables agreement for any reason, such payments will be deferred and will accrue interest until paid. See "—Tax receivables agreement."

Tax receivables agreement

Exchanges of Class B common units of Evolent Health LLC, together with an equal number of shares of our Class B common stock, for shares of our Class A common stock, have increased, and future exchanges are expected to increase our tax basis in our share of Evolent Health LLC's tangible and intangible assets. These increases in tax basis have increased, and future exchanges are expected to

increase our depreciation and amortization deductions and create other tax benefits and, therefore, may reduce the amount of tax that we would otherwise be required to pay in the future. In addition, certain net operating losses of Evolent Health Holdings, Inc. (and of an affiliate of TPG) are available to us as a result of the offering reorganization.

As part of our initial public offering, we entered into a tax receivables agreement with the holders of Class B common units and certain of our other investors. The agreement requires us to pay to such holders 85% of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax (as applicable) we realize as a result of any deductions attributable to increases in tax basis following the exchanges described above (calculated assuming that any post-IPO transfer of Class B common units had not occurred) or deductions attributable to imputed interest or future increases in tax basis following payments made under the tax receivables agreement. Additionally, pursuant to the same agreement we will pay the former stockholders of Evolent Health Holdings, Inc. 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non U.S. income tax that we realize as a result of the utilization of approximately \$79.3 million of net operating losses of Evolent Health Holdings, Inc. and an affiliate of TPG attributable to periods prior to our initial public offering, as well as deductions attributable to imputed interest on any payments made under the agreement.

We will benefit from the remaining 15% of any realized cash savings. For purposes of the tax receivables agreement, cash savings in income tax will be computed by comparing our actual income tax liability with our hypothetical liability had we not been able to utilize the tax benefits subject to the tax receivables agreement. Additionally, the amount of the increase in tax basis following an exchange of Class B common units will be calculated assuming that any pre-exchange (but post-IPO) transfer of such Class B common units had not occurred. Therefore we may be required to make payments under the tax receivables agreement that are attributable to an increase in tax basis caused by appreciation in value prior to such a pre-exchange transfer. The tax receivables agreement will remain in effect until all such tax benefits have been used or expired, unless the agreement is terminated early, as described below. Estimating the amount of payments to be made under the tax receivables agreement cannot be done reliably at this time because any increase in tax basis, as well as the amount and timing of any payments under the tax receivables agreement, will vary depending on a number of factors, including:

- the timing of exchanges of Class B common units (together with an equal number of shares of our Class B common stock) for shares of our Class A common stock—for instance, the increase in any tax deductions will vary depending on the fair market value of the depreciable and amortizable assets of Evolent Health LLC at the time of the exchanges, and this value may fluctuate over time;
- the price of our Class A common stock at the time of exchanges of Class B common units (together with an equal number of shares of our Class B common stock) for shares of our Class A common stock—the increase in our share of the basis in the assets of Evolent Health LLC, as well as the increase in any tax deductions, will be related to the price of our Class A common stock at the time of these exchanges;
- the tax rates in effect at the time we use the increased amortization and depreciation deductions or realize other tax benefits;
- any limitation on our utilization of the net operating losses formerly held by Evolent Health Holdings, Inc. or an affiliate of TPG under Section 382 of the Code; and
- the amount, character and timing of our taxable income.

We are required under the tax receivables agreement to pay 85% of the tax savings, described above, if any, as and if realized. Except in certain circumstances, if in a given taxable year we do not have taxable income, before taking into account any tax benefits subject to the tax receivables agreement, we will not be required to make payments under the agreement for that taxable year because no tax savings will have been realized.

The payments that we make under the tax receivables agreement could be substantial. Assuming no material changes in relevant tax law and based on our current operating plan and other assumptions, including our estimate of the tax basis of our assets as of the date of the offering reorganization, if all of the outstanding Class B common units were acquired by us in taxable transactions on April 16, 2019 for a price of \$13.39 per Class B common unit, we estimate that the total amount that we would be required to pay under the tax receivables agreement could be approximately \$105.4 million. This estimated amount includes (i) approximately \$16.6 million of potential future payments under the tax receivables agreement related to the future utilization of the pre-IPO NOLs described above and (ii) approximately \$88.5 million related to the tax basis step-up of the assets of Evolent Health LLC in connection with the exchanges that occurred in 2016, 2017 and 2018 and 2019. The actual amount we will be required to pay under the tax receivables agreement may be materially greater than these hypothetical amounts, as potential future payments will vary depending on a number of factors, including those listed above. The obligations under the tax receivables agreement are obligations of Evolent Health, Inc. and not obligations of Evolent Health LLC. Payments under the tax receivables agreement are generally due within a specified period of time following the filing of our tax return for the taxable year with respect to which the payment obligation arises, but interest on such payments will begin to accrue at a rate of LIBOR plus 100 basis points from the due date (without extensions) of such tax return. Late payments will generally accrue interest at a rate of LIBOR plus 500 basis points.

