

Apollo Medical Holdings, Inc.
Form DEF 14A
July 31, 2017

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

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

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

Apollo Medical Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**700 North Brand Boulevard, Suite 1400
Glendale, California 91203**

**NOTICE OF 2017 ANNUAL MEETING OF
STOCKHOLDERS
TO BE HELD ON SEPTEMBER 21, 2017**

To Our Common and Preferred Stockholders:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders (the **2017 Annual Meeting**) of Apollo Medical Holdings, Inc. (the **company**, **we**, **our** or **us**), which will be held at the company's offices located at 700 North Brand Boulevard, Suite 1400, Glendale, California 91203, at 10:00 a.m. on Thursday, September 21, 2017 for the following purpose:

1. To elect seven directors to our Board of Directors (the **Board**).
These matters are described more fully in the proxy statement accompanying this notice.

Our stockholders will also act upon such other business as may properly come before the meeting or any adjournment or postponement thereof. The Board is not aware of any other business to be presented to a vote of the stockholders at the 2017 Annual Meeting.

The Board has fixed the close of business on July 26, 2017 as the record date (the **Record Date**) for determining those stockholders who will be entitled to notice of and to vote at the 2017 Annual Meeting. The stock transfer books will remain open between the Record Date and the date of the 2017 Annual Meeting.

Representation of at least a majority in voting interest of our common stock and our Series A and Series B preferred stock either in person or by proxy is required to constitute a quorum for purposes of voting on each proposal to be voted on at the 2017 Annual Meeting. Accordingly, it is important that your shares be represented at the 2017 Annual Meeting. **WHETHER OR NOT YOU PLAN TO ATTEND THE 2017 ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE.** Your proxy may be revoked at any time prior to the time it is voted at the 2017 Annual Meeting.

Please read the accompanying proxy material carefully. Your vote is important and we appreciate your cooperation in considering and acting on the matters presented.

By Order of the Board of Directors,

Warren Hosseinion, M.D.
Chief Executive Officer

July 31, 2017
Glendale, California

**IMPORTANT NOTICE REGARDING THE AVAILABILITY
OF PROXY MATERIALS FOR
THE STOCKHOLDER MEETING TO BE HELD ON
SEPTEMBER 21, 2017:
THIS PROXY STATEMENT AND THE ANNUAL REPORT
ARE AVAILABLE AT
<https://materials.proxyvote.com/03763A>**

**Stockholders Should Read the Entire Proxy Statement
Carefully Prior to Returning Their Proxies**

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PROXY STATEMENT FOR 2017 ANNUAL MEETING OF STOCKHOLDERS OF APOLLO MEDICAL HOLDINGS, INC.

To Be Held on September 21, 2017

This proxy statement is furnished in connection with the solicitation by our Board of Directors (the *Board*) of proxies to be voted at the 2017 Annual Meeting of Stockholders (the *2017 Annual Meeting*), which will be held at 10:00 a.m. on September 21, 2017 at 700 North Brand Boulevard, Suite 1400, Glendale, California 91203, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of 2017 Annual Meeting of Stockholders (the *Notice*). This proxy statement and the proxy card are first being delivered or mailed to stockholders on or about August 3, 2017. In addition, stockholders may obtain additional copies of our Annual Report to Stockholders and this proxy statement, without charge, by writing to us at our principal executive offices at 700 North Brand Boulevard, Suite 1400, Glendale, California 91203, Attention: Secretary, or from our website at http://irdirect.net/AMEH/sec_filings. Our Annual Report to Stockholders for the year ended March 31, 2017 (the *Annual Report*), which incorporates our Annual Report on Form 10-K (the *10-K*), is being mailed to stockholders concurrently with this proxy statement. The Annual Report is not to be regarded as proxy soliciting material or as a communication by means of which any solicitation of proxies is to be made.

