

Apollo Medical Holdings, Inc.  
Form 424B3  
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## **JOINT PROXY STATEMENT/PROSPECTUS**

To the stockholders of Apollo Medical Holdings, Inc. and the shareholders of Network Medical Management, Inc.:

On December 21, 2016, Apollo Medical Holdings, Inc., a Delaware corporation (“ApolloMed”), Network Medical Management, Inc., a California corporation (“NMM”), Apollo Acquisition Corp., a California corporation and a wholly owned subsidiary of ApolloMed (“Merger Sub”), and Kenneth Sim (the “Shareholders’ Representative”) entered into an agreement and plan of merger (as amended on March 30, 2017 and October 17, 2017, the “Merger Agreement”) that provides for, among other things, the merger of Merger Sub with and into NMM, with NMM continuing as the surviving entity and a wholly owned subsidiary of ApolloMed, on the terms and conditions set forth in the Merger Agreement (the “Merger”). The boards of directors of each of ApolloMed and NMM have approved the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. If consummated, the Merger will be made effective at the time of filing a certificate of merger (the “Certificate of Merger”) with the Secretary of State of the State of California or at such later time as agreed to by the parties in writing and specified in the Certificate of Merger (the “Effective Time”).

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to

purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. At the Effective Time, pre-Merger ApolloMed stockholders will continue to own and hold their existing shares of ApolloMed common stock. At the Effective Time, ApolloMed will hold back 10% of the total number of shares of ApolloMed common stock issuable to pre-Merger NMM shareholders in the Merger to secure indemnification rights of ApolloMed and its affiliates under the Merger Agreement. Separately, any indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as are subject to the holdback for the indemnification of ApolloMed).

ApolloMed's common stock is currently quoted on OTC Pink and traded under the symbol "AMEH." ApolloMed has applied for listing of its common stock on the NASDAQ Global Market effective as of the closing of the Merger. No assurance can be given that ApolloMed's application will be approved. On December 21, 2016, the last full trading day before the announcement of the Merger, the last reported sale price of ApolloMed common stock was \$3.99 per share, and, on November 10, 2017, the latest practicable date prior to the date of this joint proxy statement/prospectus, the last reported sale price of ApolloMed common stock was \$7.79 per share. **ApolloMed and NMM urge you to obtain current market quotations for the price of ApolloMed common stock.**

The Merger has been structured to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

ApolloMed and NMM each will hold a special meeting of its shareholders. ApolloMed stockholders will be asked to consider and vote on the following proposals: (i) to approve the Merger between Merger Sub and NMM pursuant to the terms and conditions of the Merger Agreement and the transactions contemplated thereunder, including the issuance of shares of common stock and warrants of ApolloMed to NMM shareholders as merger consideration in the Merger (the “ApolloMed Merger Proposal”); (ii) to approve amendments to the ApolloMed Restated Certificate of Incorporation (the “ApolloMed Charter”) and Restated Bylaws (“ApolloMed Bylaws”) to divide the board of directors of ApolloMed into three classes (the “Board Classification Proposal”); (iii) to elect nine directors to serve as members of ApolloMed’s board for one-year, two-year or three-year terms (the “Election of Directors Proposal”); (iv) to consider and vote on a proposal to approve, in a non-binding advisory vote, certain compensation arrangements for ApolloMed’s named executive officers (the “ApolloMed Compensation Proposal”); and (v) to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to ApolloMed stockholders for vote (the “ApolloMed Adjournment Proposal”).

The ApolloMed special meeting will be held on December 6, 2017 at 10:00 a.m., Pacific Standard Time, at 700 N. Brand Blvd., Suite 1400, Glendale, California.

NMM shareholders will be asked to consider and vote on the following proposals: (i) to approve the Merger between NMM and Merger Sub pursuant to the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (the “NMM Merger Proposal”); and (ii) to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to ApolloMed shareholders for vote (the “NMM Adjournment Proposal”).

The NMM special meeting will be held on December 6, 2017 at 6:00 p.m., Pacific Standard Time, at 1668 S. Garfield Avenue, Alhambra, California.

Completion of the Merger is conditioned upon the satisfaction or waiver of all closing conditions under the Merger Agreement, including, (i) the adoption and approval of the ApolloMed Merger Proposal, the Board Classification Proposal, and each of the directors in the Election of Directors Proposal by the affirmative vote of holders of (a) a majority of the shares of ApolloMed common stock Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (b) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM (excluding shares of preferred stock owned by NMM) and (ii) approval of the NMM Merger Proposal by the affirmative vote of NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders.

ApolloMed's board of directors determined that it is advisable and in the best interest of ApolloMed and its stockholders for ApolloMed to enter into the Merger Agreement and the board authorized and approved the terms of the Merger Agreement and the transactions contemplated thereby, approved the Merger Agreement and recommends that ApolloMed stockholders vote "FOR" the ApolloMed Merger Proposal, "FOR" the Board Classification Proposal, "FOR" each of the directors in the Election of Directors Proposal, "FOR" the ApolloMed Compensation Proposal and "FOR" the ApolloMed Adjournment Proposal.

NMM's board of directors has determined that it is advisable and in the best interest of NMM and its shareholders to enter into the Merger Agreement, the board has authorized and approved the terms of the Merger Agreement and the transactions contemplated thereby, has approved the Merger Agreement and recommends that NMM shareholders vote "FOR" the NMM Merger Proposal and "FOR" the NMM Adjournment Proposal.

This joint proxy statement/prospectus provides you with important information about the special meetings and about ApolloMed and NMM and the proposed Merger and other transactions and documents related to the Merger.

**Please carefully read this entire joint proxy statement/prospectus, including "RISK FACTORS" beginning on page 29.**

**Your vote is very important.** Whether or not you plan to attend the special meeting of ApolloMed or the special meeting of NMM, please take the time to vote by completing and returning the enclosed proxy card to ApolloMed or NMM, as applicable, or by granting your proxy electronically over the Internet or by telephone. If your shares are held in "street name," you must instruct your broker in order to vote on all proposals.

Sincerely,

Warren Hosseinion, M.D.	Thomas Lam, M.D.
Chief Executive Officer	Chief Executive Officer
Apollo Medical Holdings, Inc.	Network Medical Management, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the ApolloMed common stock to be issued in the Merger or determined if this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated November 14, 2017 and is first being mailed to ApolloMed stockholders on or about November 20, 2017 and NMM shareholders on or about November 24, 2017.

APOLLO MEDICAL HOLDINGS, INC.

700 N. Brand Blvd., Suite 1400

Glendale, CA 91203

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

**TO BE HELD ON December 6, 2017**

To the Stockholders of Apollo Medical Holdings, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders (the “ApolloMed special meeting”) of Apollo Medical Holdings, Inc., a Delaware corporation (“ApolloMed”), will be held on December 6, 2017, at 10:00 a.m., Pacific Standard Time, at 700 N. Brand Blvd., Suite 1400, Glendale, California 91203, to consider and vote upon the following matters:

(1) *The ApolloMed Merger Proposal* — to approve the merger between Apollo Acquisition Corp., a California corporation and a wholly owned subsidiary of ApolloMed (“Merger Sub”), and Network Medical Management, Inc., a California corporation (“NMM”), pursuant to the terms and conditions of the Agreement and Plan of Merger (the “Merger Agreement”), dated as of December 21, 2016, as amended on March 30, 2017 and October 17, 2017, among ApolloMed, Merger Sub, NMM and Kenneth Sim, M.D., the Merger Agreement and the transactions contemplated thereunder, including the issuance of shares of common stock and warrants of ApolloMed to NMM shareholders as merger consideration in the Merger (the “ApolloMed Merger Proposal”);

(2) *The Board Classification Proposal* – to approve amendments to the ApolloMed Restated Certificate of Incorporation (the “ApolloMed Charter”) and Restated Bylaws (“ApolloMed Bylaws”) to divide the board of directors of ApolloMed into three classes (the “Board Classification Proposal”);

(3) *The Election of Directors Proposal* – to elect nine directors to serve as members of ApolloMed’s board for one-year, two-year or three-year terms (the “Election of Directors Proposal”);

(4) *The ApolloMed Compensation Proposal* – to consider and vote on a proposal to approve, in a non-binding advisory vote, certain compensation arrangements for ApolloMed’s named executive officers (the “ApolloMed Compensation Proposal”); and

(5) *The ApolloMed Adjournment Proposal* – to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to stockholders for vote (the “ApolloMed Adjournment Proposal”).

ApolloMed’s board has fixed the close of business on November 14, 2017, as the record date for the special meeting. Only holders of record of shares of ApolloMed common stock and Series A preferred stock and Series B preferred stock at the close of business on such date are entitled to receive notice of, and vote at, the special meeting or at any postponement(s) or adjournment(s) of the special meeting. A complete list of ApolloMed’s stockholders of record entitled to vote at the special meeting will be available for 10 days before the special meeting at our principal executive office for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting.

Approval of each of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal requires the affirmative vote of holders of (i) a majority of the shares of ApolloMed common stock and Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM. The ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal requires the affirmative vote of a majority of the shares of ApolloMed stock entitled to vote present in person or represented by proxy at the ApolloMed special meeting.

**APOLLOMED'S BOARD DETERMINED THAT IT IS ADVISABLE AND IN THE BEST INTEREST OF APOLLOMED AND ITS STOCKHOLDERS TO ENTER INTO THE MERGER AGREEMENT AND THE BOARD HAS AUTHORIZED AND APPROVED THE TERMS OF THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY. APOLLOMED'S BOARD APPROVED THE MERGER AGREEMENT AND RECOMMENDS THAT APOLLOMED STOCKHOLDERS VOTE "FOR" THE APOLLOMED MERGER PROPOSAL, "FOR" THE BOARD CLASSIFICATION PROPOSAL, "FOR" EACH OF THE DIRECTORS IN THE ELECTION OF DIRECTORS PROPOSAL, "FOR" THE APOLLOMED COMPENSATION PROPOSAL AND "FOR" THE APOLLOMED ADJOURNMENT PROPOSAL**

**Your vote is very important.** If your shares are registered in your name as a stockholder of record of ApolloMed, whether or not you expect to attend the special meeting, please sign and return the enclosed proxy card promptly in the envelope provided or promptly submit your proxy by telephone or over the Internet following the instructions on the proxy card, to ensure that your shares will be represented at the special meeting.

If your shares are held in "street name" through a broker, trust, bank or other nominee, and you received the notice of the special meeting through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by such broker or other intermediary to instruct such broker or other intermediary how to vote your shares or contact your broker or other intermediary directly in order to obtain a proxy issued to you by your nominee holder to attend the special meeting and vote in person. Failure to do so may result in your shares not being eligible to be voted by proxy at the special meeting.

You may revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the enclosed joint proxy statement/prospectus.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON December 6, 2017:** This notice is not a form for voting and presents only an overview of the more complete joint proxy statement/prospectus. We urge you to read the accompanying joint proxy statement/prospectus, including its annexes and the section entitled "RISK FACTORS" beginning on page 29, carefully and in their entirety. Copies of the joint proxy statement/prospectus and the accompanying proxy card are available, without charge on the internet at [http://irdirect.net/AMEH/sec\\_filings](http://irdirect.net/AMEH/sec_filings) and [www.proxyvote.com](http://www.proxyvote.com), respectively, and can be obtained by calling (818) 396-8050 or sending an e-mail to [Investors@apollomed.net](mailto:Investors@apollomed.net). To obtain timely delivery, ApolloMed stockholders must request the materials no later than five business days prior to the ApolloMed special meeting. If you have any questions concerning the proposals, the ApolloMed special meeting of stockholders or the accompanying joint proxy statement/prospectus or need help voting your shares of ApolloMed capital stock, please contact Mihir Shah at (818) 396-8050.



By Order of the Board of Directors,

/s/ Gary Augusta  
Gary Augusta  
Chairman of the Board of Directors

November 14, 2017

NETWORK MEDICAL MANAGEMENT, INC.

1668 S. Garfield Avenue, 3rd Floor

Alhambra, CA, 91801

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

**TO BE HELD ON DECEMBER 6, 2017**

To the Shareholders of Network Medical Management, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders (the “NMM special meeting”) of Network Medical Management, Inc., a California corporation (“NMM”) will be held on December 6, 2017, at 6:00 p.m., Pacific Standard Time, at 1668 S. Garfield Avenue, 3<sup>rd</sup> Floor, Alhambra, California 91801, to consider and vote upon the following matters:

(1) *The NMM Merger Proposal* – to approve the merger between NMM and Apollo Acquisition Corp., a California corporation (“Merger Sub”), pursuant to the terms and conditions of the Agreement and Plan of Merger (the “Merger Agreement”), dated as of December 21, 2016, as amended on March 30, 2017 and October 17, 2017, among Apollo Medical Holdings, Inc., a Delaware corporation (“ApolloMed”), the Merger Sub, NMM and Kenneth Sim, M.D., as the shareholders’ representative, the Merger Agreement and the transactions contemplated thereunder (the “NMM Merger Proposal”); and

(2) *The NMM Adjournment Proposal* – to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to shareholders for vote (the “NMM Adjournment Proposal”).

NMM’s board of directors has fixed the close of business on November 17, 2017 as the record date for the special meeting. Only holders of record of shares of NMM common stock at the close of business on such date are entitled to receive notice of, and vote at, the special meeting or at any postponement(s) or adjournment(s) of the special meeting. A complete list of our shareholders of record entitled to vote at the special meeting will be available for 10 days

before the special meeting at NMM's principal executive office for inspection by shareholders during ordinary business hours for any purpose germane to the special meeting.

Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. have each entered into an agreement with ApolloMed pursuant to which each has agreed to vote all of the shares of NMM common stock owned or controlled by them in favor of the NMM Merger Proposal and the Merger Agreement. As of the close of business on November 10, 2017, the record date for the special meeting, Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. collectively owned, directly or indirectly, 106,548,833 shares of NMM common stock, which represented approximately 26.7% of the outstanding shares of NMM common stock.

Approval of the NMM Merger Proposal requires the affirmative vote of NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders. The NMM Adjournment Proposal requires the affirmative vote of a majority of the outstanding shares of NMM stock entitled to vote present in person or represented by proxy at the NMM special meeting.

You are entitled to the right to seek appraisal of the fair value of your shares of NMM common stock under Chapter 13 of the California Corporations Code. A summary of the dissenters' rights that may be available to you are described in "THE MERGER – Dissenters' Rights" on page 140.

**NMM'S BOARD DETERMINED THAT IT IS ADVISABLE AND IN THE BEST INTEREST OF NMM AND ITS SHAREHOLDERS TO ENTER INTO THE MERGER AGREEMENT AND THE BOARD HAS AUTHORIZED AND APPROVED THE TERMS OF THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY. NMM'S BOARD APPROVED THE MERGER AGREEMENT AND RECOMMENDS THAT NMM SHAREHOLDERS VOTE "FOR" THE NMM MERGER PROPOSAL AND "FOR" THE NMM ADJOURNMENT PROPOSAL.**

**Your vote is very important.** Whether or not you expect to attend the special meeting, please sign and return the enclosed proxy card promptly in the envelope provided to ensure that your shares will be represented at the special meeting.