The tax receivables agreement provides that upon certain changes of control, or if, at any time, we elect an early termination of the tax receivables agreement or are in material breach of our obligations under the tax receivables agreement, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits to certain parties under the tax receivables agreement. Such payment would be based on certain valuation assumptions and deemed events set forth in the tax receivables agreement, including the assumptions that we have sufficient taxable income to fully utilize such tax benefits. The benefits would be payable even though, in certain circumstances, no Class B common units are actually exchanged for our Class A common stock and no net operating losses would actually be used at the time of the accelerated payment under the tax receivables agreement. Accordingly, payments under the tax receivables agreement may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the benefits we realize in respect of the tax attributes subject to the tax receivables agreement.

Were the IRS to successfully challenge the tax basis increases or the existence or amount of net operating losses described above, we would not be reimbursed for any payments previously made under the tax receivables agreement, but future payments under the tax receivables agreement, if any, would be netted against any unreimbursed payments to reflect the result of any such successful challenge by the IRS. As a result, we could make payments under the tax receivables agreement in excess of our actual cash savings in income tax.

Stockholders agreement

In connection with our initial public offering, we entered into a stockholders agreement with TPG, UPMC and The Advisory Board. The stockholders agreement contains provisions related to the composition of our Board, the committees of our Board and our corporate governance. Under the stockholders agreement, for so long as each of TPG, UPMC and The Advisory Board owns or owned at least 40% of the shares of common stock held by it upon the completion of our initial public offering, such stockholder will be or was entitled to nominate two directors to serve on our Board. When such stockholder owns less than 40% but at least 5% of the shares of common stock held by it following the completion of our initial public offering, such stockholder will be entitled to nominate one director to serve on our Board. As of April 16, 2019, TPG and The Advisory Board no longer held any shares of the shares of our common stock that they had held upon completion of our initial public offering and

UPMC owned more than 40% of its shares of common stock held upon the completion of our initial public offering. Pursuant to these provisions, TPG designated Matthew Hobart and Norman Payson, MD, UPMC designated Diane Holder and David Farner, and The Advisory Board designated Michael D'Amato. David Farner is up for reelection at the 2019 annual meeting.

Except as otherwise provided therein, the stockholders agreement has terminated with respect to The Advisory Board and TPG. The stockholders agreement provides that UPMC and its affiliates will not have any duty to refrain from (1) engaging, directly or indirectly, in the same or similar business activities or lines of business as us, including those business activities or lines of business deemed to be competing with us, or (2) doing business with any of our clients, customers or vendors. In the event that UPMC or any of its affiliates acquires knowledge of a potential business opportunity which may be a corporate opportunity of us, they will have no duty to communicate or offer such corporate opportunity to us. The stockholders agreement prohibits certain business combination transactions in which our Class A common stock is exchanged for consideration unless each holder of shares of Class A common stock or Class B common stock is allowed to participate equally in the transaction as if the Class B common stock, together with the corresponding number of Class B units, had been exchanged for shares of Class A common stock pursuant to the exchange agreements immediately prior to the transaction.

Registration rights agreement

In connection with our initial public offering, we entered into a registration rights agreement with TPG, UPMC, The Advisory Board and Ptolemy Capital, LLC to register for sale under the Securities Act shares of our Class A common stock, including those delivered in exchange for Class B common units issued in connection with our initial public offering in the circumstances described above.

As of April 16, 2019, the only shares covered by registration rights were 6,434,283 shares of Class A common stock held by UPMC, and 70,000 shares of Class A common stock to be delivered in exchange for Class B common units held by Ptolemy Capital LLC.

Piggyback registration rights

If we propose to register any shares of our equity securities under the Securities Act either for our own account or for the account of any other person, then UPMC and Ptolemy Capital, LLC are entitled to notice of the registration and will be entitled to include their shares of Class A common stock in the registration statement. These piggyback registration rights are subject to specified conditions and limitations, including the right of the underwriters, if any, to limit the number of shares included in any such registration under specified circumstances.