VOTING RIGHTS AND SOLICITATION

The close of business on July 26, 2017 was the record date (the *Record Date*) for stockholders entitled to notice of and to vote at the 2017 Annual Meeting. As of the Record Date, we had 6,033,495 shares of common stock, par value \$0.001 per share, 1,111,111 shares of Series A preferred stock, par value \$0.001 per share, and 555,555 shares of Series B preferred stock, par value \$0.001 per share, issued and outstanding, according to the records maintained by our transfer agent. All of the shares of our common stock, Series A preferred stock and Series B preferred stock outstanding on the Record Date, and only those shares (collectively, the *Voting Shares*), are entitled to vote together as one class on each of the proposals to be voted upon at the 2017 Annual Meeting. Holders of Voting Shares will have one vote for each such share so held with regard to each matter to be voted upon.

All votes will be tabulated by the inspector of elections appointed for the 2017 Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

The holders of a majority of the Voting Shares shall constitute a quorum for the transaction of business at the 2017 Annual Meeting. Voting Shares represented in person or by proxy at the 2017 Annual Meeting will be counted for purposes of determining whether a quorum is present at the meeting. Voting Shares which abstain from voting as to a particular matter will be treated as shares that are present and entitled to vote for purposes of determining the voting interest present and entitled to vote with respect to any particular matter, but will not be counted as votes cast on such matter. If a broker or nominee holding stock in *street name* indicates on a proxy that it does not have discretionary authority to vote as to a particular matter, those shares will not be considered as present and entitled to vote with respect to such matter and will not be counted as a vote cast on such matter.

In voting with regard to the proposal to elect directors (Proposal 1), stockholders may vote in favor of all the nominees, withhold their votes as to all nominees or withhold their votes as to one or more specific nominees. The vote required by Proposal 1 is governed by Delaware law and is a plurality of the votes cast by the holders of shares entitled to vote, provided that a quorum is present. As a result, in accordance with Delaware law, votes that are withheld and broker non-votes will not be counted and will have no effect on the voting for election of directors.

Brokers do not have discretionary authority to vote on this proposal.

Under the rules of The New York Stock Exchange (the NYSE) that govern most domestic stock brokerage firms, member brokerage firms that hold shares in street name for beneficial owners may, to the extent that such beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for stockholder action, vote in their discretion upon proposals which are considered discretionary proposals under the rules of the NYSE. Member brokerage firms that have received no instructions from their

clients as to non-discretionary proposals do not have discretion to vote on these proposals. Such broker non-votes will not be considered in determining whether a quorum exists at the 2017 Annual Meeting and will not be considered as votes cast in determining the outcome of any proposal. Under the rules of the NYSE as currently in effect, voting on directors by member broker firms is non-discretionary .

Voting Shares represented by proxies in the accompanying form which are properly executed and returned to us will be voted at the 2017 Annual Meeting in accordance with the stockholders' instructions contained therein. In the absence of contrary instructions, shares represented by such proxies will be voted FOR the election of each of the director nominees named in this proxy statement in Proposal 1. Management does not know of any matters to be presented at the 2017 Annual Meeting other than those set forth in this proxy statement and in the Notice accompanying this proxy statement. If other matters should properly come before the 2017 Annual Meeting, the proxyholders will vote on such matters in accordance with their best judgment.

Any stockholder has the right to revoke his, her or its proxy at any time before it is voted at the 2017 Annual Meeting by giving written notice to our Secretary, and by executing and delivering to the Secretary a duly executed proxy card bearing a later date, or by appearing at the 2017 Annual Meeting and voting in person; *provided, however*, that under the rules of the NYSE, any beneficial owner whose shares are held in street name by a member brokerage firm may revoke his, her or its proxy and vote his, her or its shares in person at the 2017 Annual Meeting only in accordance with the applicable rules and procedures of the NYSE.

The entire cost of soliciting proxies will be borne by the company. Proxies will be solicited principally through the use of the mails, but, if deemed desirable, may be solicited personally or by telephone, or special letter by our officers and regular employees for no additional compensation. Arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy material to the beneficial owners of our common stock, and such persons may be reimbursed for their expenses.