You may revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the enclosed joint proxy statement/prospectus.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON December 6, 2017:** This notice is not a form for voting and presents only an overview of the more complete joint proxy statement/prospectus. We urge you to read the accompanying joint proxy statement/prospectus, including its annexes and the section entitled “RISK FACTORS” beginning on page 29, carefully and in their entirety. Copies of the joint proxy statement/prospectus and the accompanying proxy card can be obtained, without charge, by calling (626) 229-9828 or sending an e-mail to [tlee@tinkinlee.com](mailto:tlee@tinkinlee.com). To obtain timely delivery, NMM shareholders must request the materials no later than 5 business days prior to the NMM special meeting. If you have any questions concerning the proposals, the NMM special meeting or the accompanying joint proxy statement/prospectus or need help voting your shares of NMM common stock, please contact Tin Kin Lee at (626) 229-9828.

By Order of the Board of Directors,

/s/ Kenneth Sim  
Kenneth Sim  
Chairman of the Board of Directors

## REFERENCE TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about ApolloMed that is not included in or delivered with this document. Additional information about ApolloMed is available to you without charge upon your request. You can obtain any of the documents filed with or furnished to the Securities and Exchange Commission, or the “SEC,” by ApolloMed at no cost from the SEC’s website at <http://www.sec.gov>. You may also request copies of these documents at no cost by requesting them in writing or by telephone at the following address and telephone number:

Apollo Medical Holdings, Inc.:

700 N. Brand Blvd., Suite 1400

Glendale, CA 91203

Attention: Corporate Secretary

Telephone: (818) 396-8050

E-mail: [tthai@apollomed.net](mailto:tthai@apollomed.net)

**To obtain timely delivery of these documents, you must request them no later than five business days before the date of the special meeting. This means that Apollo stockholders should request documents by November 29, 2017 and NMM shareholders requesting documents must do so by November 29, 2017.**

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from that contained in this document. This document is dated November 14, 2017, and you should assume that the information in this document is accurate only as of such date. Neither the mailing nor delivery of this document to ApolloMed stockholders or NMM shareholders nor the issuance by ApolloMed of shares of ApolloMed common stock in connection with the Merger will create any implication to the contrary.

## ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS

This joint proxy statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the SEC by ApolloMed (File No. 333-219898), constitutes a prospectus of ApolloMed under Section 5 of the Securities Act of 1933, as amended, with respect to the shares of ApolloMed common stock to be issued to the NMM shareholders in connection with the Merger. This joint proxy statement/prospectus does not contain all of the information included in the registration statement, certain items of which are contained in schedules and exhibits to the registration statement as permitted by the rules and regulations of the SEC. You should refer to the registration statement and its exhibits to read that information. Statements made in this joint proxy statement/prospectus as to certain of ApolloMed's contracts, agreements or other documents referred to are not necessarily complete and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document. This information is available by mail from the Public Reference Room of the SEC and at the Internet website that the SEC maintains, as well as from other sources, including from ApolloMed at the address provided above.

This joint proxy statement/prospectus also constitutes a notice of meeting and a proxy statement with respect to an ApolloMed special meeting of stockholders, at which time ApolloMed stockholders will be asked to consider and vote upon certain proposals as further described herein. This joint proxy statement/prospectus also constitutes a notice of meeting and a proxy statement with respect to a NMM special meeting of shareholders, at which time NMM shareholders will be asked to consider and vote upon certain proposals as further described herein.

You should rely only on the information contained in this joint proxy statement/prospectus to vote your shares. Neither ApolloMed nor NMM has authorized anyone to give any information or make any representation about the Merger, ApolloMed or NMM that is different from, or in addition to, the information or representations contained in this joint proxy statement/prospectus. Therefore, if anyone does give you information or representations of this sort, you should not rely on it or them. The information contained in this joint proxy statement/prospectus speaks only as of the date of this document unless the information specifically indicates that another date applies.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to any person or entity to whom it is unlawful to make any such offer or solicitation. Information contained in this joint proxy statement/prospectus regarding ApolloMed or its affiliates has been provided by ApolloMed and information contained in this joint proxy statement/prospectus regarding NMM or its affiliates has been provided by NMM.

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## QUESTIONS AND ANSWERS

The following are answers to some questions that you, as an ApolloMed stockholder or NMM shareholder, may have regarding the proposed merger and the other proposals being considered. We urge you to carefully read this entire joint proxy statement/prospectus, including the annexes, because the information in this section does not provide all the information that might be important to you.

Unless the context otherwise requires, references in this joint proxy statement/prospectus to “ApolloMed” refers to Apollo Medical Holdings, Inc., a Delaware corporation, “Merger Sub” refers to Apollo Acquisition Corp., a California corporation and a wholly owned subsidiary of ApolloMed, and “NMM” refers to Network Medical Management, Inc., a California corporation.

## QUESTIONS AND ANSWERS ABOUT THE MERGER

**Q:** Why am I receiving this joint proxy statement/prospectus?

**A:** You are receiving this joint proxy statement/prospectus because ApolloMed, Apollo Acquisition Corp., NMM and Kenneth Sim, M.D. (the “Shareholders’ Representative”) have signed an Agreement and Plan of Merger, dated as of December 21, 2016, as amended on March 30, 2017 and on October 17, 2017 (the “Merger Agreement”), which is described in more detail in this joint proxy statement/prospectus. In connection with the merger and as contemplated by the Merger Agreement, the stockholders of ApolloMed and the shareholders of NMM are being asked to vote upon certain proposals as further described herein.

This joint proxy statement/prospectus contains important information about the merger and the proposals being voted on by ApolloMed stockholders and NMM shareholders, and you should read it carefully. This document collectively serves as a joint proxy statement of ApolloMed and NMM and a prospectus of ApolloMed. It is a joint proxy statement because both the ApolloMed board of directors (the “ApolloMed board” or the “ApolloMed board of directors”) and NMM board of directors (the “NMM board” or the “NMM board of directors”) are soliciting proxies from their respective shareholders. It is a prospectus because ApolloMed will issue shares of ApolloMed common stock to NMM shareholders in connection with the merger. Your vote is important. You are encouraged to submit your proxy as soon as possible after carefully reviewing this joint proxy/prospectus and its annexes.

A complete copy of the Merger Agreement is attached to this joint proxy statement/prospectus as Annex A or a more complete discussion of the proposed merger, its effects and the other transactions contemplated by the Merger Agreement, see “The Merger.”

Q: What will happen in the merger?

A: At the closing of the merger, Merger Sub will merge with and into NMM, with NMM continuing as the surviving entity and a wholly owned subsidiary of ApolloMed (the “Merger”). The surviving entity and ApolloMed are collectively referred to in this joint proxy statement/prospectus as the “combined company.” If consummated, the Merger will be made effective by filing a certificate of merger (the “Certificate of Merger”) with the Secretary of State of the State of California or at such later time as agreed to by the parties in writing and specified in the Certificate of Merger (the “Effective Time”).

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time (the “Additional Shares”). In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share (collectively, the “Warrant Consideration”). At the Effective Time, pre-Merger ApolloMed stockholders will continue to own and hold their existing shares of ApolloMed common stock. At the Effective Time, ApolloMed will hold back 10% of the total number of shares of ApolloMed common stock issuable to pre-Merger NMM shareholders in the Merger to secure indemnification of ApolloMed and its affiliates under the Merger Agreement (the “Holdback Shares”). Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares). For a more complete description of what NMM shareholders will receive in the Merger, please see the section “THE MERGER AGREEMENT — Effects of Merger; Merger Consideration” in this joint proxy statement/prospectus.

Q: When do ApolloMed and NMM expect to complete the Merger?

A: ApolloMed and NMM anticipate that the Merger will be consummated promptly following the ApolloMed and NMM special meetings, provided that all other conditions to the consummation of the Merger in the Merger Agreement have been satisfied or waived. However, it is possible that the failure to timely meet the closing conditions specified in the Merger Agreement or other factors outside of the control of ApolloMed or NMM control could require ApolloMed and NMM to complete the Merger at a later time or not at all. See “THE MERGER AGREEMENT — Conditions to Completion of the Merger” on page 152 of this joint proxy statement/prospectus for a more complete summary of the conditions that must be satisfied prior to closing.

Q: Why are the two companies proposing to merge?

ApolloMed and NMM believe that the combined company following the Merger will have the potential to establish a leading position in the population health management market. ApolloMed and NMM believe that the combined company will have the following potential advantages: (i) increased and synergistic operational expertise and capabilities, increased scale, including financial, clinical, network size as well as the aforementioned operational attributes, which would potentially create near and long-term value for both ApolloMed stockholders and NMM shareholders; (ii) an experienced management team; and (iii) the potential to access additional sources of capital. For a discussion of ApolloMed and NMM reasons for the Merger, please see the section entitled “The Merger — ApolloMed’s Reasons for the Merger” and “The Merger — NMM’s Reasons for the Merger” in this joint proxy statement/prospectus.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus and have decided how you wish to vote your shares, please authorize a proxy to vote your shares promptly so that your shares are represented and voted at the ApolloMed and NMM special meeting.

#### QUESTIONS AND ANSWERS FOR APOLLOMED STOCKHOLDERS

Q: What will I receive in the Merger?

**A:** If the Merger is completed, ApolloMed stockholders will not receive any consideration in the Merger and will continue to hold the shares of ApolloMed common stock that they hold immediately prior to the Merger.

ApolloMed's common stock is currently quoted on OTC Pink and traded under the symbol "AMEH." ApolloMed has applied for listing of its common stock on the NASDAQ Global Market effective as of the closing of the Merger. No assurance can be given that ApolloMed's application will be approved. On December 21, 2016, the last full trading day before the announcement of the Merger, the last reported sale price of ApolloMed common stock was \$3.99 per share, and, on November 10, 2017, the latest practicable date prior to the date of this joint proxy statement/prospectus, the last reported sale price of ApolloMed common stock was \$7.79 per share.

ApolloMed stockholders will experience significant dilution as a result of the issuance of ApolloMed common stock and warrants to the NMM shareholders as merger consideration in connection with the Merger.

Immediately following completion of the Merger, the current ApolloMed stockholders will continue to hold 6,033,495 shares, or 16.7% of the outstanding common stock of ApolloMed, and former NMM shareholders will own 30,052,587 shares, or 83.3% of the outstanding common stock of ApolloMed (both percentages assuming (A) the issuance of 30,052,587 shares of ApolloMed common stock to former merger NMM shareholders, (B) excluding (i) 499,000 shares of common stock issuable upon the exercise of a Convertible Promissory Note to Alliance Apex, LLC ("Alliance") for \$4.99 million (as amended on October 16, 2017, the "Alliance Note"), (ii) shares of common stock issuable upon the exercise of the Warrant Consideration, and (C) without giving effect to any shares of common stock issuable upon payment of any indemnification obligations under the Merger Agreement ("Indemnification Shares")).

In the event all of the Warrant Consideration were to be exercised or converted in full and without giving effect to the issuance of any Indemnification Shares or shares issuable upon exercise of the Alliance Note, then immediately following completion of the Merger, current ApolloMed stockholders, would own 6,033,495 shares of common stock, and their ownership percentage would be approximately 15.9% of the outstanding common stock of ApolloMed, and the former NMM shareholders would own 31,802,587 shares of common stock, or approximately 84.1% of the outstanding common stock of ApolloMed.

**Q: When and where is the ApolloMed special meeting?**

**A:** The ApolloMed special meeting will be held on December 6, 2017, at 10:00 a.m., Pacific Standard Time, at 700 N. Brand Blvd., Suite 1400, Glendale, California 91203.

**Q: What is being voted on?**

A: At the ApolloMed special meeting, ApolloMed stockholders will be asked to consider and vote in favor of the following:

(1) The ApolloMed Merger Proposal – to approve the Merger between Merger Sub and NMM pursuant to the terms and conditions of the Merger Agreement, the Merger Agreement and the transactions contemplated thereunder, including the issuance of shares of common stock and warrants of ApolloMed to NMM shareholders as merger consideration in the Merger (the “ApolloMed Merger Proposal”);

(2) The Board Classification Proposal – to approve amendments to the ApolloMed Restated Certificate of Incorporation (the “ApolloMed Charter”) and Restated Bylaws (the “ApolloMed Bylaws”) to divide the board of directors of ApolloMed into three classes (the “Board Classification Proposal”);

(3) The Election of Directors Proposal – to elect nine directors to serve as members of ApolloMed’s board for one-year, two-year or three-year terms (the “Election of Directors Proposal”);

(4) The ApolloMed Compensation Proposal – to consider and vote on a proposal to approve, in a non-binding advisory vote, certain compensation arrangements for ApolloMed’s named executive officers (the “ApolloMed Compensation Proposal”); and

(5) The ApolloMed Adjournment Proposal – to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to stockholders for vote (the “ApolloMed Adjournment Proposal”).

Q: What constitutes a quorum for the ApolloMed special meeting?

A: Pursuant to the ApolloMed Bylaws, the presence of holders of at least a majority of the ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on as-converted basis, is required to constitute a quorum. Stockholders present in person or by proxy will be counted for purposes of determining whether a quorum is present.

In the absence of a quorum, the chair of the meeting or the holders of a majority of the shares of ApolloMed stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, and time. As of the record date for the special meeting, 3,850,081 shares of ApolloMed’s common stock (on an as-converted basis), would be required to achieve a quorum.

Q: What is the record date and what does it mean?

A: The record date to determine the stockholders entitled to notice of and to vote at the special meeting is the close of business on November 14, 2017. The record date was established by the ApolloMed board of directors as required by Delaware law. As of the ApolloMed record date, there were 6,033,495 shares of ApolloMed common stock, 1,111,111 shares of Series A preferred stock and 555,555 shares of Series B preferred stock outstanding and entitled to vote at the ApolloMed special meeting held by 352 record holders. As of the ApolloMed record date all the outstanding shares of Series A preferred stock and Series B preferred stock were held by NMM.

Q: Who is entitled to vote at the special meeting?

A: Holders of ApolloMed common stock, Series A preferred stock and Series B preferred stock at the close of business on the ApolloMed record date may vote at the special meeting.

Q: How many votes do I have?

A: You are entitled to one vote on each proposal to be considered at the ApolloMed special meeting for each share of ApolloMed common stock, Series A preferred stock or Series B preferred stock that you owned as of the close of business on November 14, 2017, which is the ApolloMed record date.

Q: Why is my vote important?

A: If you do not submit a proxy or vote in person, it may be more difficult for ApolloMed to obtain the necessary quorum to transact business at its special meeting. In addition, the Merger cannot be completed unless the requisite vote of the holders of ApolloMed common stock and Series A preferred stock and Series B preferred stock in favor of the ApolloMed Merger Proposal is obtained.

