

Apollo Medical Holdings, Inc.
Form DEF 14A
July 29, 2016

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 Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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):

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 2016 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 14, 2016

To Our Common and Preferred Stockholders:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (the “2016 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 1440, Glendale, California 91203, at 10:00 a.m. on Wednesday, September 14, 2016 for the following purposes:

1. To elect seven directors to our Board of Directors (the “Board”);
2. To adopt the Apollo Medical Holdings, Inc. 2015 Equity Incentive Plan (the “2015 Plan”);
3. To hold an advisory vote on named executive officer compensation; and
4. To hold an advisory vote on the frequency of future advisory votes on named executive officer compensation.

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 2016 Annual Meeting.

The Board has fixed the close of business on July 21, 2016 as the record date (the "Record Date") for determining those stockholders who will be entitled to notice of and to vote at the 2016 Annual Meeting. The stock transfer books will remain open between the Record Date and the date of the 2016 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 2016 Annual Meeting. Accordingly, it is important that your shares be represented at the 2016 Annual Meeting. **WHETHER OR NOT YOU PLAN TO ATTEND THE 2016 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 2016 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 29, 2016

Glendale, California

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON SEPTEMBER 14, 2016: 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

PROXY STATEMENT

FOR

2016 ANNUAL MEETING OF STOCKHOLDERS

OF

APOLLO MEDICAL HOLDINGS, INC.

To Be Held on September 14, 2016

This proxy statement is furnished in connection with the solicitation by our Board of Directors (the “Board”) of proxies to be voted at the 2016 Annual Meeting of Stockholders (the “2016 Annual Meeting”), which will be held at 10:00 a.m. on September 14, 2016 at 700 North Brand Boulevard, Suite 1440, Glendale, California 91203, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of 2016 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 4, 2016. 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, 2016 (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 21, 2016 was the record date (the “Record Date”) for stockholders entitled to notice of and to vote at the 2016 Annual Meeting. As of the Record Date, we had 5,745,036 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 2016 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 2016 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 2016 Annual Meeting. Voting Shares represented in person or by proxy at the 2016 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.

In voting with regard to the proposal to adopt the 2015 Plan (Proposal 2), stockholders may vote in favor of such proposal or against such proposal or may abstain from voting. The vote required to approve Proposal 2 is governed by Delaware law, and the minimum vote required is a majority of the total votes cast on such proposal, provided that a quorum is present. As a result, in accordance with Delaware law, abstentions and broker non-votes will not be counted and will have no effect on the outcome of the vote on this proposal.

In voting with regard to the advisory vote on named executive officer compensation (Proposal 3), stockholders may vote in favor of such proposal or against such proposal or may abstain from voting. The vote required to approve Proposal 4 is the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter. Abstentions will have the same effect as votes “against” the proposal. Brokers do not have discretionary authority to vote on this proposal. Broker non-votes, therefore, will have no effect on the proposal as brokers are not entitled to vote on such proposals in the absence of voting instructions from the beneficial owner.

In voting with regard to the proposal on the frequency of having an advisory vote on named executive compensation (Proposal 4), stockholders may vote to have such vote every one year, two years, three years or abstain. The vote required to approve Proposal 4 is a majority of the total votes cast on such proposal, provided a quorum is present. Abstentions will have no effect on the proposal. Brokers do not have discretionary authority to vote on this proposal. Broker non-votes, therefore, will have no effect on the stockholder proposal as brokers are not entitled to vote on such proposals in the absence of voting instructions from the beneficial owner. If none of the frequency alternatives (one year, two years or three years) receives a majority of the shares present or represented by proxy and entitled to vote, we will consider the highest number of votes cast by stockholders to be the frequency that has been selected by our stockholders. Consistent with current rules of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), our proxies will have discretionary authority to vote in accordance with the Board’s frequency vote recommendation for proxy cards that are returned with no selection made relating to the frequency vote. Because the frequency vote is advisory and not binding on us or the Board in any way, the Board may decide that it is in our and our stockholders’ best interests to hold an advisory vote on executive compensation more or less frequently than the option selected by our stockholders.

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 2016 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 2016 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, FOR Proposals 2 and 3, and for the “three years” alternative in Proposal 4. Management does not know of any matters to be presented at the 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2017 or until a successor has been duly elected and qualified, or until their earlier resignation or removal.

In the event that a nominee is unable or declines to serve as a director at the time of the 2016 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 21, 2016 regarding the nominees for election as directors:

Name	Position	Age
	Chief	
Warren Hosseinion, M.D.	Executive	44
	Officer	
Gary Augusta	Executive	49
	Chairman	
Mark Fawcett	Director	49
Thomas S. Lam, M.D.	Director	67
Suresh Nihalani	Director	63
David Schmidt	Director	68
Ted Schreck	Director	70

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.