PROPOSAL 1

ELECTION OF DIRECTORS

Composition of Board of Directors

As currently in effect, our bylaws provide that the authorized number of directors shall be fixed from time to time by the Board, provided that the authorized number of directors shall not be less than one. The Board currently consists of seven members. The Board has nominated seven individuals for election as directors at the 2017 Annual Meeting and has set the number of directors at seven. Subject to vacancies on the Board, which may be filled in accordance with our Bylaws, all our directors are elected by our stockholders at each annual meeting of stockholders and will serve until their successors are elected and qualified, or until their earlier resignation or removal. There are no family relationships among any of our current directors, the nominees for directors and our executive officers.

The proxyholders named on the proxy card intend to vote all proxies received by them in the accompanying form FOR the election of each of the director nominees listed below, unless instructions to the contrary are marked on the proxy. Each nominee has been nominated by the Board, acting upon the recommendation of the Board's Nominating/Corporate Governance Committee. All of the nominees are currently members of the Board. If elected, each nominee will serve until the annual meeting of stockholders to be held in 2018 or until a successor has been duly elected and qualified, or until their earlier resignation or removal. It should be noted that, if the proposed merger with Network Medical Management, Inc. (NMM) is consummated, as currently anticipated, during the twelve-month period following the 2017 Annual Meeting, Messrs. Nihalani and Schreck intend to resign as directors, assuming they are re-elected, in order to make available directorships that have been allocated pursuant to the terms of the merger agreement dated December 21, 2016 (the Merger Agreement) governing the proposed merger. Pursuant to Delaware law and our Bylaws, such vacancies could be filled by the remaining directors then in office. See Certain Relationships and Related Transactions .

In the event that a nominee is unable or declines to serve as a director at the time of the 2017 Annual Meeting, the proxies will be voted for any nominee who shall be designated by the present Board to fill such a vacancy. In the event that additional persons are nominated for election as directors, the proxyholders intend to vote all proxies received by them for each of the nominees listed below, unless instructions are given to the contrary. As of the date of this proxy statement, the Board is not aware of any nominee who is unable or will decline to serve as a director.

Nominees for Election as Directors

The following is certain information as of July 26, 2017 regarding the nominees for election as directors:

Name	Position	Age
Warren Hosseinion, M.D.	Chief Executive Officer	45
Gary Augusta	Executive Chairman	50
Mark Fawcett	Director	50
Thomas S. Lam, M.D.	Director	68
Suresh Nihalani	Director	64
David Schmidt	Director	69

Ted Schreck

Director

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Biographical Information Regarding Directors

Warren Hosseinion, M.D. Dr. Hosseinion has been our Company's Chief Executive Officer and a member of our Board of Directors since July 2008. In 2001, Dr. Hosseinion co-founded ApolloMed Hospitalists in Los Angeles with Dr. Adrian Vazquez. Dr. Hosseinion received his B.S. in biology from the University of San Francisco, his M.S. in physiology and biophysics from Georgetown University Graduate School, his medical degree from the Georgetown University School of Medicine, and his residency in internal medicine from the Los Angeles County-University of Southern California Medical Center.

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Gary Augusta. Mr. Augusta has been a member of our Board of Directors since March 2012 and has been Executive Chairman since October 2013. In addition to Board responsibilities, Mr. Augusta focuses on strategic planning, corporate development, capital raising and population health technology for the company. Mr. Augusta also serves as President of Flacane Advisors focusing on healthcare and technology advisory and investments. From January 2010 to December 2014, Mr. Augusta was President of SpaGus Ventures and SpaGus Capital Partners focusing on healthcare and technology investments and advisory services. From March 2004 to December 2009, Mr. Augusta was President and CEO of OCTANe, an innovation development company. From March 2001 to January 2004, Mr. Augusta was a Corporate Officer at Fluor, Inc., a Fortune 500 company, focusing on Corporate Development and M&A. From June 1994 to March 2000, Mr. Augusta was a Consultant and Principal with AT Kearney, a leading global consulting firm.

He earned a BS in Mechanical Engineering from the University of Rhode Island and a Master of Science and Management (MSM) from Georgia Institute of Technology (Georgia Tech).