Q: **How do I vote?**

A: If you are a stockholder of record, you may vote your shares of ApolloMed common stock or Series A preferred stock or Series B preferred stock on the matters to be presented at the ApolloMed special meeting in any of the following ways:

*In Person* – To vote in person, come to the ApolloMed special meeting and you will be able to vote by ballot. To ensure that your shares of ApolloMed common stock or Series A preferred stock or Series B preferred stock are voted at the ApolloMed special meeting, the ApolloMed board of directors recommends that you submit a proxy even if you plan to attend the ApolloMed special meeting.

*By Mail* – To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the enclosed return envelope. If you return your signed proxy card to ApolloMed before the ApolloMed special meeting, the persons named as proxies will vote your shares as you direct.

*By Telephone* – To vote by telephone, dial the toll-free telephone number located on the enclosed proxy card using a touch-tone phone and follow the recorded instructions. You will be asked to provide the ApolloMed number and control number from the enclosed proxy card.

*By Internet* – To vote over the Internet, go to the web address identified on the enclosed proxy card to complete an electronic proxy card. You will be asked to provide the ApolloMed number and control number from the enclosed proxy card.

If your shares are held in “street name” by a broker, bank or other nominee, please refer to the voting instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Your bank, brokerage firm or other nominee cannot vote your shares without instructions from you. Please note that if your shares are held in “street name” and you wish to vote in person at the ApolloMed special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

**Q: What is the vote required to approve each proposal?**

A: Assuming a quorum is present, approval of the ApolloMed Merger Proposal, the Board Classification Proposal, and each of the directors in the Election of Directors Proposal requires the affirmative vote of (i) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM. Approval of the ApolloMed Compensation Proposal and approval of the ApolloMed Adjournment Proposal will require the affirmative vote of a majority of the shares of ApolloMed stock entitled to vote present in person or represented by proxy at the ApolloMed special meeting.

Each of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are all conditioned on each other. The ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal are not conditioned on any other proposal.



**Q: Do I have any appraisal rights with respect to any of the matters to be voted on at the special meeting?**

A: No. ApolloMed stockholders do not have any appraisal rights under Delaware law in connection with the matters to be voted on at the special meeting.

**Q: How does ApolloMed's board of directors recommend that I vote at the special meeting?**

A: ApolloMed's board of directors recommends that you vote "FOR" the ApolloMed Merger Proposal, "FOR" the Board Classification Proposal, "FOR" each of the directors in the Election of Directors Proposal, "FOR" the ApolloMed Compensation Proposal and "FOR" the ApolloMed Adjournment Proposal.

**Q: What interests do ApolloMed's current executive officers and directors have in the Merger?**

A: ApolloMed's directors and executive officers may have interests in the proposals that are different from, or in addition to or in conflict with, yours. These interests include:

certain directors and officers of ApolloMed are expected to continue to serve as directors and officers of the combined company;

as current stockholders of ApolloMed, certain of ApolloMed's directors and officers will retain an ownership stake in ApolloMed after the closing of the Merger, at which time the operations of the NMM business will comprise the majority of ApolloMed's operations;

certain ApolloMed directors and officers have employment agreements with ApolloMed which are expected to remain in place following the Merger;

the Merger Agreement contemplates that Warren Hosseinion, M.D., the sole shareholder of Maverick Medical Group, Inc., a California professional corporation (“MMG”) and an affiliate of ApolloMed, will sell to APC-LSMA Designated Shareholder Medical Corporation, a California professional corporation (“APC-LSMA”), all the issued and outstanding shares of capital stock of MMG for \$100 under the Stock Purchase Agreement between Warren Hosseinion and APC-LSMA (the “Maverick Stock Purchase Agreement”); and

the continued indemnification of current directors and officers of ApolloMed and the continuation of directors’ and officers’ liability insurance after the Merger.

These interests may influence ApolloMed’s directors in making their recommendation that you vote in favor of the approval of the ApolloMed Merger Proposal and other proposals.

**Q. Why am I being asked to consider and vote on the ApolloMed Compensation Proposal?**

A. Under SEC rules, ApolloMed is required to seek a non-binding advisory vote with respect to the compensation that may be paid or become payable to its named executive officers that is based on or otherwise relates to the Merger, or so-called “golden parachute” compensation.

**Q. What will happen if ApolloMed’s stockholders do not approve the ApolloMed Compensation Proposal?**

A. The vote on the ApolloMed Compensation Proposal is a vote separate and apart from the vote to adopt the Merger Agreement and other related proposals. Accordingly, a stockholder may vote to approve the ApolloMed Compensation Proposal and vote not to approve the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal (which are conditioned on each other), or vote to approve such proposals and vote not to approve the ApolloMed Compensation Proposal. Because the vote on the ApolloMed Compensation Proposal is advisory only, it will not be binding on ApolloMed or the combined company after the Merger. Accordingly, if the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are adopted by ApolloMed’s stockholders and the Merger is completed, the Merger-related compensation may be paid to ApolloMed’s named executive officers to the extent payable in accordance with the terms of their compensation agreements and arrangements even if ApolloMed’s stockholders do not approve the ApolloMed Compensation Proposal.

**Q: What happens if I abstain from voting?**

A: ApolloMed will count a properly executed proxy marked “ABSTAIN” with respect to a particular proposal as present for purposes of determining whether a quorum is present, but for purposes of approval an abstention will be counted toward the total vote and will have the same effect as a vote “AGAINST” the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal, the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal.

**Q: What will happen if I sign and return my proxy card without indicating how I wish to vote?**

A: All proxies will be voted in accordance with the instructions contained therein. Signed and dated proxies received by ApolloMed without an indication of how the stockholder intends to vote on a proposal will be voted “FOR” each of the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal, the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal.

**Q: What happens if I sell my shares of ApolloMed stock before the special meeting?**

A: Only holders of record of ApolloMed common stock and holders of Series A preferred stock and Series B preferred stock at the close of business on the record date are entitled to notice of the special meeting of stockholders and to vote at the special meeting and any adjournments or postponements of the special meeting. A complete list of stockholders of record entitled to vote at the special meeting will be available beginning 10 days before the special meeting at ApolloMed’s principal executive office for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting.

**Q: If my shares are held in “street name,” will my broker, bank or nominee automatically vote my shares for me?**

A: No. Banks, brokers and other nominees that hold their customers’ shares in “street name” may not vote their customers’ shares on “non-routine” matters without instructions from their customers. As it is expected that each proposal is considered “non-routine,” such organizations do not have discretion to vote on any of the proposals. As a result, if you fail to provide your bank, broker or other nominee with instructions regarding how to vote your shares of ApolloMed capital stock, your shares will be counted for purposes of determining a quorum but will be considered a vote “AGAINST” the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal. For the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal, broker non-votes will not be counted toward the total vote and will have no effect on either proposal.

**Q: Can I attend the ApolloMed special meeting and vote my shares in person?**

A: Yes. All holders of ApolloMed common stock, Series A preferred stock and Series B preferred stock as of the record date, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the ApolloMed special meeting. Holders of record of ApolloMed common stock, Series A preferred stock and Series B preferred stock can vote in person at the ApolloMed special meeting. If you are not a stockholder of record, you must obtain a legal proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the ApolloMed special meeting. If you plan to attend the ApolloMed special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership.

**Q: Can I change or revoke my vote?**

A: Yes. If you are a holder of record of ApolloMed common stock or a holder of Series A preferred stock or Series B preferred stock, you may revoke any proxy at any time prior or at the ApolloMed special meeting by:

· attending the ApolloMed special meeting and voting in person;

· voting again by telephone or over the Internet (only your latest telephone or Internet vote submitted prior to the ApolloMed special meeting will be counted);

completing and submitting a new valid proxy card bearing a later date; or

sending written notice of revocation to ApolloMed at Apollo Medical Holdings, Inc., Attn: Secretary, 700 N. Brand Blvd., Suite 1400, Glendale, California 91203, which notice must be received before noon, Pacific Standard Time, on December 5, 2017.

**Q: What should I do if I receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast your vote with respect to all of your shares.

**Q: Who can help answer my questions?**

A: The information provided above in this “Question and Answer” format is for your convenience only and is merely a summary of the information contained in this joint proxy statement/prospectus. ApolloMed urges you to carefully read this entire joint proxy statement/prospectus, including the documents referred to herein or otherwise incorporated by reference. If you have any questions, or need additional material, please feel free to contact:

Apollo Medical Holdings, Inc.:

700 N. Brand Blvd., Suite 1400

Glendale, CA 91203

Attention: Corporate Secretary

Telephone: (818) 396-8050

## QUESTIONS AND ANSWERS FOR NMM SHAREHOLDERS

Q: What will I receive in the Merger?

A: Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share, and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. At the Effective Time, ApolloMed will hold back the Holdback Shares to secure indemnification of ApolloMed and its affiliates under the Merger Agreement. Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares).

Assuming the issuance of 30,052,587 shares of ApolloMed common stock to NMM shareholders in the Merger, the value of such shares is estimated to be \$240,721,222 based upon a share price of \$8.01 per share, the closing price of ApolloMed common stock on October 17, 2017. In addition, the estimated fair value of the warrants to be issued to NMM’s shareholders by ApolloMed in the Merger is \$3,944,000, based on the estimated fair value of (i) \$1,811,000 for the warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock exercisable at \$11.00 per share and (ii) \$2,133,000 for the warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock exercisable at \$10.00 per share.

Q: When and where will the special meeting of NMM shareholders be held?

A: The NMM special meeting will be held on December 6, 2017, at 6:00 p.m., Pacific Standard Time, at the offices of NMM, 1668 S. Garfield Ave. 3rd Floor, Alhambra, California 91801.

Q: What is being voted on?

A: At the NMM special meeting, NMM shareholders will be asked to consider and vote in favor of the following:

(1) The NMM Merger Proposal – to approve the Merger between NMM and Merger Sub pursuant to which Merger Sub will merge with and into NMM, with NMM continuing as the surviving corporation and a wholly owned subsidiary of ApolloMed, the Merger Agreement and the transactions contemplated thereunder (the “NMM Merger Proposal”); and

(2) The NMM Adjournment Proposal – to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to stockholders for vote (the “NMM Adjournment Proposal”).

Q: What constitutes a quorum for the NMM special meeting?

A: Pursuant to the Amended and Restated NMM Bylaws (the “NMM Bylaws”), the presence of holders of at least a majority of the outstanding shares of NMM common stock is required to constitute a quorum. Shareholders present in person or by proxy will be counted for purposes of determining whether a quorum is present.

In the event that a quorum is not present, or if there are insufficient votes to approve the principal terms of the Merger and the Merger Agreement at the time of the special meeting, it is expected that the special meeting will be adjourned or postponed to solicit additional votes. As of the record date for the special meeting, 199,801,060 shares of NMM’s common stock would be required to achieve a quorum.

Q: What is the record date and what does it mean?

A: The record date to determine the NMM shareholders entitled to notice of and to vote at the special meeting is the close of business on December 6, 2017. The record date is set by the NMM board of directors pursuant to the NMM Bylaws. As of the NMM record date, there were 399,602,118 shares of NMM common stock outstanding and entitled to vote at the NMM special meeting held by 258 record holders.

Q: Who is entitled to vote at the special meeting?

A: Holders of NMM common stock at the close of business on the NMM record date may vote at the special meeting.



Q: How many votes do I have?

A: You are entitled to one vote on each proposal to be considered at the NMM special meeting for each share of NMM common stock that you owned as of the close of business on November 17, 2017, which is the NMM record date.

Q: Why is my vote important?

A: If you do not submit a proxy or vote in person, it may be more difficult for NMM to obtain the necessary quorum to transact business at its special meeting. In addition, the Merger cannot be completed unless the requisite vote of the holders of NMM common stock in favor of the NMM Merger Proposal is obtained.

Q: How do I vote?

A: If you are a shareholder of record, you may vote your shares of NMM common stock on the matters to be presented at the NMM special meeting in any of the following ways:

- *In Person* – To vote in person, come to the NMM special meeting and you will be able to vote by ballot. To ensure that your shares of NMM common stock are voted at the NMM special meeting, the NMM board recommends that you submit a proxy even if you plan to attend the NMM special meeting.

- *By Mail* – To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the enclosed return envelope. If you return your signed proxy card to NMM before the NMM special meeting, the persons named as proxies will vote your shares of NMM common stock as you direct.

Q: What is the vote required to approve each proposal?

A: Assuming a quorum is present, approval of the NMM Merger Proposal requires the affirmative vote of NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in

number of the NMM shareholders. The NMM Adjournment Proposal requires the affirmative vote of a majority of the outstanding shares of NMM stock entitled to vote present in person or represented by proxy at the NMM special meeting.

If the NMM Merger Proposal does not receive the requisite vote for approval, then ApolloMed and NMM will not consummate the Merger.

Q: Do I have any appraisal rights with respect to any of the matters to be voted on at the special meeting?

A: Yes. You are entitled to the right to seek appraisal of the fair value of your shares of NMM common stock under Chapter 13 of the California Corporations Code. A summary of the dissenters' rights that may be available to you are described in "THE MERGER – Dissenters' Rights" on page 140.

Q: How does the NMM board recommend that I vote at the special meeting?

A: The NMM board recommends that you vote "FOR" the NMM Merger Proposal and "FOR" the NMM Adjournment Proposal.

Q: Have any NMM shareholders already agreed to vote in favor of the Merger?

A: Yes. Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. have each entered into an agreement with ApolloMed pursuant to which each has agreed to vote all of the shares of NMM common stock owned or controlled by them in favor of the Merger and the Merger Agreement. As of the close of business on November 17, 2017, the record date for the special meeting, Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. collectively owned, directly or indirectly, 106,548,833 shares of NMM common stock, which represented approximately 26.7% of the outstanding shares of NMM common stock.

Q: What interests do NMM's current executive officers and directors have in the Merger?

A: NMM's directors and executive officers may have interests in the proposals that are different from, or in addition to or in conflict with, yours. These interests include:



certain current directors and officers of NMM expect the continuation of service as directors and officers of the combined company;

the Merger Agreement contemplates that Warren Hosseinion, M.D., the sole shareholder of MMG, will sell to APC-LSMA (an entity in which Dr. Thomas Lam is the sole shareholder and the sole executive officer, but which is controlled and consolidated by Allied Physicians of California IPA *dba* Allied Pacific IPA (“APC”)) all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement; and

the continued indemnification of current directors and officers of NMM and the continuation of directors’ and officers’ liability insurance after the Merger.

These interests may influence NMM’s directors in making their recommendation that you vote in favor of the approval of the NMM Merger Proposal and the NMM Adjournment Proposal.

**Q:** What happens if I abstain from voting?

**A:** NMM will count a properly executed proxy marked “ABSTAIN” with respect to a particular proposal as present for purposes of determining whether a quorum is present, but for purposes of approval, an abstention will be counted toward the total vote and will have the same effect as a vote “AGAINST” the NMM Merger Proposal and the NMM Adjournment Proposal.

**Q:** What will happen if I sign and return my proxy card without indicating how I wish to vote?

**A:** All proxies will be voted in accordance with the instructions contained therein. Signed and dated proxies received by NMM without an indication of how the shareholder intends to vote on a proposal will be voted “FOR” each of the NMM Merger Proposal and the NMM Adjournment Proposal.