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 Network Medical Management, Inc. ("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 Administrative and Financial Officer of Allied Pacific of California IPA. 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 storage and 4G backhaul wireless radios, 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 Medicheck, 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.

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 four meetings and acted by written consent 13 times during fiscal year 2016. 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 2016.

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 2014 annual meeting of stockholders, except for Mr. Fawcett and Dr. Lam, who were not directors at the time of our 2014 annual meeting of stockholders, and Mr. Schmidt, who was unable to attend the 2014 annual meeting. We did not hold an annual meeting of stockholders in 2015.

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. In performing its risk oversight function, the Board oversees 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 also regularly reviews information regarding the company's financial, operational and strategic risks. Each of the Board's committees also oversees 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 gives updates to the Board at its regular meetings, including updates on financial risks. The Audit Committee also meets privately with the company's independent registered public accounting firms and our Chief Financial Officer at least quarterly. The Compensation Committee oversees the company's risk management related to employee compensation plans and arrangements. While each committee is responsible for overseeing the management of those risk areas, the entire Board is also regularly informed through committee reports.

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.

The Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding questionable accounting, internal controls, financial improprieties or auditing matters. Any of the company's employees may confidentially communicate concerns about any of these matters by calling our corporate offices at (818) 396-8050. All of the reporting mechanisms are also posted on our 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 four meetings during fiscal year 2016.

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 2016 an officer or employee of the company. The Compensation Committee acted by unanimous written consent two times during fiscal year 2016. 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 2016.

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 acted by unanimous written consent two times during fiscal year 2016.

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, and began reporting annually to the Board with the results of this evaluation beginning in 2016.

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 2016 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. Augusta'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,

 - a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice,

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.

The notice must be accompanied by a written consent of the proposed nominee to be named as a director.

Recommendation of the Board

The Board unanimously recommends that stockholders vote FOR the election of each of the director nominees identified above.

PROPOSAL 2

APPROVAL OF 2015 EQUITY COMPENSATION PLAN

On December 15, 2015, the Board adopted the Apollo Medical Holdings, Inc. Equity Incentive Plan (the “2015 Plan”). At the 2016 Annual Meeting our stockholders are being asked to approve the 2015 Plan. The following is only a summary of the 2015 Plan and is qualified in its entirety by reference to the full text of the 2015 Plan, a copy of which is attached as *Appendix A* to this proxy statement.

Purpose

We believe that our ability to award incentive compensation based on equity in the company is critical to our continued success in remaining competitive and attracting, motivating and retaining key personnel. Approval of this proposal would provide 1,500,000 shares to be used for grants under the 2015 Plan. In addition, shares that are subject to outstanding grants under the company’s 2010 Equity Incentive Plan (the “2010 Plan”) and 2013 Equity Incentive Plan (the “2013 Plan”) but that ordinarily would have been restored to such plans reserve due to award forfeitures and terminations will roll into and become available for awards under the 2015 Plan.

The creativity and entrepreneurial drive of our employees and other personnel who provide services to the company are important factors in the growth and success of our business. We believe that our broad-based equity incentive program is an effective means of motivating and rewarding the efforts of our employees and other valuable personnel. By giving our employees, consultants and directors an opportunity to share in the growth of our equity, we align their interests with those of our stockholders. Our employees, consultants and directors understand that their stake in our company will have value only if, working together, we create value for our stockholders. Awards under our equity incentive plans generally vest over a period of time (for example, stock options generally vest over a three-year period), giving the recipient an additional incentive to provide services over a number of years and build on past performance. We believe that our option program has helped us to build a team of high achievers who have demonstrated long-term dedication and productivity and who, in turn, help us to attract like-minded individuals to our company.

We remain committed to the goals of managing dilution from options and enhancing stockholder value. We have never repriced options, and the 2015 Plan specifically prohibits the repricing of options. In addition, the 2015 Plan prohibits the grant of “discount” options (i.e. options with an exercise price below fair market value).

In order to continue to remain competitive in attracting, motivating and retaining our key personnel, additional shares will be needed for us to continue our equity incentive compensation program. In light of the fact that we have been making awards under the 2013 Plan during a very dynamic period of growth and expansion for our company, we had exhausted the available shares for grant under the 2013 Plan during fiscal 2016. Therefore, if the 2015 Plan is not approved by our stockholders, we will not have a functioning equity incentive plan for future grants. We currently anticipate that approval of the 2015 Plan will provide us with adequate shares for incentive compensation awards for approximately six additional years. The visibility and sustainability of the equity incentive compensation program are important factors in accomplishing our goals of attracting, motivating and retaining key employees, consultants and directors.