Mark Fawcett. Mr. Fawcett has been a member of our Board of Directors since January 2016. Since 2002, Mr. Fawcett has served as Senior Vice President and Treasurer of Fresenius Medical Care Holdings, Inc. (FMCH) and its subsidiaries. FMCH is a wholly-owned subsidiary of Fresenius Medical Care AG & Co. KGaA (NYSE: FMS) (collectively with FMCH and their respective subsidiaries, FMS). FMS is the world's leading provider of chronic kidney failure products and services. Prior to his joining FMS, Mr. Fawcett was Director in Corporate Finance at BankBoston beginning in 1997. Mr. Fawcett had various positions of increasing responsibility beginning in 1988 with Merrill Lynch in New York and London then at The Bank of New York. Mr. Fawcett graduated with a B.A. in psychology from Wesleyan University and a M.B.A. from Columbia University Business School. Mr. Fawcett serves as the nominee of NNA of Nevada, Inc. (NNA), an affiliate of FMCH.

Thomas S. Lam, M.D. Dr. Lam has been a member of our Board of Directors since January 2016. Dr. Lam has served as Chief Executive Officer of NMM, a management service organization in the healthcare field that provides medical services to patients and healthcare management, since January 2006. From January 2006 to September 2014, Dr. Lam was the Chairman and CEO of Allied Physicians of California IPA. Since October 2014, he has served as the Chief Executive Officer and Chief Financial Officer of Allied Pacific of California IPA (APC). Dr. Lam was the recipient of the Corporate Citizens of the Year Award from the Board of Directors of East Los Angeles College Foundation in April 2014. In February 2015, YMCA Board of Directors of West San Gabriel Valley honored Dr. Lam as the recipient of Heart of the Community Award. Dr. Lam received his medical training from New York Medical College and gastroenterology training from Georgetown University. Dr. Lam serves as the nominee of NMM.

Suresh Nihalani. Mr. Nihalani has been a member of our Board of Directors since October 2008. Mr. Nihalani has served as a business consultant and advisor since 2008, and is currently involved with many early stage ventures in the area of cloud computing, data centers, next generation LED lighting business assisting them in technology direction, business development and strategic business planning. Mr. Nihalani was President and CEO of ClearMesh Network from 2005 to 2007. He also co-founded Nevis Networks, where he served as CEO from 2002 through 2005. From 1996 to 2001, he co-founded and served as CEO of Accelerated Networks. Prior to that he co-founded ACT Networks where he held various executive level positions. Mr. Nihalani holds a BS in Electrical Engineering from ITT Bombay and MSEE and MBA degrees from the Florida Institute of Technology.

David Schmidt. Mr. Schmidt has been a member of our Board of Directors since May 2013. He has served since January 2011 as Principal of Schmidt & Associates, a consultancy practice that focuses on strategic planning and implementation in the healthcare industry. Since April 2015 Mr. Schmidt has also served as the CEO of the TPG-International Health Academy, a company that organizes trade missions to expose Senior Health Plan and Health System executives from the United States to other country's health systems. From August 2002 to December 2010, he served as the CEO and Member of the Board of SCAN Health Plan, a provider of Medicare Advantage plans. From 2000 to 2002 he served as CEO of Medichex, a firm that provided Internet-based financial service management to healthcare organizations, which was sold to Passport Health Communications. He served on Passport's Board from

2002 to 2006. From 1992 to 1998 he was the Senior Vice President of Sales and Customer Services for Care America/Blue Shield Health Plan and Regional Vice President for FHP Healthcare. He received a BA in Economics from UCLA and a MBA from

The Anderson School of Management at UCLA. Prior to his healthcare experience he held senior management roles in manufacturing companies including Avery Dennison. He also serves on the board of Beacon Healthcare Systems and was a founding board member of the SCAN Foundation, a 501(c)(3) corporation focused on long term care in the United States.