**Q:** What happens if I sell my shares of NMM common stock before the special meeting?

**A:** Only holders of record of NMM common stock at the close of business on the record date are entitled to notice of the special meeting of shareholders and to vote at the special meeting and any adjournments or postponements of the special meeting. A complete list of shareholders of record entitled to vote at the special meeting

will be available beginning 10 days before the special meeting at NMM's principal executive office for inspection by shareholders during ordinary business hours for any purpose germane to the special meeting.

**Q: Can I attend the NMM special meeting and vote my shares in person?**

A: Yes. All holders of NMM common stock as of the record date are invited to attend the NMM special meeting. Holders of record of NMM common stock can vote in person at the NMM special meeting. If you are not a shareholder of record, you must obtain a legal proxy, executed in your favor, from the record holder of your shares to be able to vote in person at the NMM special meeting. If you plan to attend the NMM special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership.

**Q: Can I change or revoke my vote?**

A: Yes. If you are a holder of record of NMM common stock, you may revoke any proxy at any time prior or at the NMM special meeting by:

· attending the NMM special meeting and voting in person;

· completing and submitting a new valid proxy card bearing a later date; or

· sending written notice of revocation to NMM at Network Medical Management, Inc., Attn: Secretary, 1668 S. Garfield Avenue, 3rd Floor, Alhambra, California 91801, which notice must be received before noon, Pacific Standard Time, on December 5, 2017.

**Q: What should I do if I receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast your vote with respect to all of your shares.

Q: Is the transaction expected to be taxable to NMM shareholders?

A: The Merger has been structured to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”) and Treasury Regulations promulgated thereunder. As a result, NMM shareholders generally should not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their shares of NMM stock for shares of ApolloMed common stock and warrants in connection with the Merger. To the extent, however, NMM distributes existing ApolloMed warrants to NMM shareholders prior to the consummation of the Merger, such distribution will constitute a dividend for U.S. federal income tax purposes to the extent of NMM’s current or accumulated earnings and profits as determined under U.S. federal income tax principles. See “CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER” on page 203 of this joint proxy statement/prospectus for information.

Q: When can I expect to receive the merger consideration?

A: As soon as reasonably practicable after the Effective Time of the Merger, NMM shareholders will receive a letter of transmittal with instructions informing you how to effect the surrender of your shares of NMM common stock in exchange for the merger consideration.

Q: Where can I find more information on ApolloMed?

A: ApolloMed files annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the “SEC”). ApolloMed’s SEC filings are available to the public from the SEC’s website at <http://www.sec.gov>. Information about ApolloMed, including its SEC filings, is also available through its website at <http://Apollomed.net>. The information contained on, or that can be accessed through, such websites is not part of this joint proxy statement/prospectus.

Q: Who can help answer my questions?

A: The information provided above in this “Question and Answer” format is for your convenience only and is merely a summary of the information contained in this joint proxy statement/prospectus. NMM urges you to carefully read this entire joint proxy statement/prospectus, including the documents referred to herein or otherwise incorporated by reference. If you have any questions, or need additional material, please feel free to contact:

Network Medical Management, Inc.

1668 S. Garfield Avenue, 3rd Floor

Alhambra, California 91801

Attention: Thomas Lam, M.D.

Chief Executive Officer

Telephone: (626) 282-0288

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## SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. You are urged to carefully read this entire document, including the annexes, and the other documents to which ApolloMed and NMM refer for a more complete understanding of the Merger. In addition, ApolloMed and NMM encourage you to read the information about ApolloMed in the section entitled “Information About ApolloMed” beginning on page 207 of this joint proxy statement/prospectus, which includes important business and financial information about ApolloMed, and to read the information in the section entitled “Information About NMM” beginning on page 259 of this joint proxy statement/prospectus, which includes important business and financial information about NMM. Stockholders of ApolloMed and shareholders of NMM may obtain additional information about ApolloMed without charge by following the instructions in the section entitled “Where You Can Find More Information” beginning on page 311 of this joint proxy statement/prospectus.

This summary and the balance of this joint proxy statement/prospectus contain forward-looking statements about events that are not certain to occur, and you should not place undue reliance on those statements. Please carefully read “Cautionary Statement Regarding Forward-Looking Statements” on page 100 of this joint proxy statement/prospectus.

The Companies (Page 86)

*Apollo Medical Holdings, Inc.*

700 N. Brand Blvd., Suite 1400

Glendale, CA 91203

Tel: (818) 396-8050

Apollo Medical Holdings, Inc. was incorporated in the State of Delaware on November 1, 1985 under the name McKinnely Investment, Inc. On November 5, 1986 McKinnely Investment, Inc. changed its name to Acculine Industries, Incorporated and Acculine Industries, Incorporated changed its name to Siclone Industries, Incorporated on May 24, 1988. On July 3, 2008, Apollo Medical Holdings, Inc. merged into Siclone Industries, Incorporated and Siclone Industries, Incorporated, as the surviving entity from the merger, simultaneously changed its name to Apollo Medical Holdings, Inc.



ApolloMed is a physician-centric, integrated population health management company working to provide coordinated outcomes-based medical care in a cost-effective manner. Led by a management team with over a decade of experience, ApolloMed has built a company and culture that is focused on physicians providing high-quality medical care, population health management and care coordination for patients, particularly senior patients and patients with multiple chronic conditions. ApolloMed believes it is well-positioned to take advantage of changes in the rapidly evolving U.S. healthcare industry, as there is a growing national movement towards more results-oriented healthcare centered on the triple aim of patient satisfaction, high-quality care and cost efficiency.

ApolloMed's common stock is currently quoted on OTC Pink and traded under the symbol "AMEH." ApolloMed has applied for listing of its common stock on the NASDAQ Global Market effective as of the closing of the Merger. No assurance can be given that ApolloMed's application will be approved. On December 21, 2016, the last full trading day before the announcement of the Merger, the last reported sale price of ApolloMed common stock was \$3.99 per share, and, on November 10, 2017, the latest practicable date prior to the date of this joint proxy statement/prospectus, the last reported sale price of ApolloMed common stock was \$7.79 per share.

Additional information about ApolloMed can be found in the sections titled "INFORMATION ABOUT APOLLOMED — Overview" beginning on page 207, "INFORMATION ABOUT APOLLOMED — ApolloMed Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 235 and ApolloMed's financial statements included elsewhere in this joint proxy statement/prospectus.

ApolloMed's principal website is [www.apollomed.net](http://www.apollomed.net). The information contained on, or that can be accessed through, ApolloMed's website is specifically not incorporated by reference into this joint proxy statement/prospectus, and is not a part of this joint proxy statement/prospectus.

*Apollo Acquisition Corp.*

700 N. Brand Blvd., Suite 1400

Glendale, CA 91203

Tel: (818) 396-8050

Apollo Acquisition Corp., a California corporation, is a wholly owned subsidiary of ApolloMed that was recently formed solely for the purpose of entering into the Merger Agreement and consummating the Merger and the other transactions contemplated by the Merger Agreement. It is not engaged in any business and has no material assets. In the Merger, Merger Sub will merge with and into NMM, with NMM surviving the Merger as ApolloMed's wholly owned subsidiary, and Merger Sub will cease to exist.

*Network Medical Management, Inc.*

1668 S. Garfield Avenue

Alhambra, CA 91801

(626) 282-0288

Network Medical Management, Inc. is a California corporation formed in 1994. NMM, together with its subsidiaries and affiliated physician groups, constitutes a patient- and physician-centric, integrated health care delivery and management services company focused on providing coordinated, outcomes-based medical care in a cost-effective manner. Through capitation agreements between NMM's affiliated physician groups and various health plans, NMM is responsible for coordinating the care for over 600,000 covered patients in southern and central California through a network of over 10 independent practice associations ("IPAs") with approximately 4,000 contracted physicians. These covered patients are comprised of managed care members whose health coverage is provided through their employer or who have individually acquired health coverage directly from a health plan or as a result of their eligibility for Medicaid or Medicare benefits.

The patients of NMM's affiliated physician groups and IPAs benefit from an integrated approach to medical care that places the physician at the center of patient care. NMM manages the delivery of healthcare services to patients via a network of affiliated physician groups and other network primary care physicians, network hospitals, and affiliated group and network specialists. Together with case managers, registered nurses and other care coordinators, these medical professionals utilize a comprehensive data analysis engine, sophisticated risk management techniques and clinical protocols to provide high-quality, cost effective care to NMM's managed members. NMM monitors certain control metrics, such as the number of inpatient acute bed days per 1,000 patients and hospital readmission rates, as they are contributors to quality clinical outcomes and financial performance. Additionally, in an effort to identify changes or trends with respect to its commercial, senior and Medicaid payer classifications, NMM closely monitors the number of managed care members who have enrolled with a NMM affiliated physician group as such member's primary care physician.

NMM is headquartered in, and primarily operates from, Los Angeles County, California.

Additional information about NMM can be found in the sections titled "INFORMATION ABOUT NMM" beginning on page 259 and "INFORMATION ABOUT NMM — NMM Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 281 and NMM's financial statements included elsewhere in this joint proxy statement/prospectus.

NMM's principal website is [www.nmm.cc](http://www.nmm.cc). The information contained on, or that can be accessed through, NMM's website is specifically not incorporated by reference into this joint proxy statement/prospectus, and is not a part of this joint proxy statement/prospectus.

The Merger (Page 105)

The Merger Agreement (Page 144)

On December 21, 2016, ApolloMed, Merger Sub, NMM and the Shareholders' Representative entered into the Merger Agreement. The Merger Agreement was subsequently amended on March 30, 2017 and October 17, 2017. The Merger Agreement is the legal document governing the Merger and is included in this joint proxy statement/prospectus as Annex A. All descriptions in this Summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the Merger are qualified in their entirety by reference to the full text of the Merger Agreement. Please read the Merger Agreement carefully for a more complete understanding of the Merger.

The Merger (Page 105)

At the Effective Time of the Merger, Merger Sub, a wholly owned subsidiary of ApolloMed, will merge with and into NMM. Upon completion of the Merger, the separate corporate existence of Merger Sub will cease, and NMM will continue as the surviving entity and as a wholly owned subsidiary of ApolloMed.

Effects of Merger; Merger Consideration (Page 145)

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see "THE MERGER AGREEMENT – Effects of Merger; Merger Consideration" beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder's pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. At the Effective Time, ApolloMed will hold back the Holdback Shares to secure indemnification of ApolloMed and its affiliates under the Merger Agreement. Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional

shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares).

There will be no adjustment to the total number of shares of ApolloMed common stock that NMM shareholders will be entitled to receive for changes in the market price of ApolloMed common stock. Accordingly, the market value of the shares of ApolloMed common stock issued pursuant to the Merger will depend on the market value of the shares of ApolloMed common stock at the time the Merger closes, and could vary significantly from the market value on the date of this proxy statement/prospectus/information statement.

For a full description of the Merger Consideration, see the sections titled “THE MERGER” beginning on page 105 and “THE MERGER AGREEMENT — Effects of Merger; Merger Consideration” beginning on page 145 of this joint proxy statement/prospectus.

#### ApolloMed’s Reasons for the Merger

In approving and authorizing the Merger Agreement and the Merger, the ApolloMed board of directors considered a number of factors. In light of the number and wide variety of factors considered in connection with its evaluation of the Merger Agreement and the Merger, the ApolloMed board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination. The ApolloMed board of directors viewed its position and determinations as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors.

In evaluating the Merger Agreement and the Merger, the ApolloMed board of directors consulted with ApolloMed’s management and legal and financial advisors, reviewed a significant amount of information, and considered a number of factors, including, among others, the factors that the ApolloMed board viewed as supportive of its decision, to approve the Merger Agreement and the Merger, as being advisable, fair and in the best interests of ApolloMed and ApolloMed’s stockholders.

The ApolloMed board of directors also carefully considered and discussed a number of risks, uncertainties, and other countervailing factors in its deliberations regarding entering into the Merger Agreement and consummating the Merger.

The ApolloMed board of directors believes that, overall, the potential benefits to ApolloMed stockholders of the Merger Agreement, the Merger and the other transactions contemplated thereby outweigh the risks and uncertainties.

For a more complete description of these reasons, see “THE MERGER — ApolloMed’s Reasons for the Merger” beginning on page 114 of this joint proxy statement/prospectus.

#### NMM’s Reasons for the Merger

In approving and authorizing the Merger Agreement and the Merger, the NMM board of directors considered a number of factors. In light of the number and wide variety of factors considered in connection with its evaluation of the Merger Agreement and the Merger, the NMM board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination. The NMM board of directors viewed its position and determinations as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors.

In evaluating the Merger Agreement and the Merger, the NMM board of directors consulted with NMM’s management and legal and financial advisors, reviewed a significant amount of information, and considered a number of factors, including, among others, the factors that the NMM board viewed as supportive of its decision, to approve the Merger Agreement and the Merger, as being advisable, fair and in the best interests of NMM and NMM’s shareholders.

The NMM board of directors also carefully considered and discussed a number of risks, uncertainties, and other countervailing factors in its deliberations regarding entering into the Merger Agreement and consummating the Merger.

The NMM board of directors believes that, overall, the potential benefits to NMM shareholders of the Merger Agreement, the Merger and the other transactions contemplated thereby outweigh the risks and uncertainties.

For a more complete description of these reasons, see “THE MERGER — NMM’s Reasons for the Merger” beginning on page 116 of this joint proxy statement/prospectus.

#### Risk Factors (Page 29)

In evaluating the Merger Agreement and the Merger and related transactions contemplated by the Merger Agreement, you should carefully consider all of the information into this joint proxy statement/prospectus. In particular, you are urged to read and consider all of the factors discussed in the section entitled “RISK FACTORS” beginning on page 29.

#### Recommendation of ApolloMed’s Board of Directors (Page 88)

ApolloMed’s board of directors has determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the issuance of shares of common stock and warrants of ApolloMed to NMM shareholders pursuant to the terms of the Merger Agreement, are just, equitable and fair to ApolloMed and its stockholders and that it is in the best interests of ApolloMed and its stockholders that ApolloMed complete the Merger and has adopted and approved the Merger Agreement and the transactions contemplated thereby, including the Merger and the other transactions contemplated thereby. ApolloMed’s board of directors believes that each of the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal and the ApolloMed Adjournment Proposal to be presented at the special meeting is in the best interests of ApolloMed and its stockholders, and recommends that its stockholders vote “FOR” each of the proposals. For the factors considered by ApolloMed’s board of directors in reaching its decision to approve the Merger and Merger Agreement, see the section entitled “THE MERGER — ApolloMed’s Reasons for the Merger” beginning on page 114 of this joint proxy statement/prospectus.