Number of Shares

The 2015 Plan freezes the number of shares available for awards under the 2013 Plan as of the date of the adoption of the 2015 Plan by the Board, which was December 15, 2015. As a result, as of such date, no new awards have been made under the 2013 Plan. In addition, no awards have been granted under the 2010 Plan since the adoption of the 2013 Plan. As of December 15, 2015, an aggregate 690,000 shares of common stock were subject to outstanding awards under the 2010 and 2013 Plans that were subject to potential forfeiture or termination and that therefore could roll into and become available for awards under the 2015 Plan (the “Rollover Shares”).

Under the 2015 Plan, 1,500,000 new shares of our common stock, plus the Rollover Shares, are reserved for issuance under awards. Any shares that are represented by awards under the 2015 Plan that are (i) forfeited, expire, or are

canceled or settled in cash without delivery of shares, (ii) forfeited back to us or reacquired by us after delivery for any reason, or (iii) tendered to us or withheld to pay the exercise price or related tax withholding obligations in connection with any award under the 2015 Plan, will again be available for awards under the 2015 Plan. Only shares actually issued under the 2015 Plan will reduce the share reserve. If we acquire another entity through a merger or similar transaction and issue replacement awards under the 2015 Plan to employees, officers and directors of the acquired entity, those awards, to the extent permitted under applicable laws and securities exchange rules, will not reduce the number of shares reserved for the 2015 Plan.

The 2015 Plan imposes the following additional maximum limitations:

The maximum number of shares that may be issued in connection with incentive stock options intended to qualify under IRS Code Section 422 is 1,500,000 shares.

The maximum number of shares that may be subject to stock options and/or stock appreciation rights granted to any one person in any calendar year is 500,000 shares, except that options and/or stock appreciation rights granted to a new employee in the calendar year in which his or her employment commences may not relate to more than 1,000,000 shares.

- The maximum number of shares that may be subject to restricted stock or restricted stock units granted to any one person in any calendar year is 500,000 shares.

• The maximum number of shares that may be subject to performance shares or performance units (if such units are valued in relation to shares) granted to any one person in any calendar year is 500,000 shares.

• The maximum amount payable under an award of performance units (if such units are not valued in relation to shares) granted to any one person in any calendar year is \$500,000.

The Compensation Committee, in its discretion, may grant awards that exceed the above limits (other than the limits on incentive stock options) if the Committee determines that such awards will not be considered “qualified performance-based compensation” within the meaning of IRS Code Section 162(m), but only if and to the extent that such discretion does not disqualify performance-based awards from qualifying as such under IRS Code Section 162(m).

The number of shares reserved for issuance under the 2015 Plan, and the limits on the number of awards that may be granted to any one participant or of a particular type, as described above, are subject to adjustment to reflect certain subsequent changes to our capital structure, such as stock splits, stock dividends and recapitalizations.

Administration

Like the 2013 Plan and the 2010 Plan, the 2015 Plan is administered by the Compensation Committee of the Board (the “Compensation Committee”). The Compensation Committee will have full power to administer the 2015 Plan and the decisions of the Compensation Committee will be final and binding upon all the participants. See “Corporate Governance – Committees of the Board – *Compensation Committee, Compensation Committee Interlocks and Insider Participation*”.

The Board may delegate the Compensation Committee’s administrative authority to another committee, or the Compensation Committee may delegate some of its authority to the Chief Executive Officer of the company. Any such delegation may be made only to the extent the law allows. In addition, the 2015 Plan provides that only the Board, or a committee comprised entirely of non-employee directors, may approve awards to individuals who are subject to Section 16 of the Exchange Act. As used herein, the term “Compensation Committee” also includes the Board or other committee that has authority with respect to the approval of awards.

Eligibility

The selection of the participants in the 2015 Plan will generally be determined by the Compensation Committee. Employees and those about to become employees, including those who are officers or directors of the company or its subsidiaries and affiliates, are eligible to be selected to receive awards under the 2015 Plan. In addition, non-employee service providers, including non-employee directors, and employees of unaffiliated entities that provide bona fide services to the company as an independent contractor are eligible to be selected to receive awards under the 2015 Plan. Non-employee directors of the Board are eligible for and shall receive grants of options in such amounts and on such terms as determined by the Board as a whole. All other grants must be approved by the Compensation Committee.

As of July 21, 2016, three named executive officers, four non-employee directors and approximately 22 other employees are eligible to be selected by the Compensation Committee to receive grants under the 2015 Plan.

Types of Awards

The 2015 Plan allows for the grant of stock options, stock appreciation rights, performance awards, restricted stock awards, restricted stock units and dividend equivalent units in any combination, separately or in tandem. Subject to the terms of the 2015 Plan, the Compensation Committee will determine the terms and conditions of awards, including the times when awards vest or become payable and the effect of certain events such as termination of employment.

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