Shelf registration rights

Pursuant to the registration rights agreement, we registered the potential resale of all the shares of Class A common stock entitled to these registration rights, including such shares reserved for potential exchange in the future for Class B common units, on our Registration Statement on Form S-3, File No. 333-212709, initially filed on July 28, 2016, and declared effective on August 12, 2016.

Expenses and indemnification

We will pay all expenses relating to any demand, piggyback or shelf registration, other than underwriting discounts and commissions and any transfer taxes, subject to specified conditions and limitations. The registration rights agreement includes customary indemnification provisions, including indemnification of the participating holders of shares of Class A common stock and their directors,

officers and employees by us for any losses, claims, damages or liabilities in respect thereof and expenses to which such holders may become subject under the Securities Act, state law or otherwise.

Termination of registration rights

The registration rights granted under the registration rights agreement will terminate upon the date the holders of shares that are a party thereto no longer hold any such shares that are entitled to registration rights.

Other relationships

Consulting agreement

On March 12, 2014, we entered into a consulting agreement with NCP, which is an entity controlled by a member of our Board, Norman Payson, MD, pursuant to which NCP agreed to provide certain consulting and advisory services to us. Pursuant to this consulting agreement, NCP receives an annual fee of \$0.2 million, plus reimbursement of business expenses.

Commercial agreements with certain investors

As described below, Evolent Health LLC is a party to various commercial agreements with UPMC, which beneficially owned approximately 7.9% of our outstanding Class A common stock as of April 16, 2019.

Services, reseller and non-competition agreements

The Company and UPMC are parties to a Reseller, Services and Non-Competition Agreement, dated August 31, 2011, which was amended and restated by the parties on June 27, 2013 (as amended through the date hereof, the "UPMC Reseller Agreement"). Under the terms of the UPMC Reseller Agreement, UPMC has appointed the Company as a non-exclusive reseller of certain UPMC third party administration services ("TPA"). The UPMC Reseller Agreement includes certain non-compete provisions applicable to the Company, including certain regional restrictions as well as restrictions prohibiting the Company from providing certain TPA services to a limited number of third parties for a certain period of time. Subject to these limitations, the Company is not otherwise restricted from providing TPA services to third parties. The UPMC Reseller Agreement also restricts UPMC's right to sell certain products and services to certain Evolent Health LLC partners and certain prospective partners. UPMC and Evolent Health LLC have agreed to indemnify each other for any losses, including those relating to material breach of the UPMC Reseller Agreement. Each of UPMC and Evolent Health LLC may terminate the UPMC Reseller Agreement for cause, subject to a specified notice period. We had expenses attributable to UPMC of \$2.0 million and \$8.9 million under the UPMC Reseller Agreement during the three months ended March 31, 2019, and fiscal year ended December 31, 2018, respectively.

License agreements

In connection with its formation, Evolent Health LLC entered into an IP Agreement with UPMC (the "UPMC IP Agreement"), pursuant to which UPMC granted Evolent Health LLC a license to certain intellectual property, subject to certain time and use limitations, in exchange for its equity interest in Evolent Health LLC. UPMC and Evolent Health LLC have agreed to indemnify each other for any losses including those relating to material breach of the UPMC IP Agreement. The UPMC IP Agreement will terminate if we are acquired by specified entities, including certain competitors of UPMC, or upon material breach of the license granted therein.

In connection with its formation, Evolent Health LLC also entered into a Technology Agreement with UPMC (the “UPMC Technology Agreement”), pursuant to which UPMC granted to Evolent Health LLC a license to use and sublicense a technology platform developed by UPMC which enables the sharing of key, actionable information among hospitals, clinicians, health plan and other healthcare resources, subject to certain time and use limitations, in exchange for its equity interest in Evolent Health LLC. UPMC and Evolent Health LLC have agreed to indemnify each other for any losses including those relating to material breach of the UPMC Technology Agreement. The UPMC Technology Agreement will terminate if we are acquired by specified entities, including certain competitors of UPMC, or upon material breach of the license granted therein.