#### Recommendation of NMM’s Board of Directors (Page 99)

NMM’s board of directors has determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the issuance of shares of common stock and warrants of ApolloMed to NMM shareholders pursuant to the terms of the Merger Agreement, are just, equitable and fair to NMM and its shareholders and that it is in the best interests of NMM and its shareholders that NMM complete the Merger and has adopted and approved the

Merger Agreement and the transactions contemplated thereby. NMM's board of directors believes that both the NMM Merger Proposal and the NMM Adjournment Proposal to be presented at the special meeting is in the best interests of NMM and its shareholders, and recommends that its shareholders vote "FOR" both of the proposals. For the factors considered by NMM's board of directors in reaching its decision to approve the Merger and Merger Agreement, see the section entitled "THE MERGER — NMM's Reasons for the Merger" beginning on page 116 of this joint proxy statement/prospectus.

#### The ApolloMed Special Meeting (Page 88)

The ApolloMed special meeting will be held on December 6, 2017, at 10:00 a.m., Pacific Standard Time, at 700 N. Brand Blvd., Suite 1400, Glendale, California 91203. At the special meeting, ApolloMed stockholders will be asked to consider and vote on the following:

- (1) The ApolloMed Merger Proposal — to approve the Merger between Merger Sub and NMM pursuant to the terms and conditions of the Merger Agreement and the transactions contemplated thereunder, including the issuance of shares of common stock of ApolloMed to NMM shareholders as merger consideration in the Merger;
- (2) The Board Classification Proposal — to approve amendments to the ApolloMed Charter and ApolloMed Bylaws to divide the board of directors of ApolloMed into three classes;
- (3) The Election of Directors Proposal — to elect nine directors to serve as members of ApolloMed's board for one-year, two-year or three-year terms;
- (4) The ApolloMed Compensation Proposal – to consider and vote on a proposal to approve, in a non-binding advisory vote, certain compensation arrangements for ApolloMed's named executive officers; and
- (5) The ApolloMed Adjournment Proposal — to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to stockholders for the vote.



Only the holders of record of shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, on the ApolloMed record date are entitled to receive notice of and to vote at the ApolloMed special meeting. Each share of ApolloMed common stock entitles the holder to one vote at the ApolloMed special meeting on each proposal to be considered at the ApolloMed special meeting. Holders of shares of Series A preferred stock and Series B preferred stock vote with holders of shares of common stock as one class, on an as-converted basis. Each share of Series A preferred stock and Series B preferred stock entitles the holder to one vote at the ApolloMed special meeting on each proposal to be considered at the ApolloMed special meeting.

As of the ApolloMed record date, there were 6,033,495 shares of ApolloMed common stock, 1,111,111 shares of Series A preferred stock and 555,555 shares of Series B preferred stock outstanding and entitled to vote at the ApolloMed special meeting.

At the close of business on the ApolloMed record date, directors and executive officers of ApolloMed and their affiliates were entitled to vote 2,130,619 shares of ApolloMed common stock (on an as-converted basis), or approximately 27.67% of the issued and outstanding shares of ApolloMed common stock (on an as-converted basis) on that date. ApolloMed currently expects that the ApolloMed directors and executive officers will vote their shares of ApolloMed common stock in favor of the proposed proposals, although none of them is obligated to do so. In addition, on the ApolloMed record date, NMM was entitled to vote 1,666,666 shares of ApolloMed common stock (on an as-converted basis), or approximately 21.64% of the issued and outstanding shares of ApolloMed common stock (on an as-converted basis) on that date. ApolloMed currently expects that the NMM will vote their shares of ApolloMed common stock in favor of the proposed proposals, although it is not obligated to do so.

Assuming a quorum is present, approval of the ApolloMed Merger Proposal, the Board Classification Proposal, and each of the directors in the Election of Directors Proposal requires the affirmative vote of (i) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM. Approval of the ApolloMed Compensation Proposal and approval of the ApolloMed Adjournment Proposal will require the affirmative vote of a majority of the shares of ApolloMed stock entitled to vote present in person or represented by proxy at the ApolloMed special meeting.

The ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are all conditioned on each other. The ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal are not conditioned on any other proposal.

ApolloMed will count a properly executed proxy marked “ABSTAIN” with respect to a particular proposal as present for purposes of determining whether a quorum is present, but for purposes of approval an abstention will be counted toward the total vote and will have the same effect as a vote “AGAINST” the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal, the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal. If you fail to provide your bank, broker or other nominee with instructions regarding how to vote your shares of ApolloMed capital stock, your shares will be counted for purposes of determining a quorum but will be considered a vote “AGAINST” the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal. For the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal, broker non-votes will not be counted toward the total vote and will have no effect on either proposal.

#### The NMM Special Meeting (Page 99)

The NMM special meeting will be held on December 6, 2017, at 6:00 p.m., Pacific Standard Time, at 1668 S. Garfield Ave. 3rd Floor, Alhambra, California 91801. At the special meeting, NMM shareholders will be asked to consider and vote on the following proposals:

- (1) The NMM Merger Proposal – to approve the Merger between NMM and Merger Sub pursuant to which Merger Sub will merge with and into NMM, with NMM continuing as the surviving corporation and a wholly owned subsidiary of ApolloMed, the Merger Agreement and the transactions contemplated thereunder; and
- (2) The NMM Adjournment Proposal – to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the solicitation of additional proxies if, based upon the tabulated vote at the time of the special meeting, there are not sufficient votes to approve one or more proposals presented to shareholders for vote.

The NMM board of directors has fixed the close of business on November 17, 2017 as the record date for the NMM special meeting. Only holders of record of shares of NMM common stock on the NMM record date are entitled to vote at the NMM special meeting. Each share of NMM common stock entitles the holder to one vote at the NMM special meeting on each proposal or action to be considered at the NMM special meeting.

As of the NMM record date, there were 399,602,118 shares of NMM common stock outstanding and entitled to vote at the NMM special meeting.

Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. have each entered into an agreement with ApolloMed pursuant to which each has agreed to vote all of the shares of NMM common stock owned or controlled by them in favor of the Merger and the Merger Agreement. As of the close of business on November 17, 2017, the record date for the special meeting, Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. collectively owned, directly or indirectly, 106,548,833 shares of NMM common stock, which represented approximately 26.7% of the outstanding shares of NMM common stock.

Assuming a quorum is present, approval of the NMM Merger Proposal requires the affirmative vote of NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders. The NMM Adjournment Proposal requires the affirmative vote of a majority of the outstanding shares of NMM stock entitled to vote present in person or represented by proxy at the NMM special meeting.

**If the NMM Merger Proposal does not receive the requisite vote for approval, then ApolloMed and NMM will not consummate the Merger.**

NMM will count a properly executed proxy marked “ABSTAIN” with respect to a particular proposal as present for purposes of determining whether a quorum is present, but for purposes of approval an abstention will be counted toward the total vote and will have the same effect as a vote “AGAINST” the NMM Merger Proposal and the NMM Adjournment Proposal.

Interests of ApolloMed’s Directors and Executive Officers in the Merger (Page 137)

In considering the recommendation of the ApolloMed board of directors that ApolloMed stockholders vote to approve all of the presented proposals, ApolloMed stockholders should be aware that some of ApolloMed's directors and officers have interests in the Merger and have arrangements that are different from, or in addition to, those of ApolloMed stockholders generally. These interests and arrangements may create potential conflicts of interest. ApolloMed's board of directors was aware of these interests and considered these interests, among other matters, in adopting and approving the Merger Agreement and the transactions contemplated thereby, including the Merger, and in recommending that ApolloMed stockholders approve the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal, the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal.

When ApolloMed's stockholders consider the recommendation of ApolloMed's board of directors in favor of approval of the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal, the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal, ApolloMed's stockholders should keep in mind that ApolloMed's directors and officers have interests in the proposals that are different from, or in addition to or in conflict with, the interests of its stockholders. These interests include:

certain directors and officers of ApolloMed are expected to continue to serve as directors and officers of the combined company;

as current stockholders of ApolloMed, certain of ApolloMed's directors and officers will retain an ownership stake in ApolloMed after the closing of the Merger, at which time the operations of the NMM business will comprise the majority of ApolloMed's operations;

certain ApolloMed directors and officers have employment agreements with ApolloMed which are expected to remain in place following the Merger;

the Merger Agreement contemplates that Warren Hosseinion, M.D., the sole shareholder of MMG, will sell to APC-LSMA all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement; and

the continued indemnification of current directors and officers of ApolloMed and the continuation of directors' and officers' liability insurance after the Merger.

For a more complete description of these interests, see "THE MERGER — Interests of ApolloMed's Directors and Executive Officers in the Merger" beginning on page 137 of this joint proxy statement/prospectus.

#### Interests of NMM's Directors and Executive Officers in the Merger (Page 139)

In considering the recommendation of the NMM board of directors that NMM shareholders vote to approve both of the presented proposals, NMM shareholders should be aware that some of NMM's directors and officers have interests in the Merger and have arrangements that are different from, or in addition to, those of NMM shareholders generally. These interests and arrangements may create potential conflicts of interest. NMM's board of directors was aware of these interests and considered these interests, among other matters, in adopting and approving the Merger Agreement and the transactions contemplated thereby, including the Merger, and in recommending that NMM shareholders approve the NMM Merger Proposal and the NMM Adjournment Proposal. For a more complete description of these interests, see "THE MERGER — Interests of NMM's Directors and Executive Officers in the Merger" beginning on page 139 of this joint proxy statement/prospectus.

When NMM's shareholders consider the recommendation of NMM's board of directors in favor of approval of the NMM Merger Proposal and the NMM Adjournment Proposal, NMM's shareholders should keep in mind that NMM's directors and officers have interests in the proposals that are different from, or in addition to or in conflict with, the interests of its shareholders. These interests include:

certain directors and officers of NMM are expected to continue to serve as directors and officers of the combined company;

the Merger Agreement contemplates that Warren Hosseinion, M.D., the sole shareholder of MMG, will sell to APC-LSMA (an entity in which Dr. Thomas Lam is the sole shareholder and the sole executive officer, but which is controlled and consolidated by APC) all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement; and

the continued indemnification of current directors and officers of NMM and the continuation of directors' and officers' liability insurance after the Merger.

For a more complete description of these interests, see “THE MERGER — Interests of NMM’s Directors and Executive Officers in the Merger” beginning on page 139 of this joint proxy statement/prospectus.

#### Treatment of Existing ApolloMed Warrants Held by NMM Shareholders

Currently, NMM has an outstanding Series A warrant to purchase 1,111,111 shares of ApolloMed common stock and Series B warrant to purchase 555,555 shares of ApolloMed common stock (the “ApolloMed Warrants”), which were previously issued by ApolloMed to NMM. Immediately prior to the consummation of the Merger, NMM may distribute the ApolloMed Warrants, in-kind, to the NMM shareholders such that the ApolloMed Warrants shall not be exercised prior to the consummation of the Merger.

#### Board Composition and Management of ApolloMed after the Merger (Page 172)

##### Board of Directors

The ApolloMed board of directors at the Effective Time will consist of nine directors divided into three classes. At or immediately following the Effective Time, the ApolloMed board of directors will be designated as follows:

##### Class I Directors

· Michael F. Eng (NMM designee)

· Thomas Lam, M.D. (NMM designee)

· David G. Schmidt (ApolloMed designee)

Class II Directors

- Mitchell W. Kitayama (NMM designee)
- Kenneth Sim, M.D. (NMM designee)
- Mark Fawcett (ApolloMed designee)

Class III Directors

- Li Yu (NMM designee)
- Warren Hosseinion, M.D. (ApolloMed designee)
- Gary Augusta (ApolloMed designee)

Management

At or immediately following the Effective Time, the ApolloMed executive officers will be appointed as follows:

<b>Officer Name:</b>	<b>Position:</b>
Kenneth Sim, M.D.	Executive Chairman
Thomas Lam, M.D.	Co-Chief Executive Officer
Warren Hosseinion, M.D.	Co-Chief Executive Officer
Gary Augusta	President
Hing Ang	Chief Operating Officer
Mihir Shah	Chief Financial Officer

Adrian Vazquez, M.D.      Co-Chief Medical Officer

Albert Young, M.D.      Co-Chief Medical Officer

#### Dissenters' Rights (Page 144)

ApolloMed stockholders will not have any appraisal rights under Delaware law in connection with the matters to be voted on at the ApolloMed special meeting.

NMM shareholders have the right to dissent from the Merger and assert dissenters' rights, provided the requirements of the California Corporations Code are followed. Any NMM shareholder electing to exercise dissenters' rights must strictly comply with the provisions of Chapter 13 of the California Corporations Code.

The failure of a NMM shareholder to comply strictly with the California Corporations Code requirements will result in a loss of dissenters' rights. A copy of the relevant statutory provisions is attached as Annex I. See the section titled "THE MERGER – Dissenters' Rights" beginning on page 140 of this joint proxy statement/prospectus.

Pursuant to the terms of the Merger Agreement, prior to the closing of the Merger, NMM has agreed to repurchase and cancel all NMM common stock (including any other securities exercisable for or convertible into NMM common stock, or rights to acquire NMM common stock) that are held by dissenting shareholders or by other shareholders who have exercised their dissenters' rights in accordance with Chapter 13 of the California Corporations Code.

#### No Solicitation

The Merger Agreement contains provisions that restrict each of ApolloMed and NMM from encouraging, soliciting, initiating or knowingly facilitating inquiries or proposals with respect to, or engaging in negotiations or discussions with, or providing confidential or non-public information to, any person concerning a merger, consolidation, sale of substantially all assets or other similar transaction involving ApolloMed or NMM that would result in the acquisition in any manner of more than 15% of the voting power in, or more than 15% of the fair market value of the applicable entity.



Conditions to Completion of the Merger (Page 152)

Currently, ApolloMed and NMM expect to complete the Merger during the fourth quarter of 2017. As set forth in this joint proxy statement/prospectus and in the Merger Agreement, each party's obligation to complete the Merger depends on a number of conditions being satisfied or, where legally permissible, waived, including the following:

the absence of any legal restraint or governmental order that would prevent or prohibit the completion of the Merger and the other transactions contemplated by the Merger Agreement;

the approval of the ApolloMed stockholders of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal;

the approval of the Merger Agreement and the transactions contemplated thereby by NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders; and

the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and the absence of any stop order or related proceeding initiated or threatened by the SEC and not concluded or withdrawn.

The obligation of ApolloMed and Merger Sub to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

NMM's representations and warranties being true in all respects (to the extent qualified by materiality or material adverse effect) and being true in all material respects (to the extent not qualified by materiality or material adverse effect) as of the date of the Merger Agreement and closing, except for those otherwise qualified as to a specified date;

the performance, in all material respects, by NMM and the Shareholders' Representative, of its covenants and agreements required to be performed or complied with before or on the closing date of the Merger;

no action commenced or threatened in writing by a governmental authority, in effect, that would restrain or prevent the closing of the Merger or transactions contemplated by the Merger Agreement or seeks damages in connection with such transactions;

delivery to ApolloMed at or before closing of all required approvals, consents and waivers from NMM and all other closing deliverables from NMM, including, but not limited to, delivery by all NMM shareholders of executed shareholder lock-up agreements (each, a “Lock-Up Agreement” and together, the “Lock-Up Agreements”);

the absence of any material adverse effect on NMM and no event will have occurred or circumstance will exist that, individually or in combination with any other events or circumstances, would reasonably be expected to have a material adverse effect on NMM. For a more complete discussion on what constitutes a material adverse effect on NMM, see the section titled “THE MERGER AGREEMENT — Representations and Warranties” beginning on page 147 of this joint proxy statement/prospectus;

NMM’s repurchase and cancellation of all shares of NMM common stock that will not be voted in favor of the Merger or the other transactions contemplated by the Merger Agreement such that there shall be no NMM shareholders who have exercised their dissenters’ rights in respect of the Merger or any other dissenting shareholders; and

satisfaction or waiver of all conditions precedent to APC-LSMA’s purchase of all of the issued and outstanding capital stock of MMG.