Ted Schreck. Mr. Schreck has been a member of Board of our Directors since February 2012. Other than serving on our Board of Director and various other non-full time engagements, since 2009 Mr. Schreck has been retired. From 2006 to 2008 he served as a consultant for the Legacy Health System, based in Portland, Oregon, which operates six hospitals, a research institute, and a network of clinics. From 1998 to 2006, he served as an executive with Tenet Healthcare including as CEO of USC University Hospital and USC/Norris Cancer Hospital, Regional Vice President of Operations for Los Angeles-area hospitals, and finally as Senior Vice President. From 1973 to 1988 he served with St. Joseph Health System, as CEO of Santa Rosa General Hospital and Senior Vice President of Santa Rosa Memorial Hospital. Schreck also served as the CEO of the Eden Township District Hospitals from 1992 to 1998, and CEO of Delta Memorial Hospital from 1988 to 1992. He holds a BA degree from UCLA and Doctorate from USC.

CORPORATE GOVERNANCE

We maintain a corporate governance page on our corporate website at www.apollomed.net, which includes information regarding the company's corporate governance practices. Our Code of Ethics for Directors, Executive Officers and Other Senior Personnel (which, among others, covers our CEO, CFO and controller), Audit Committee Pre-Approval Policy, Related Person Transaction Policy, Board committee charters and Insider Trading Policy are available on that page of our website. Any changes to these documents and any waivers granted with respect to our code of ethics will be posted on our website. In addition, we will provide a copy of any of these documents without charge to any stockholder upon written request made to Apollo Medical Holdings, Inc. at 700 North Brand Boulevard, Suite 1400, Glendale, California 91203, Attention: Secretary. The information on our website is not, and shall not be deemed to be, a part of this proxy statement or incorporated by reference into this or any other filing we make with the Securities and Exchange Commission (the "SEC").

Board of Directors

Director Independence

Our Board currently consists of seven members, a majority of whom meet the independence requirements of the NASDAQ Stock Market ("NASDAQ"), as currently in effect. The Board has made independence determinations in accordance with the NASDAQ listing standards, which state that a director will not be independent if:

- (i) the director, or an immediate family member of the director, is, or within the last three years was, employed by the company or any of its subsidiaries;
- (ii) the director, or an immediate family member of the director, has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the company, other than director and committee fees, and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent on continued service);
- (iii) the director, or an immediate family member of the director, is a current partner of a firm that is the company's (or any of its subsidiaries) internal or external auditor; or is a current employee of such a firm; or who was, within the last three years (but is no longer), a partner or employee of such firm and personally worked on the company's audit within

that time;

(iv) the director, or an immediate family member of the director, is, or has been within the last three years, employed as an executive officer of another company where any of the company's present executive officers at the same time serve or served on that company's compensation committee; or

(v) the director is a current employee, or an immediate family member of such director is a current executive officer, of a company that has made payments to, or received payments from, the company for property or services in an amount, which, in any of the last three fiscal years, exceeds the greater of \$1 million or two percent (2%) of such other company's consolidated gross revenues.

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With respect to any relationship not covered above, the determination of whether the relationship is material, and therefore whether a director would be independent, will be made by those directors who satisfy the independence criteria set forth above.

In addition to the forgoing, the Board also makes such independence determinations with respect to its audit committee and compensation committee members after taking into account the additional independence and financial literacy standards for members of each such committee, as applicable, in accordance with and pursuant to the rules and regulations of the SEC and NASDAQ listing rules as currently in effect.

The Board has affirmatively determined that each of Messrs. Fawcett, Nihalani, Schmidt and Schreck are independent. In addition, the Board has affirmatively determined that none of our independent directors has a material relationship with the company other than as a director, in accordance with these categorical standards.

Meetings of the Board

The Board held eight meetings and acted by written consent eight times during fiscal year 2017. Each of our incumbent directors attended 75% or more of the aggregate number of meetings of the Board and the committees on which such director served in fiscal year 2017, except that Dr. Lam attended fewer than 75% of such meetings.

The company's non-management directors meet periodically in executive session without management present to discuss certain Board policies, processes and practices, and other matters relating to the company and the functioning of the Board. These discussions are informal, in keeping with the company's size, and we do not have an official presiding or lead independent director for such meetings.