In addition, in connection with its formation, Evolent Health LLC entered into an IP Agreement with The Advisory Board (“The Advisory Board IP Agreement”), pursuant to which The Advisory Board granted Evolent Health LLC a license to use, reproduce, modify and access a business plan and operating model designed and created by The Advisory Board for Evolent Health LLC, in exchange for its equity interest in Evolent Health LLC. The Advisory Board IP Agreement also grants Evolent Health LLC access to certain analysis, data and proprietary information of The Advisory Board, and provides Evolent Health LLC with a membership in The Advisory Board’s healthcare industry program, access to key Advisory Board personnel and assistance in its promotion and sales efforts. The Advisory Board and Evolent Health LLC have agreed to indemnify each other for any losses including those relating to material breach of The Advisory Board IP Agreement. The Advisory Board IP Agreement will terminate upon material breach of the license granted therein.

Other transactions

From time to time, we have engaged in equity and debt financing transactions with our investors and from time to time we consider engaging in such transactions in the future.

We have an agreement with Health Fidelity, Inc., an entity in which UPMC holds an interest, under which Health Fidelity, Inc. provides certain risk adjustment software services to us in the ordinary course of business. Total expenses attributable to Health Fidelity, Inc. in the three months ended March 31, 2019, and in fiscal year ended December 31, 2018 were \$0.1 million and \$0.5 million, respectively.

Indemnification of directors and officers

Our second amended and restated by-laws provide that we will indemnify and advance expenses to our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware (the “DGCL”). In addition, our second amended and restated certificate of incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty, except as otherwise prohibited under the DGCL.

We have entered into customary indemnification agreements with each of our directors and officers. The indemnification agreements provide the executive officers and directors with contractual rights to indemnification and expense reimbursement, to the fullest extent permitted under the DGCL. Our indemnification agreements also require us to advance expenses to our directors and officers as incurred in connection with legal proceedings against them for which they may be indemnified and that the rights conferred in the indemnification agreements are not exclusive.

There is no pending litigation or proceeding involving any of our directors or officers to which indemnification is being sought, and we are not aware of any pending litigation that may result in claims for indemnification by any director or officer.

Policies and procedures for related party transactions

Our Board has adopted a written policy for the review and approval or ratification of transactions involving related persons, which consist of directors, director nominees, executive officers, persons or entities known to the Company to be the beneficial owner of more than 5% of any outstanding class of the voting securities of the Company, or immediate family members or certain affiliated entities of any of the foregoing persons. Under authority delegated by the Board, the Audit Committee (or its Chair, under certain circumstances) is responsible for applying the policy with the assistance of the General Counsel or his or her designee (if any). Transactions covered by the policy consist of any financial transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, in which: (i) the aggregate amount involved will or may be expected to exceed \$120,000 since the beginning of the previous fiscal year; (ii) the Company is, will or may be expected to be a participant; and (iii) any related person has or will have a direct or indirect material interest.

The Audit Committee (or the Chair or other committee member as the case may be) may take into account such factors it deems appropriate in its determination to approve or ratify a transaction, which may include:

- The extent of the related person's interest in the transaction;
- Whether the transaction would interfere with the objectivity and independence of any related person's judgment or conduct in fulfilling his or her duties and responsibilities to the Company;
- Whether the transaction is fair to the Company and on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances;
- Whether the transaction is in the best interests of the Company and its stockholders;
- Whether the transaction is consistent with any conflict of interest policy set forth in the Company's Standards of Business Conduct and other policies; and
- Whether in connection with any transaction involving a non-employee director or nominee for director, such transaction would compromise such director's status as: (i) an independent director under the NYSE listing standards or our corporate governance policy; (ii) an "outside director" under Code Section 162(m) or a "non-employee director" under Rule 16b-3 under the Exchange Act, if such director serves on the Compensation Committee; or (iii) an independent director under Rule 10A-3 of the Exchange Act and the NYSE listing standards, if such director serves on the Audit Committee.

The Audit Committee (or the Chair as the case may be) may impose such conditions or guidelines as it determines appropriate with respect to any related person transaction it approves or ratifies, including, but not limited to:

- Conditions relating to ongoing reporting to the Audit Committee and other internal reporting;
- Limitations on the dollar amount of the transaction;
- Limitations on the duration of the transaction or the Audit Committee's approval of the transaction; and
- Other conditions for the protection of the Company and to avoid conferring an improper benefit, or creating the appearance of a conflict of interest.

OTHER MATTERS

Solicitation of Proxies

We will pay the cost of solicitation of proxies. Our directors, officers and employees may solicit proxies personally, by telephone, via the Internet or by mail without additional compensation for such activities. We also will request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send a proxy statement to and obtain proxies from such beneficial owners. We will reimburse such holders for their reasonable expenses. No arrangements or contracts have been made with any solicitors as of the date of this proxy statement, although we reserve the right to engage solicitors if we deem them necessary.