The obligation of NMM to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of ApolloMed and Merger Sub being true in all respects, to the extent qualified by materiality or material adverse effect, and otherwise will be true in all material respects as of the date of the Merger Agreement and closing, except for those otherwise qualified as to a specified date;

the performance, in all material respects, by ApolloMed and Merger Sub of their covenants and agreements required to be performed or complied with before or on the closing date of the Merger;

no action commenced or threatened in writing by a governmental authority, in effect, that would restrain or prevent the closing of the Merger or transactions contemplated by the Merger Agreement or seeks damages in connection with such transactions;

receipt by, and delivery to, NMM at or before closing of all required approvals, consents and waivers from ApolloMed and Merger Sub and all closing deliverables and payments from ApolloMed;

the absence of any material adverse effect on ApolloMed and no event will have occurred or circumstance will exist that, individually or in combination with any other events or circumstances, would reasonably be expected to have a material adverse effect on NMM. For a more complete discussion on what constitutes a material adverse effect on NMM, see the section titled “THE MERGER AGREEMENT — Representations and Warranties” beginning on page 161 of this joint proxy statement/prospectus; and

satisfaction or waiver of all conditions precedent to APC-LSMA’s purchase of all of the issued and outstanding capital stock of MMG.

Neither ApolloMed nor NMM can be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed. See “THE MERGER AGREEMENT — Conditions to Completion of the Merger” on page 152 of this joint proxy statement/prospectus for a more complete summary of the conditions that must be satisfied prior to closing.

#### Termination of Merger Agreement (Page 153)

The Merger Agreement may be terminated at any time prior to the closing of the Merger by mutual written consent of the parties. The Merger Agreement may also generally be terminated by either party, prior to closing of the Merger, in the following circumstances:

if the Merger and other transactions contemplated by the Merger Agreement have not been consummated on or before March 31, 2018 (the “End Date”);

any law, order or legal restraint (a) makes the consummation of the Merger and the other transactions contemplated by the Merger Agreement illegal or otherwise prohibited or (b) enjoins a party from consummating the Merger and the other transactions contemplated by the Merger Agreement and such injunction, other legal restraint or order shall have become final and non-appealable;

if either party (i) withdraws its approval, recommendation or declaration of advisability of the Merger, the Merger Agreement or the consummation of the transactions contemplated thereunder, (ii) adopts, approves or declares advisable the adoption of any offer, proposal for merger, acquisition of assets or other business combination that would result in the acquisition of more than 15% of the voting power in, or more than 15% of the fair market value of the business, assets or deposits of such party (an “Acquisition Proposal”) or (iii) agree or propose to take any such actions (each such action, an “Adverse Recommended Change”);

if ApolloMed fails to obtain the requisite approval of the ApolloMed Merger Proposal, the Board Classification Proposal or each of the directors in the Election of Directors Proposal at its special meeting of stockholders or any adjournment or postponement thereof;

if NMM fails to obtain the requisite approval of the NMM Merger Proposal at its special meeting of shareholders or any adjournment or postponement thereof;

if there has been a material adverse effect by either party and such material adverse effect is not cured within 10 business days after receipt of written notice by the other party;

if there is a material breach by either party of the non-solicitation provisions or approval provisions in the Merger Agreement; or

if there has been a material breach by either party of any representation, warranty, covenant or agreement contained in Merger Agreement that has prevented or would prevent the satisfaction of any condition to the obligations of such party at the closing and such breach has not been waived or cured within 10 business days after written notice by the other party.

In the event that the Merger Agreement is terminated pursuant to the above, the Merger Agreement will be void without further obligation or liability of any party (except for certain parties' obligations of confidentiality and non-use of the other party's confidential information) and no party will be entitled to any monetary damages, injunctive relief or any indemnification subject to certain limited exceptions; provided, that no party will be relieved from liability resulting from a knowing and intentional breach prior to such termination of any of its representations, warranties, covenants or agreements set forth in the Merger Agreement or any other transaction contemplated thereunder.

Notwithstanding the above, ApolloMed and NMM are each subject to a \$1,500,000 termination fee in certain circumstances where the Merger Agreement is terminated and it enters into any definitive agreement with respect to, or consummates, any Acquisition Proposal within twelve months of the date of any such termination.

See "THE MERGER AGREEMENT — Termination of the Merger Agreement" on page 153 of this joint proxy statement/prospectus for a more complete summary of the termination options of either party.

#### Comparison of the Rights of ApolloMed Stockholders and NMM Shareholders (Page 306)

ApolloMed is incorporated under the laws of the State of Delaware and NMM is formed under the laws of the State of California. If the Merger is completed, NMM shareholders will become stockholders of ApolloMed, and their rights will be governed by Delaware General Corporation Law (the "DGCL"), as well as the ApolloMed Charter and ApolloMed Bylaws, each as amended to reflect the proposals being voted on at the ApolloMed special meeting. The rights of ApolloMed stockholders contained in the ApolloMed Charter and the ApolloMed Bylaws, as amended, and the DGCL differ from the rights of NMM shareholders under NMM's Articles of Incorporation (as amended from time to time, the "NMM Articles") and the California Corporations Code, as more fully described under the section entitled "COMPARISON OF RIGHTS OF APOLLOMED STOCKHOLDERS AND NMM SHAREHOLDERS" on page 306 of this joint proxy statement/prospectus.

#### Accounting Treatment (Page 143)

Although ApolloMed is the legal acquirer and will issue shares of its common stock to effect the Merger with NMM, the business combination will be accounted for as a “reverse merger” under the acquisition method of accounting principles generally accepted in the United States (“GAAP”). Under the “acquisition” method of accounting, the assets and liabilities of ApolloMed will be recorded, as of the completion of the Merger, at their respective fair values in the financial statements of NMM. The financial statements of NMM issued after the completion of the Merger will reflect these values but will not be restated retroactively to reflect the historical financial position or results of operations of ApolloMed.

For a more complete discussion of the accounting treatment of the Merger, see the section entitled “The Merger — Accounting Treatment.”

#### Considerations with Respect to U.S. Federal Income Tax Consequences of the Merger (Page 208)

The Merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Code. Assuming the Merger qualifies as a reorganization and subject to the qualifications and limitations set forth in the section entitled “The Merger — Considerations with Respect to U.S. Federal Income Tax Consequences of the Merger,” the material U.S. federal income tax consequences to U.S. Holders (as defined herein) of NMM common stock should be as follows:

an NMM shareholder should not recognize gain or loss upon the exchange of NMM common stock for ApolloMed common stock and warrants pursuant to the Merger, except to the extent of cash received in lieu of a fractional share of ApolloMed common stock as described below or to the extent of any imputed interest with respect to the Holdback Shares as described below;

an NMM shareholder's aggregate tax basis for the shares of ApolloMed common stock and warrants received in the Merger (including any fractional share interest for which cash is received) should equal the shareholder's aggregate tax basis in the shares of NMM common stock surrendered upon completion of the Merger (such aggregate tax basis to be allocated to such shares of ApolloMed common stock and warrants based on their relative fair market values);

the holding period of the shares of ApolloMed common stock and warrants received by an NMM shareholder in the Merger should include the holding period of the shares of NMM common stock surrendered in exchange therefor provided the surrendered NMM common stock is held as a capital asset (generally, property held for investment) at the time of the Merger; and

an NMM shareholder who receives cash in lieu of a fractional share of ApolloMed common stock in the Merger should recognize capital gain or loss in an amount equal to the difference between the amount of cash received instead of a fractional share and the shareholder's tax basis allocable to such fractional share.

Completion of the Merger, however, is not conditioned upon a receipt of an opinion from counsel that the Merger qualifies as a reorganization, and the Merger will occur even if the Merger does not qualify as a reorganization and NMM shareholders are fully taxed on the shares of ApolloMed common stock and warrants they receive in the Merger.

To the extent NMM distributes existing ApolloMed Warrants held thereby to NMM shareholders prior to the consummation of the Merger, such distribution will constitute a dividend for U.S. federal income tax purposes to the extent of NMM's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. See "CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER" on page 208 of this joint proxy statement/prospectus for more information.

A portion of each Holdback Share issued to an NMM shareholder will be treated as "imputed interest" under Section 483 of the Code, with the amount of such imputed interest being based upon the applicable federal rate at the time of Merger and the period between the closing date of the Merger and the date on which the Holdback Share is issued to the NMM shareholder. The portion of such Holdback Share treated as imputed interest will be ordinary income to the NMM shareholder, rather than capital gain, and will be taxable to the NMM shareholder upon receipt.

Tax matters are very complicated, and the tax consequences of the Merger to a particular NMM shareholder will depend on such shareholder's circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the Merger to you, including the applicability and effect of federal, state, local and non-U.S. income and other tax laws. For more information, please see the section entitled "CONSIDERATIONS WITH RESPECT TO U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER" beginning on page 36 of this joint proxy statement/prospectus.

Regulatory Approvals (Page 140)

ApolloMed must comply with the applicable federal and state securities laws in connection with the issuance of the securities in the Merger and the filing with the SEC of the registration statement of which this joint proxy statement/prospectus forms a part.

In addition, completion of the Merger is subject to the expiration or termination of the waiting period applicable to the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”). Under the HSR Act, the Merger may not be completed until the expiration of a 30-calendar day waiting period, which began when ApolloMed and NMM each filed a Premerger Notification and Report Form under the HSR Act with the Federal Trade Commission (the “FTC”) and the Antitrust Division of the Department of Justice (the “Antitrust Division”) on June 7, 2017, unless the FTC and Antitrust Division grant early termination of such waiting period. The required waiting period with respect to the Merger expired at 11:59 p.m., New York City time, on July 7, 2017. The parties to the Merger Agreement are required to use their respective reasonable best efforts to consummate the offer and the Merger, including by taking all reasonable actions necessary to obtain any antitrust or other regulatory approvals.

For a more complete discussion of the regulatory approvals required in connection with the Merger, see the section entitled “THE MERGER — Regulatory Approvals Required for the Merger” on page 140 of this joint proxy statement/prospectus.



Opinion of ApolloMed's Financial Advisor (Page 118)

In connection with the Merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofA Merrill Lynch"), ApolloMed's financial advisor, delivered to ApolloMed's board of directors a written opinion, dated December 21, 2016, as to the fairness, from a financial point of view and as of the date of the opinion, of the exchange ratio to ApolloMed, assuming, at the direction of ApolloMed, that the exchange ratio would be 0.07002656301. The full text of the written opinion, dated December 21, 2016, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex G to this document and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to ApolloMed's board of directors (in its capacity as such) for the benefit and use of ApolloMed's board of directors in connection with and for purposes of its evaluation of the exchange ratio from a financial point of view, assuming, at the direction of ApolloMed, that the exchange ratio would be 0.07002656301. BofA Merrill Lynch's opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to ApolloMed or in which ApolloMed might engage or as to the underlying business decision of ApolloMed to proceed with or effect the Merger. BofA Merrill Lynch's opinion does not address any other aspect of the Merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed Merger or any related matter.**

In connection with the amendments to the Merger Agreement, ApolloMed determined not to seek updated fairness opinions. See "RISK FACTORS" on page 29 of this joint proxy statement/prospectus for more information.

Opinion of NMM's Financial Advisor (Page 124)

On December 20, 2016, at a meeting of the NMM board of directors held to evaluate the Merger, Vantage Point Advisors, Inc. ("Vantage Point") rendered to the NMM board of directors an oral opinion, which was confirmed by delivery of a written opinion signed and dated December 21, 2016, to the effect that, as of the date of the opinion, and based upon and subject to the factors, assumptions and limitations set forth therein, the Merger was fair, from a financial point of view, to NMM and its common shareholders.

Vantage Point's opinion was directed to the NMM board of directors and only addressed the fairness, from a financial point of view, of the exchange ratio and did not address any other terms of the Merger. The summary of Vantage Point's opinion as set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion, which is attached as Annex H to this joint proxy statement/prospectus, and sets forth the procedures followed, assumptions made, qualifications and limitations of the review undertaken and other matters considered by Vantage Point in preparing its opinion. Vantage Point has consented to the inclusion of its fairness opinion as Annex H to this joint proxy statement/prospectus. Neither Vantage Point's opinion nor the summary of its

opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, or constitute, advice or a recommendation to the NMM board of directors, NMM or any shareholder as to how to vote or act in connection with the Merger or any related matter.

For further information, see the section entitled “THE MERGER — Opinion of NMM’s Financial Advisor” beginning on page 124 and the full text of the opinion attached as Annex H to this joint proxy statement/prospectus.

#### Surrender of NMM Stock Certificates

Stock certificates representing shares of NMM common stock shall be surrendered to the exchange agent as further set forth on the letter of transmittal, unless any of such certificate(s) are held by NMM or any of its representatives, in which case such certificate(s) shall be delivered to the exchange agent on the NMM shareholder’s behalf.

See “THE MERGER AGREEMENT — Exchange Procedures” on page 146 of this joint proxy statement/prospectus for a more detailed description of the surrendering of NMM stock certificates.

## SELECTED HISTORICAL FINANCIAL INFORMATION OF APOLLOMED

The following table sets forth selected historical financial information of ApolloMed for each of the periods presented. Such information has been derived from ApolloMed's audited financial statements as of and for the fiscal years ended March 31, 2017 and 2016 and the three months ended June 30, 2017 and June 30, 2016, which is included elsewhere in this joint proxy statement/prospectus.

The following table should be read together with "INFORMATION ABOUT APOLLOMED — ApolloMed Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 240 of this joint proxy statement/prospectus and ApolloMed's audited financial statements for the fiscal years ended March 31, 2017 and 2016 and the three months ended June 30, 2017 and 2016 and related notes beginning on page 259 of this joint proxy statement/prospectus.

ApolloMed's historical results are not necessarily indicative of results to be expected in any future period.