We attempt to schedule our annual meeting of stockholders at a time and date to accommodate attendance by directors, taking into account the directors' schedules. Directors are encouraged to attend our annual meeting of stockholders, but the Board has not adopted a formal policy with respect to such attendance. All of our incumbent directors attended our 2016 annual meeting of stockholders, except for Dr. Lam and Mr. Schmidt.

Board Leadership

Our company is led by Warren Hosseinion, M.D., who has served as our Chief Executive Officer since July 2008, and Gary Augusta, who has served as our Executive Chairman since October 2013. We do not formally have an independent lead director.

Our Board leadership structure is commonly utilized by many other public companies in the United States, and we believe that this leadership structure has been effective for our company. We believe that having a Chief Executive Officer who can focus on the broad executive and operational issues facing the company, and a separate Executive Chairman who can focus on Board and oversight functions, independent chairs for each of our Board committees and only independent directors serving on these committees allocates responsibility and creates checks and balances for our company. This structure provides us with leadership for our company to ensure continuity of our operational, executive and Board functions by individuals playing to their strongest qualities, combined with oversight of the company by experienced independent directors.

Risk Management Oversight Function of the Board

The Board has allocated responsibilities for overseeing risk associated with the company's business among the Board as a whole and the committees of the Board. The Board and the committees of the Board have undertaken some risk

oversight review in accordance with this policy. In performing its risk oversight function, the Board is responsible for overseeing management's development and execution of appropriate business strategies to mitigate the risk that such strategies will fail to generate long-term value for the company and its stockholders or that such strategies will motivate management to take excessive risks. The Board periodically reviews information regarding the company's financial, operational and strategic risks.

Each of the Board's committees is responsible for overseeing the management of company risks that fall within the committee's areas of responsibility, including identifying, quantifying and assisting management in mitigating risks. In performing this function, each committee has full access to management, as well as the ability to engage advisors. As set forth in its charter, the Audit Committee is responsible for discussing with

management the company's major financial risk exposures and the steps management has taken to monitor and control those exposures. The Audit Committee provides updates to the Board at its regular meetings. The Audit Committee also meets privately with the company's independent registered public accounting firm and our Chief Financial Officer at least quarterly. The Compensation Committee is responsible for overseeing the company's risk management related to employee compensation plans and arrangements.

Communications with the Board

The following procedures have been established by the Board in order to facilitate communications between our stockholders and the Board:

Stockholders and any interested parties may send correspondence to the Board or to any individual director, by mail to Corporate Secretary, Apollo Medical Holdings, Inc. at 700 North Brand Boulevard, Suite 1400, Glendale, California 91203, or by e-mail to investors@apollomed.net.

Our Corporate Secretary is responsible for the first review and logging of this correspondence and forwards the communication to the director or directors to whom it is addressed unless it is a type of correspondence which the Board has identified as correspondence which may be retained in our files and not sent to directors. The Board has authorized the Secretary to retain and not send to directors communications that: (a) are advertising or promotional in nature (offering goods or services), (b) solely relate to complaints by clients with respect to ordinary course of business customer service and satisfaction issues or (c) clearly are unrelated to our business, industry, management or Board or committee matters. These types of communications will be logged and filed but not circulated to directors. Except as set forth in the preceding sentence, the Secretary does not screen communications sent to directors. The log of stockholder correspondence is available to members of the Board for inspection. At least once each year, the Corporate Secretary provides to the Board a summary of the communications received from stockholders, including the communications not sent to directors in accordance with the procedures set forth above. Our stockholders may also communicate directly with our non-management directors as a group, by mail addressed to Independent Directors, c/o Corporate Secretary, Apollo Medical Holdings, Inc. at 700 North Brand Boulevard, Suite 1400, Glendale, California 91203, or by e-mail to investors@apollomed.net.

Management has established procedures for the receipt, retention and treatment of complaints regarding questionable accounting, internal controls, financial improprieties or auditing matters. A toll-free hotline and email address are in the process of being established. When implemented, all of the reporting mechanisms will be posted on our corporate website. Upon receipt of a complaint or concern, a determination will be made whether it pertains to accounting, internal controls or auditing matters and, if it does, it will be handled in accordance with the procedures established by the Audit Committee.