Stockholder Proposals

If any stockholder wishes to propose a matter for consideration at our 2020 annual meeting of stockholders, the proposal should be mailed by certified mail return receipt requested to our Secretary at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203. To be eligible under the SEC's stockholder proposal rule (Rule 14a-8 of the Exchange Act) for inclusion in our 2020 annual meeting proxy statement and form of proxy, a proposal must be received by our Secretary on or before the close of business on January 1, 2020. In addition, our second amended and restated by-laws require advance notice of stockholder proposals to be brought before a stockholders meeting (other than proposals under Rule 14a-8), including nominations of persons for election as directors. To be timely, notice to our Secretary must be received at our principal executive offices not less than 120 days nor more than 150 days prior to the anniversary date of the preceding year's annual meeting and must contain specified information concerning the matters to be brought before such meeting and concerning the stockholder proposing such matters. Therefore, to be presented at our 2020 annual meeting, such a proposal must be received by the Company on or after January 13, 2020, but no later than February 12, 2020. If the date of the 2020 annual meeting is advanced by more than 30 days, or delayed by more than 30 days, from the anniversary date of the Annual Meeting, notice must be received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the 10th day following the day on which the public announcement of the date of such meeting is first made.

Attendance at the Meeting

All stockholders of record of shares of Class A common stock and Class B common stock at the close of business on the record date, or their designated proxies, are authorized to attend the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, bank or other nominee, you should provide proof of beneficial ownership as of the record date, such as an account statement reflecting your stock ownership as of the record date, a copy of the voting instruction card provided by your broker, bank or other nominee, or other similar evidence of ownership. If you do not have proof of ownership, you may not be admitted to the Annual Meeting. Each stockholder and proxy may be asked to present a valid government-issued photo identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted, and attendees may be subject to security inspections and other security precautions.

Householding of Proxy Materials

SEC rules permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy materials with respect to two or more stockholders sharing the same address by delivering a single copy of the proxy materials addressed to those stockholders. This process, which is commonly referred to as "householding," provides cost savings for companies. Some brokers household proxy

materials, delivering a single proxy statement, notice of internet availability and annual report to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they 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 separate proxy materials in the future, or if you and other stockholders sharing your address are receiving multiple copies of the proxy materials and you would like to receive only a single copy of such materials in the future, please notify your broker, or notify us by writing to our Secretary at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203, or via phone at 1-844-246-2928. If you share an address with another stockholder and have received only one set of this year's proxy materials and you wish to receive a separate copy, please notify us by writing to our Secretary at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203, or via phone at 1-844-246-2928 and we will deliver a separate copy to you promptly.

Other Matters

The Board does not know of any matters other than those described in this proxy statement that will be presented for action at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

By Order of our Board of Directors,



Jonathan D. Weinberg
General Counsel and Secretary

Arlington, VA
April 30, 2019

APPENDIX A

USE OF NON-GAAP FINANCIAL METRICS

In addition to disclosing financial results that are determined in accordance with GAAP, we present and discuss Adjusted Revenue and Adjusted EBITDA, which are non-GAAP financial measures, as supplemental measures to help investors evaluate our fundamental operational performance. Adjusted Revenue is defined as the sum of Adjusted Services Revenue and True Health premiums revenue, less relevant intersegment eliminations. Adjusted Services Revenue is defined as the sum of Adjusted Transformation Services Revenue and Adjusted Platform and Operations Services Revenue. Adjusted Transformation Services Revenue and Adjusted Platform and Operations Services Revenue are defined as transformation services revenue and platform and operations services revenue, respectively, before the effect of intersegment eliminations and adjusted to exclude the impact of purchase accounting adjustments. In addition, the company's Adjusted Transformation Services Revenue and Adjusted Platform and Operations Services Revenue for the year ended December 31, 2018, include a \$4.5 million adjustment related to revenue that was contracted for prior to 2018 and that was properly excluded from revenue in our 2017 results under the revenue recognition rules then in effect under Accounting Standards Codification ("ASC") 605. On January 1, 2018, we adopted the new revenue recognition rules under ASC 606 using the modified retrospective method, which required us to include this \$4.5 million as part of the cumulative transition adjustment to beginning retained earnings as of January 1, 2018. Under ASC 605, and based on proportionate performance revenue recognition, we would have recognized an additional \$4.5 million in revenue during 2018, primarily within our Adjusted Transformation Services Revenue. The company has therefore included this revenue, and related profit, in its adjusted results for the year ended December 31, 2018, as they had not been previously reported prior to 2018 and the contracts are expected to be completed within 2018. This is a one-time adjustment and it will not reoccur in future periods. Management uses Adjusted Revenue as a supplemental performance measure because it reflects a more complete view of our operational results. The measure is also useful to investors because it reflects the view of our operational performance in line with how management generates the Company's long term forecasts.