	Fiscal Year Ended March 31,	
	2017	2016
Statement of Operations Data:		
Net Revenues	\$57,427,701	\$44,048,740
Costs and Expenses		
Cost of services	48,735,537	34,000,786
General and administrative	18,583,372	16,962,687
Depreciation and amortization	645,742	351,396
Total costs and expenses	67,964,651	51,314,869
Loss from Operations	(10,536,950 )	(7,266,129 )
Other (expense) Income		
Interest expense	(82,905 )	(542,296 )
Gain (loss) on change in fair value of warrant and conversion feature liabilities, net	1,633,333	(408,692 )
Gain on deconsolidation of variable interest entity	242,411	-
Loss on debt extinguishment, net	-	(266,366 )
Other income	14,701	239,057
Total other expense, net	1,807,540	(978,297 )
Net loss	(8,681,915 )	(8,173,389 )
Net loss per share:		
Basic and diluted	\$(1.49 )	\$(1.79 )
Weighted average shares of common stock outstanding:		
Basic and diluted	6,001,680	5,212,927
Balance Sheet Data:		
Cash and cash equivalents	\$8,664,211	\$9,270,010

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Total assets	\$20,644,557	\$19,566,533
Total liabilities	20,374,189	11,015,247
Total liabilities, mezzanine equity and stockholders' equity	\$20,644,557	\$19,566,533

	Three Months Ended June 30,	
	2017	2016
<b>Statement of Operations Data</b>		
Net revenues	\$41,575,480	\$12,371,673
Costs and expenses		
Cost of services	40,239,642	10,133,005
General and administrative	4,889,184	3,836,475
Depreciation and amortization	155,267	164,658
Total costs and expenses	45,284,093	14,134,138
Loss from operations	(3,708,613 )	(1,762,465 )
Other (expense) income:		
Interest expense	(192,989 )	(2,659 )
Gain on change in fair value of warrant liability	-	822,222
Other income	38,657	1,971
Total other (expense) income, net	(154,332 )	821,534
Loss before benefit from income taxes	(3,862,945 )	(940,931 )
Benefit from income taxes	(29,891 )	(41,553 )
Net loss	(3,833,054 )	(899,378 )
Net loss (income) attributable to non-controlling interest	221,242	(415,879 )
Net loss attributable to Apollo Medical Holdings, Inc.	\$(3,611,812 )	\$(1,315,257 )
Net loss per share:		
Basic and diluted	\$(0.60 )	\$(0.22 )

Weighted average number of shares of common stock outstanding:

Basic and diluted	
Balance Sheet Data:	
Cash and cash equivalents	\$31,206,495
Total assets	\$43,298,794
Total liabilities	\$46,637,914
Total liabilities, mezzanine equity and stockholders' equity	\$43,298,794

## SELECTED HISTORICAL FINANCIAL INFORMATION OF NMM

The following table sets forth selected historical financial information of NMM for each of the periods presented. The historical financial information for the fiscal years ended December 31, 2016, 2015 and 2014 and for the six months ended June 30, 2017 and 2016 has been derived from NMM's audited financial statements as of and for the fiscal years ended December 31, 2016, 2015 and 2014, and from NMM's unaudited financial statements as of and for the six months ended June 30, 2017 and 2016, respectively, each of which is included elsewhere in this joint proxy statement/prospectus. The historical financial information for the fiscal years ended December 31, 2013 and 2012 has been derived from NMM's unaudited historical consolidated financial statements that are not included in this joint proxy statement/prospectus. The results of operations for the six months ended June 30, 2017 and June 30, 2016 are not necessarily indicative of the results of operations for the full year or any other interim period. NMM management prepared the unaudited information as of and for the six months ended June 30, 2017 and 2016 on the same basis as it prepared NMM's audited consolidated financial statements. In the opinion of NMM management, this information reflects all adjustments consisting of only normal recurring adjustments necessary for a fair presentation of this data for those dates.

The following table should be read together with "INFORMATION ABOUT NMM — NMM Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 281 of this joint proxy statement/prospectus and NMM's audited financial statements for the fiscal years ended December 31, 2016, 2015 and 2014 and related notes and unaudited financial statements as of and for the six months ended June 30, 2017 and 2016 and related notes beginning on page 281 of this joint proxy statement/prospectus.

NMM's historical results are not necessarily indicative of results to be expected in any future period.

	<b>As of or For the Six Months Ended June 30,</b>		<b>As of or For the Years Ended December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Balance Sheet Data:</b>	<b>(unaudited)</b>	<b>(unaudited)</b>		<b>[3]</b>	<b>[2]</b>	<b>[1]</b>	<b>[1]</b>
Total assets	\$343,781,492	\$355,303,468	\$349,998,962	\$362,486,567	\$176,650,244	\$28,611,785	\$24,7
Total non-current liabilities	44,935,181	52,733,098	48,929,857	52,394,197	32,627,220	608,779	4,62
Total liabilities	89,097,134	95,018,272	99,555,688	116,958,729	73,125,287	13,763,670	12,5
Total mezzanine equity - noncontrolling interest	160,407,386	163,531,239	162,855,554	161,028,806	105,067,503	13,189,607	11,7
Total mezzanine equity - redeemable common stock	88,217,116	82,234,601	87,979,414	76,318,873	1,971,658	4,475,331	4,47
Total Network Medical Management, Inc. shareholders' equity (deficit)	5,571,093	14,074,149	(773,311 )	7,773,162	(4,108,304 )	(3,479,567 )	(4,1
Allied Pacific of California IPA's noncontrolling interest in Concourse Diagnostic Surgery Center, LLC	448,763	445,207	381,617	406,997	594,100	662,744	125,
Total shareholders' equity (deficit)	6,059,856	14,519,356	(391,694 )	8,180,159	(3,514,204 )	(2,816,823 )	(4,0
Total liabilities, mezzanine equity and shareholders' equity (deficit)	343,781,492	355,303,468	349,998,962	362,486,567	176,650,244	28,611,785	24,7
<b>Results of Operations:</b>							
Total revenue	\$166,647,762	\$149,121,384	\$305,934,915	\$313,124,705	\$134,340,089	\$84,090,680	\$60,0
Total expenses	146,910,900	140,697,021	294,246,302	269,451,579	147,427,362	82,402,221	59,7
Income (loss) from operations	19,736,862	8,424,363	11,688,613	43,673,126	(13,087,273 )	1,688,459	322,
Net income (loss)	13,089,250	8,102,517	10,019,797	26,679,623	(13,702,710 )	1,397,633	120,
Net income (loss) attributable to noncontrolling interests	6,744,846	1,801,530	(1,433,730 )	13,862,522	(13,073,974 )	726,548	(578
Net income (loss) attributable to Network Medical Management, Inc.	6,344,404	6,300,987	11,453,527	12,817,101	(628,736 )	671,085	698,
<b>Per Share Data:</b>							
Earnings per common share - basic	\$0.02	\$0.02	\$0.03	\$0.05	\$(0.00 )	\$0.00	\$0.00
	0.02	0.02	0.03	0.05	(0.00 )	0.00	0.00

Earnings per common  
share - diluted

Weighted average

shares of common stock	366,343,818	359,724,706	360,634,339	256,619,159	175,818,798	175,933,710	175,
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outstanding - basic

Weighted average

shares of common stock	373,769,718	366,861,151	367,945,833	263,734,916	175,818,798	175,933,710	175,
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outstanding - diluted

[1] Certain reclassifications have been made to the 2013 and 2012 unaudited consolidated financial statements to conform to the current period presentation.

[2] In October 2014, APC merged with Pacific Independent Physician Association ("PIPA"), which resulted in significant changes to the results of operations.

In April 2015, APC merged with Physicians Healthways Medical Corporation ("PHW") and in July 2015, NMM [3] merged with Pacific Independent Physician Association Management Service Organization ("PIPA MSO"), which resulted in significant changes to the results of operations.

## SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following selected unaudited pro forma condensed combined financial data gives effect to the proposed Merger of Merger Sub with and into NMM, which will be accounted for as a “reverse merger” business combination under the acquisition method of accounting with NMM treated as the accounting acquirer. NMM was determined to be the accounting acquirer based upon the terms of the Merger and other factors, such as relative voting rights and the composition of the combined company’s board and senior management. The selected unaudited pro forma condensed combined financial data presented below is based on, and should be read in conjunction with, the historical financial statements of ApolloMed that appear elsewhere in this joint proxy statement/prospectus, the unaudited pro forma condensed combined financial statements which include ApolloMed and NMM that appear elsewhere in this joint proxy statement/prospectus, including the footnotes thereto, and the historical financial statements of NMM and ApolloMed that appear elsewhere in this joint proxy statement/prospectus. See the sections entitled, “Where You Can Find More Information” and “Unaudited Pro Forma Condensed Combined Financial Statements,” for additional information.

The following selected unaudited pro forma condensed combined balance sheet data as of June 30, 2017 combines the historical unaudited condensed balance sheet of NMM as of June 30, 2017 and the historical unaudited condensed consolidated balance sheet of ApolloMed as of June 30, 2017, giving pro forma effect to the Merger as if the Merger had been completed on June 30, 2017. In addition, because NMM has a fiscal year end of December 31 and ApolloMed has a fiscal year end of March 31, the following selected unaudited pro forma condensed combined statements of operations for the fiscal year ended March 31, 2017 combine the historical condensed statement of operations of ApolloMed for the year ended March 31, 2017 and for the fiscal year ended December 31, 2016 for NMM, and for the three months ended June 30, 2017 combine the historical condensed statement of operations of ApolloMed for the three months ended June 30, 2017 and the historical condensed statement of operations of NMM for its three months ended March 31, 2017, giving pro forma effect to the Merger as if it had been completed on April 1, 2017.

The selected unaudited pro forma condensed combined financial data is presented for illustrative purposes only and is not necessarily indicative of the actual or future financial position or results of operations that would have been realized if the proposed Merger had been completed as of the dates indicated in the unaudited pro forma condensed combined financial statements or that will be realized upon the consummation of the proposed Merger.

Unaudited Pro Forma Condensed Combined Statements of Operations, Balance Sheet and Other Data:

As of  
June 30,  
2017



	(in thousands)
Balance Sheet Data	
Cash and cash equivalents	\$ 88,528
Working capital	\$ 24,352
Total assets	\$ 432,628
Total liabilities	\$ 127,558
Retained earnings	\$ 10,900
Total stockholders' equity	\$ 134,425

	For the Three Months Ended June 30, 2017 (in thousands, except per share amounts)
Statements of Operations Data	
Total revenue	\$ 125,749
Income from operations	\$ 11,629
Net income	\$ 7,687
Net income attributable to common stockholders	\$ 1,481
Net income per share attributable to common stockholders, basic	\$ 0.04
Net income per share attributable to common stockholders, diluted	\$ 0.04

## COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

The information below reflects the historical net loss and book value per share of ApolloMed common stock and the historical net loss and book value per share of NMM common stock in comparison with the unaudited pro forma net loss and book value per share after giving effect to the Merger on a pro forma basis.

Because NMM has a fiscal year end of December 31 and ApolloMed has a fiscal year end of March 31, the following unaudited pro forma net loss and book value per share data for the fiscal year ended March 31, 2017 was calculated using the historical condensed combined statement of operations data of ApolloMed for its three months ended June 30, 2017, and the historical condensed combined statement of operations data of NMM for its three months ended March 31, 2017, giving pro forma effect to the Merger as if it had been completed on April 1, 2017.

The unaudited pro forma per share data is presented for illustrative purposes only and is not necessarily indicative of actual or future financial position or results of operations that would have been realized if the proposed Merger had been completed as of the dates indicated or will be realized upon the completion of the proposed Merger. Although ApolloMed has not declared or paid any dividends during the periods presented, NMM has declared and paid dividends during such periods.

	As of June 30, 2017 and for the three months ended June 30, 2017	
<b>NMM:</b>		
Book value per share – historical	\$	0.02
Basic net loss per share – historical	\$	0.01
Diluted net loss per share – historical	\$	0.01
 <b>ApolloMed:</b>		
Book value per share – historical	\$	(0.55)
Basic and diluted net loss per share – historical	\$	(0.60)
<b>Combined:</b>		
Book value per share – pro forma		3.67
Basic and diluted net income per share – pro forma	\$	0.04
Basic and diluted net income per share – pro forma	\$	0.04



## RISK FACTORS

*You should carefully consider the risks described below in evaluating whether to vote for the proposals discussed herein. The risks and uncertainties described below are not the only ones ApolloMed and NMM face, and these factors should be considered in conjunction with general investment risks and other information included in this joint proxy statement/prospectus, including the matters addressed in the section entitled “CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS” beginning on page 85 of this joint proxy statement/prospectus.*

### Risks Related to the Proposed Merger

***The issuance of shares of ApolloMed common stock and warrants to purchase ApolloMed common stock to NMM shareholders in the Merger will substantially dilute the voting power of current ApolloMed stockholders. Having this diluted share position may reduce the influence that current ApolloMed stockholders have on the management of ApolloMed.***

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. Accordingly, the issuance of the shares of ApolloMed common stock to NMM shareholders in the Merger or the exercise of warrants to purchase ApolloMed common stock issued to such NMM shareholders will significantly reduce the ownership stake and relative voting power of each share of ApolloMed common stock held by current ApolloMed stockholders. Consequently, following the Merger, the ability of ApolloMed’s current stockholders to influence the management of ApolloMed will be substantially reduced.

Any release or issuance of the Holdback Shares following the consummation of the Merger may dilute the voting power of the current ApolloMed stockholders.

The Merger Agreement requires that at the Effective Time, ApolloMed will hold back the Holdback Shares to secure indemnification of ApolloMed and its affiliates under the Merger Agreement. The Holdback Shares will be held for a period of up to 24 months after the closing of the Merger, during which ApolloMed may seek indemnification for any breach of, or noncompliance with, any provision of the Merger Agreement by NMM. At the end of the first year following the closing of the Merger, 50% of the Holdback Shares will be released to the pre-Merger NMM shareholders (subject to any reduction for any indemnification claims) and at the end of the second year following the closing of the Merger, the remainder of the Holdback Shares will be released to the pre-Merger NMM shareholders (subject to any reduction for any indemnification claims). Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares). To the extent Holdback Shares are released or issued, the ownership stake and relative voting power of each share of ApolloMed common stock held by the current ApolloMed stockholders will be reduced.

The exchange ratio is not adjustable based on the market price of ApolloMed common stock so the merger consideration at the closing may have a greater or lesser value than at the time the Merger Agreement was signed.

Upon completion of the Merger, each share of NMM common stock will be converted into the right to receive shares of ApolloMed common stock based on an exchange ratio that will be fixed at the time of the closing of the Merger based on the number of issued and outstanding shares of ApolloMed calculated in accordance with the Merger Agreement. See the section entitled “THE MERGER AGREEMENT — Effects of Merger; Merger Consideration.” The exchange ratio in the Merger Agreement will not be adjusted in the event of any change in the stock price of ApolloMed prior to the Merger. Any changes in the market price of ApolloMed common stock before the completion of the Merger will not affect the number of shares NMM shareholders will be entitled to receive pursuant to the Merger Agreement. Therefore, if before the completion of the Merger the market price of ApolloMed common stock declines from the market price on the date of the Merger Agreement, then NMM shareholders could receive merger consideration with substantially lower value. Similarly, if before the completion of the Merger the market price of ApolloMed common stock increases from the market price on the date of the Merger Agreement, then NMM shareholders could receive merger consideration with substantially more value for their shares of NMM common stock. Because the exchange ratio does not adjust as a result of changes in the value of ApolloMed common stock, for each one percentage point that the market value of ApolloMed common stock rises or declines, there is a corresponding one percentage point rise or decline, respectively, in the value of the total merger consideration issued to NMM shareholders.