Committees of the Board

The Board has a standing Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. The composition, functions and general responsibilities of each committee are summarized below.

Audit Committee

The Audit Committee consists of Messrs. Schmidt (chairman), Nihalani and Schreck. The Board has determined that Mr. Schmidt is an audit committee financial expert, as that term is defined in Item 401(h) of Regulation S-K of the Exchange Act, and is independent within the meaning of Item 7(d)(3)(iv) of Schedule 14A of the Exchange Act. The Board also believes that all members of the Audit Committee meet the independence and knowledge requirements of NASDAQ as currently in effect. For information about Messrs. Schmidt's, Nihalani's and Schreck's experience, please

see Biographical Information Regarding Directors above. The Audit Committee held eight meetings and acted by written consent four times during fiscal year 2017.

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Consistent with the company's Audit Committee Charter, no member of the Audit Committee may serve on the audit committees of more than two other public companies (in addition to ours). Currently, no member of the Audit Committee serves on more than two other public company audit committees.

The Audit Committee operates under a written charter, a copy of which is available on our website. The Audit Committee's duties include (a) monitoring and ensuring (i) the integrity of our financial statements, (ii) compliance with legal and regulatory requirements, (iii) the qualifications and independence of our independent auditors, and (iv) the performance of our internal audit function and external auditors; (b) preparing the report required to be prepared by the Audit Committee under the rules of the SEC for inclusion in our proxy statement; and (c) overseeing our accounting and financial reporting processes the audits of our financial statements. In addition, the Audit Committee has responsibility for reviewing complaints about, and investigating allegations of, financial impropriety or misconduct. Please see Report of Audit Committee below, which provides further details of many of the duties and responsibilities of the Audit Committee.

As part of its responsibility, the Audit Committee is responsible for engaging our independent registered public accounting firm, as well as pre-approving audit and non-audit services performed by our independent registered public accounting firm in order to assure that the provision of such services does not impair their independence. The Audit Committee has adopted, and the Board has ratified, an Audit Committee Pre-Approval Policy, which is also available on our website.

Compensation Committee, Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Messrs. Nihalani (chairman), Schmidt and Schreck. The Board has determined that all members of the Compensation Committee qualify as independent directors as defined under NASDAQ rules, as a non-employee director as defined in Rule 16b-3(b)(3) under the Exchange Act and as an outside director within the meaning of Section 162(m)(4)(C)(i) of the Internal Revenue Code of 1986, as amended (the IRS Code). No member of the Compensation Committee was at any time during fiscal year 2017 an officer or employee of the company. The Compensation Committee held two meetings and acted by written consent five times during fiscal year 2017. None of our executive officers served on the compensation committee of another entity or on any other committee of the board of directors of another entity performing similar functions during fiscal year 2017.

The Compensation Committee operates under a written charter, a copy of which is available on our website. The Compensation Committee establishes the compensation and benefits of our executive officers. The compensation committee also administers our employee benefit plans, including our equity incentive plans.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee consists of Messrs. Schreck (chairman), Nihalani and Schmidt. All members of the Nominating/Corporate Governance Committee meet the independence requirements of NASDAQ as currently in effect. The Nominating/Corporate Governance Committee met one time during fiscal year 2017.

The Nominating/Corporate Governance Committee operates under a written charter, a copy of which is available on our website. The Nominating/Corporate Governance Committee has the primary responsibility for overseeing the company's corporate governance compliance practices, as well as supervising the affairs of the company as they relate to the nomination of directors. The principal ongoing functions of the Nominating/Corporate Governance Committee include developing criteria for selecting new directors, establishing and monitoring procedures for the receipt and consideration of director nominations by stockholders and others, considering and examining director candidates,

recommending director nominations to the Board, developing and recommending corporate governance principles for the company and monitoring the company's compliance with those principles and establishing and monitoring procedures for the receipt of stockholder communications directed to the Board.

The Nominating/Corporate Governance Committee is also responsible for conducting an annual evaluation of the Board to determine whether the Board and its committees are functioning effectively.