Adjusted EBITDA is the sum of Services Adjusted EBITDA and True Health Adjusted EBITDA and is defined as EBITDA (net income (loss) attributable to Evolent Health, Inc. before interest income, interest expense, (provision) benefit for income taxes, depreciation and amortization expenses), adjusted to exclude, changes in fair value of contingent consideration and indemnification assets, income (loss) from equity method investees, other income (expense), net, net (income) loss attributable to non-controlling interests, purchase accounting adjustments, stock-based compensation expenses, severance costs, amortization of contract cost assets recorded as a result of a one-time ASC 606 transition adjustment, transaction costs related to acquisitions and business combinations and other one-time adjustments (which for the year ended December 31, 2018, includes the ASC 606 transition adjustment described above). Management uses Adjusted EBITDA as a supplemental performance measure because the removal of transaction costs, one-time or non-cash items (depreciation, amortization and stock-based compensation expenses) allows us to focus on operational performance. We believe that this measure is also useful to investors because it allows further insight into the period over period operational performance in a manner that is comparable to other organizations in our industry and in the market in general.

These adjusted measures do not represent and should not be considered as alternatives to GAAP measurements, and our calculations thereof may not be comparable to similarly entitled measures reported by other companies. A reconciliation of these adjusted measures to their most comparable GAAP financial measures is presented in the tables below. We believe these measures are useful across time in evaluating our fundamental core operating performance.

Evolut Health, Inc. reconciliation of Adjusted Revenue to Revenue

(in thousands)	Evolut Health, Inc. as Reported	Adjustments	Evolut Health, Inc. as Adjusted
2018			
Transformation revenue	\$ 32,916	\$ 3,655 ⁽¹⁾	\$ 36,571
Platform and operations revenue	500,190	1,704 ⁽¹⁾	501,894
Premiums	93,957	—	93,957
Total revenue	\$ 627,063	\$ 5,359	\$ 632,422
2017			
Transformation revenue	\$ 29,466	\$ —	\$ 29,466
Platform and operations revenue	405,484	1,467 ⁽²⁾	406,951
Premiums	—	—	—
Total revenue	\$ 434,950	\$ 1,467	\$ 436,417

⁽¹⁾ Adjustments to transformation services revenue and platform and operations services revenue for the year ended December 31, 2018, include approximately \$3.7 million and \$0.8 million, respectively, resulting from our transition adjustments related to the implementation of ASC 606. Adjustments to platform and operations services revenue also include deferred revenue purchase accounting adjustments of approximately \$0.9 million for the year ended December 31, 2018, resulting from our acquisitions and business combinations.

⁽²⁾ Adjustments to platform and operations revenue include deferred revenue purchase accounting adjustments of approximately \$1.5 million for the year ended December 31, 2017, resulting from our acquisitions and business combinations.

Evolent Health, Inc. reconciliation of Adjusted EBITDA to Net Income (Loss) Attributable to Evolent Health, Inc.

(in thousands)	For the Years Ended December 31,	
	2018	2017
Net Income (Loss) Attributable to		
Evolent Health, Inc.	\$ (52,658)	\$ (60,665)
Less:		
Interest income	3,440	1,656
Interest expense	(5,484)	(3,636)
Benefit for income taxes	(40)	6,637
Depreciation and amortization expenses	(44,515)	(32,368)
EBITDA	(6,059)	(32,954)
Less:		
Loss from equity method investees	(4,736)	(1,755)
Change in fair value of contingent consideration and indemnification asset	4,104	(400)
Other income (expense), net	109	171
Net loss attributable to		
non-controlling interests	1,533	9,102
ASC 606 transition adjustments	(4,498)	—
Purchase accounting adjustments	(861)	(1,467)
Stock-based compensation expense	(17,609)	(20,437)
Severance costs	(2,205)	—
Amortization of contract cost assets	(2,456)	—
Transaction costs	(2,665)	(15,964)
Adjusted EBITDA	\$ <u>23,225</u>	\$ <u>(2,204)</u>

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