Director Nominations

The Nominating/Corporate Governance Committee has the responsibility to identify appropriate candidates to serve as directors of the company, and interviews director candidates and makes recommendations to the Board regarding candidate selection. In considering candidates to serve as directors, the Nominating/Corporate Governance Committee evaluates various minimum individual qualifications, including strength of character, maturity of judgment, relevant technical skills or financial acumen, diversity of viewpoint and industry knowledge, as well as the extent to which the candidate would fill a present need on the Board. The Nominating/Corporate Governance Committee also considers additional factors which may provide a range of experiences, skills and perspective to the Board.

In recommending the nominees who are standing for election as directors at the 2017 Annual Meeting, the Nominating/Corporate Governance Committee considered the foregoing factors and each nominee's previous service on the Board, which provides continuity in its deliberations.

The Nominating/Corporate Governance Committee also considered specific qualifications, attributes and skills that each nominee possesses and contributes to the work of the Board. Dr. Hosseinion is a pioneer in the hospitalist movement and is the co-founder of our company and serves as our CEO; he has extensive experience in managing medical groups and is an innovator in using population health data to improve patient care and clinical outcomes, all of which makes him a valued board member, as well as providing continuity between management and the Board. In addition, Dr. Hosseinion is currently a practicing hospitalist physician and brings to our Board of Directors and our Company a depth of understanding of physician culture and strong knowledge of the healthcare market. Mr. Augustus's background in engineering and finance and his successful career in business development, particularly in capitalizing new ventures, make him a strong candidate to continue to serve as a director, especially given our focus on capital raising and related growth activities. Mr. Fawcett is currently a senior finance officer with FMCH and brings a broad knowledge of the health care industry and finances to the Board, with a special understanding of the managed care market and health care contracting. Dr. Lam is a prominent physician and the CEO of NMM; he has managed medical groups and has experience with capitation and at risk contracting, both unique perspectives that add to our Board's knowledge base. Mr. Nihalani is an engineer and successful entrepreneur, founding companies which have later gone public; his assistance and advice in guiding our development as a public company has been invaluable and makes him a valuable candidate to continue to serve on our Board. Additionally, Mr. Nihalani's qualifications to serve on our Board of Directors include over 35 years of corporate experience working as a senior executive and director with both public and private organizations. Mr. Schmidt has a background in finance and is the past President of SCAN, one of the nation's largest Medicare Senior Advantage insurers; his extensive knowledge of the insurance industry with a special focus on Medicare, enables him to provide a unique perspective to us, as a regulated business, and to serve as chair of our Audit Committee. Additionally, Mr. Schmidt's qualifications to serve on our Board of Directors include 20 years of experience working as a senior executive in the healthcare industry. Mr. Schreck is a former healthcare executive, having worked with the St. Joseph Health System and Tenet Healthcare; his broad knowledge of the hospital industry and health care finances brings a crucial perspective to the Board. Additionally, Mr. Schreck's qualifications to serve on our Board of Directors include over 30 years of corporate experience working as a senior executive in the healthcare industry.

The Nominating/Corporate Governance Committee will also consider stockholder nominations for director. Any nominations for director submitted to this committee by stockholders will be evaluated according to the company's overall needs, the director qualification standards set forth above, and the nominee's overall knowledge, experience and background. A nominating stockholder must give appropriate notice to the company of the nomination not less than 90 days prior to the first anniversary of the preceding year's annual meeting. In the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the preceding year's annual meeting, the notice by the stockholder must be delivered not later than the close of business on

the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such annual meeting is first made.

The stockholders' notice shall set forth, as to:

each person whom the stockholder proposes to nominate for election as a director:

the name, age, business address and residence address of such person,

the principal occupation or employment of the person,

the class and number of shares of the company's stock which are beneficially owned by such person, if any, and any other information relating to such person which is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Exchange Act and the rules thereunder; and

the stockholder giving the notice:

the name and record address of the stockholder and the class and number of shares of the company's stock which are beneficially owned by the stockholder,

a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which nomination(s) are to be made by such stockholder,