***Actual ApolloMed results are significantly different from those contained in the cash flow and other projections prepared in late 2016 by ApolloMed management and used by BofA Merrill Lynch in its financial analyses.***

ApolloMed management prepared certain financial projections, which were based on management's projection of ApolloMed's future financial performance as of the date provided in late 2016. These projections were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC regarding forward-looking information. More importantly, the cash flow and other financial projections were based on a number of assumptions and predictions that have not turned out to be accurate, and with the passage of time, ApolloMed's actual results differ materially from those forecasts in the cash flow and other financial projections and, given intervening events, such as CMS's nonrenewal of APAACO's participation in the AIPBP payment mechanism of the NGACO Model, results will

likely continue to differ materially from these projections and thus, are no longer valid. ApolloMed directed BofA Merrill Lynch to use such projections, including cash flow projections, in its financial analysis. These cash flow projections would no longer be reliable or merit much weight in the context of a discounted cash flow analysis.

***Actual NMM results may be significantly different from those contained in the projections prepared by NMM management and used by Vantage Point in its financial analyses.***

NMM management prepared certain financial projections, which were based on management's projection of NMM's future financial performance as of the date provided. These projections were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC regarding forward-looking information. More importantly, the financial projections were based on a number of assumptions and predictions that, with the passage of time, have rendered such financial projections no longer valid. Further, the projections did not take into account any circumstances or events occurring after the date that they were prepared.

***The merger consideration to be received by NMM shareholders in the Merger is not consistent with the assumed exchange ratio on which BofA Merrill Lynch based its fairness opinion.***

The exchange ratio set forth in the Merger Agreement is based in part on the number of shares of ApolloMed's common stock issued and outstanding at the closing rather than a fixed ratio. At the direction of ApolloMed, BofA Merrill Lynch based its fairness opinion on the assumption that the exchange ratio would be 0.07002656301 at the closing. On December 21, 2016, the date of issuance of the BofA Merrill Lynch fairness opinion, there were 5,956,877 shares of common stock of ApolloMed outstanding. On November 10, 2017, the latest practicable date prior to the date of this proxy statement/prospectus, there were 6,033,495 shares of common stock of ApolloMed outstanding. In addition, as a result of the amendments to the Merger Agreement entered into on March 30, 2017 and October 17, 2017, NMM shareholders will receive as additional merger consideration, (i) an aggregate of 2,566,666 shares of ApolloMed common stock, (ii) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (iii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share, none of which were factored into the calculation of the exchange ratio that ApolloMed instructed BofA Merrill Lynch to assume at the time of issuance of the BofA Merrill Lynch fairness opinion. The actual exchange ratio at the closing is not consistent with the exchange ratio on which BofA Merrill Lynch based its fairness opinion.

***The fairness opinion delivered to the ApolloMed and NMM board of directors by their respective financial advisors prior to signing the Merger Agreement does not reflect changes in circumstances between signing the Merger Agreement and the completion of the Merger, including the amendments to the Merger Agreement.***

Neither ApolloMed nor NMM obtained an updated fairness opinion nor do they intend to obtain an updated fairness opinion reflecting any changes in circumstances between signing the Merger Agreement and the completion of the Merger, including the amendments to the Merger Agreement on March 30, 2017 and October 17, 2017. As such, the fairness opinions do not reflect the amendments to the Merger Agreement as well as any changes that may occur or may have already occurred after December 21, 2016 to the operations and prospects of ApolloMed or NMM, general market and economic conditions and other factors that may be beyond the control of ApolloMed or NMM, and on which the respective original fairness opinion was based. As a result, the current value of the common stock of ApolloMed and NMM may not be reflected in the fairness opinion. The fairness opinions do not speak as of the time the Merger will be completed or as of any date other than the date set forth in the fairness opinions. Because ApolloMed and NMM do not currently intend to request an updated fairness opinion, the fairness opinions will not address the fairness of the merger consideration, from a financial point of view, at the time the Merger is completed.

***Because the Merger will be completed after the date of the ApolloMed special meeting of stockholders and the NMM special meeting of shareholders, at the time of the meetings, the exact number of shares of ApolloMed common stock that the NMM shareholders will receive upon completion of the Merger will be unknown.***

Subject to the terms of the Merger Agreement, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. Please see the section entitled “THE MERGER AGREEMENT — Effects of Merger; Merger Consideration”. Accordingly, the exact number of shares of ApolloMed common stock that NMM shareholders will receive upon completion of the Merger will not be available at the time of the ApolloMed special meeting of stockholders and the NMM special meeting of shareholders.

There is no assurance when or if the Merger will be completed. Any delay in completing the Merger may substantially reduce the benefits that ApolloMed and NMM expect to obtain from the Merger and any failure to complete the Merger could harm ApolloMed and NMM’s future business and operations.

Completion of the Merger is subject to the satisfaction or waiver of a number of conditions as set forth in the Merger Agreement. There can be no assurance that ApolloMed and NMM will be able to satisfy the closing conditions or that closing conditions beyond their control will be satisfied or waived. For a discussion of the conditions to the completion of the Merger, see the section entitled “THE MERGER AGREEMENT — Conditions to Completion of the Merger” beginning on page 152 of this joint proxy statement/prospectus. In addition, ApolloMed and NMM can agree at any time to terminate the Merger Agreement. ApolloMed and NMM can also terminate the Merger Agreement under other specified circumstances. See the section entitled “THE MERGER AGREEMENT — Termination of the Merger Agreement” beginning on page 153 of this joint proxy statement/prospectus.

If the Merger is not completed within the expected timeframe, such delay could result in additional transaction costs or other effects associated with uncertainty about the Merger. Furthermore, if the Merger is not completed, the ongoing businesses of ApolloMed and NMM could be adversely affected and each of ApolloMed and NMM will be subject to a variety of risks associated with the failure to complete the Merger, including without limitation the following:

- certain costs related to the Merger, such as legal and accounting fees, must be paid even if the Merger is not completed;

- if the Merger Agreement is terminated under certain circumstances, either ApolloMed or NMM may be required to pay the other party a termination fee of \$1.5 million, as applicable;



the attention of management of ApolloMed and NMM may have been diverted to the Merger rather than to each company's own operations and the pursuit of other opportunities that could have been beneficial to each company;

the potential loss of key personnel during the pendency of the Merger as employees may experience uncertainty about their future roles with the combined company;

- reputational harm due to the adverse perception of any failure to successfully complete the Merger;

- the price of ApolloMed stock may decline and remain volatile;

ApolloMed and NMM will have been subject to certain restrictions on the conduct of their businesses which may have prevented them from making certain acquisitions or dispositions or pursuing certain business opportunities while the Merger was pending; and

each of ApolloMed and NMM may be subject to litigation related to the Merger or any failure to complete the Merger.

In addition, if the Merger Agreement is terminated ApolloMed is likely to have an immediate financial need to raise additional capital to fund ApolloMed's business and meet ApolloMed's expenses, including both transactional and operational expenses.

Because the lack of a public market for NMM's outstanding shares makes it difficult to evaluate the fairness of the Merger, NMM shareholders may receive consideration in the Merger that is greater than or less than the fair market value of the shares of NMM common stock.

The outstanding capital stock of NMM is privately held and is not traded in any public market. The lack of a public market makes it extremely difficult to determine the fair market value of shares of NMM common stock. Since the percentage of ApolloMed's common stock to be issued to NMM shareholders was determined based on negotiations between the parties, it is possible that the value of the ApolloMed common stock to be issued in connection with the Merger will be greater than the fair market value of shares of NMM common stock. Alternatively, it is possible that the value of the shares of ApolloMed common stock to be issued in connection with the Merger will be less than the fair market value of shares of NMM common stock.

Some ApolloMed and NMM executive officers and directors have interests in the Merger that are different from your interests and such differing interests of such officers and directors may influence them to support or approve the Merger without regard to your interests.

When considering the recommendation by the ApolloMed board of directors that the ApolloMed stockholders vote "for" each of the proposals being submitted to the ApolloMed stockholders at the ApolloMed special meeting and the recommendation by the NMM board of directors that the NMM shareholders vote "for" each of the proposals being submitted to the NMM shareholders at the NMM special meeting, the ApolloMed stockholders and NMM

shareholders should be aware that certain of the directors and executive officers of ApolloMed and NMM have arrangements that provide them with interests in the Merger that are different from, or in addition to, those of the stockholders of ApolloMed and NMM. For instance, certain directors and officers of ApolloMed and NMM are expected to continue to serve as directors and officers of the combined company and certain ApolloMed directors and officers have employment agreements with ApolloMed which are expected to remain in place following the Merger. The directors and executive officers ApolloMed and NMM also have certain rights to indemnification and to directors' and officers' liability insurance that will be provided by the combined company following completion of the Merger. These interests may have influenced the directors and executive officers of ApolloMed and NMM to support or recommend the proposals presented to ApolloMed stockholders and NMM shareholders, respectively. See the sections entitled "THE MERGER — Interests of ApolloMed's Directors and Executive Officers in the Merger" and "THE MERGER — Interests of NMM's Directors and Executive Officers in the Merger" beginning on page 137 and 153, respectively, of this joint proxy statement/prospectus.

***There is no assurance when or if the Merger will be completed. The failure to consummate the Merger could have a material adverse effect on ApolloMed's business, including that ApolloMed may be unable to repay its debt, and any delay in completing the Merger may substantially reduce the benefits to ApolloMed.***

Consummation of the Merger is subject to various closing conditions (including approval by ApolloMed's stockholders and the shareholders of NMM) many of which have not yet occurred. If for any reason the Merger is not consummated, upon the termination of the Merger Agreement, ApolloMed would have significant financial obligations to its creditors, including NMM. For example, ApolloMed has incurred debt under the Amended Alliance Note and the Restated NMM Note in the aggregate of almost \$14,000,000. ApolloMed may have insufficient funds to repay the two notes if both become due after termination of the Merger Agreement.

In addition, as ApolloMed anticipates that NMM will be an important future source of working capital for ApolloMed after the consummation of the Merger, and if the Merger does not occur ApolloMed would not benefit from such working capital. Furthermore, there are several areas of operations in which NMM and ApolloMed work together, including APAACO, which is owned 50% by NMM and 50% by ApolloMed, as well as management services agreements ApolloMed has with certain NMM affiliates. If for any reason the Merger is not consummated, ApolloMed cannot predict the effect this would have on areas where ApolloMed operates together with NMM and for which ApolloMed is dependent upon significant revenue.

If the Merger is not completed within the expected time frame, such delay could result in additional transaction costs or other adverse effects associated with uncertainty about the Merger. As a result, the ongoing businesses of ApolloMed could be adversely affected, including being subject to the following risks:

- certain costs related to the Merger, such as legal and accounting fees, must be paid even if the Merger is not completed;
  - if the Merger Agreement is terminated under certain circumstances, either party may be required to pay the other party a termination fee of \$1.5 million;
  - the attention of management of ApolloMed may have been diverted to the Merger rather than to ApolloMed's own operations and the pursuit of other opportunities that could have been beneficial;
  - the potential loss during the pendency of the Merger of key personnel as employees may experience uncertainty about their future roles with the combined company;
  - reputational harm due to the adverse perception of any failure to successfully complete the Merger;
  - the price of ApolloMed stock may decline;
- ApolloMed will have been subject to certain restrictions on the conduct of its business which may have prevented it from making certain acquisitions or dispositions or pursuing certain business opportunities while the Merger was pending; and
- ApolloMed may be subject to litigation related to the Merger or any failure to complete the Merger.

Furthermore, if the Merger Agreement is terminated, ApolloMed is likely to have an immediate financial need to raise additional capital to repay ApolloMed's debt, fund ApolloMed's business and meet ApolloMed's expenses (including both transactional and operational expenses).

***Covenants in the Merger Agreement place certain restrictions on each of ApolloMed's and NMM's conduct of business prior to the closing of the Merger, including entering into a business combination with another party.***

The Merger Agreement restricts each of NMM and ApolloMed from taking certain specified actions with respect to the conduct of its business without the other party's consent while the Merger is pending. These restrictions may prevent each of NMM and ApolloMed from pursuing otherwise attractive business opportunities or other capital structure alternatives and making other changes to business or executing certain of its business strategies prior to the completion of the Merger, which opportunities, alternatives or other changes could be favorable to ApolloMed's stockholders. See the section entitled "THE MERGER AGREEMENT — Covenants and Agreements — No Solicitation" beginning on page 163 of this joint proxy statement/prospectus.

Certain provisions of the Merger Agreement may discourage third parties from submitting alternative takeover proposals, including proposals that may be superior to the arrangements contemplated by the Merger Agreement.

The terms of the Merger Agreement prohibit each of ApolloMed and NMM from soliciting alternative takeover proposals or cooperating with persons making unsolicited takeover proposals, except in limited circumstances when such party's board of directors determines in good faith that an unsolicited alternative takeover proposal is or is reasonably likely to lead to a superior takeover proposal and is reasonably capable of being consummated and that failure to cooperate with the proponent of the proposal is reasonably likely to result in a breach of the board's fiduciary duties. In addition, if ApolloMed or NMM terminate the Merger Agreement under certain circumstances, including terminating because of a decision of a board of directors to recommend a superior proposal, each party would be required to pay a termination fee of \$1.5 million to the other. This termination fee may discourage third parties from submitting alternative takeover proposals to ApolloMed or NMM or their shareholders, and may cause the respective boards of directors to be less inclined to recommend an alternative proposal.

The financial information presented in this joint proxy statement/prospectus for ApolloMed and NMM may not be fully comparable due to the different fiscal year-ends of each company.

ApolloMed has a fiscal year-end of March 31 and NMM has a fiscal year-end of December 31. Therefore, the historical financial statements and other financial information pertaining to ApolloMed and NMM cannot be directly compared in any given period. Moreover, because of the different fiscal years of ApolloMed and NMM, any cyclical trends in financial condition or results of operations of the two companies may not be fully comparable.

The Merger may not be tax-free to NMM shareholders.

The Merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Code, but there can be no assurance that the Internal Revenue Service (“IRS”) would not assert, or that a court would not sustain, a position contrary to any described herein. The parties did not seek a ruling from the IRS regarding the tax consequences of the Merger. Therefore, if the Merger does not qualify as a reorganization, then the exchange of ApolloMed stock and warrants for stock of NMM pursuant to the Merger may be taxable to the NMM shareholders. Therefore, each holder of NMM stock is urged to consult with such holder’s own tax advisor with respect to the tax consequences of the Merger.

The rights of NMM shareholders who become ApolloMed stockholders in the Merger will be governed by the ApolloMed Charter and the ApolloMed Bylaws, as amended.

Upon the consummation of the Merger, NMM’s outstanding shares of common stock will be converted into the right to receive shares of ApolloMed common stock. NMM shareholders who receive shares of ApolloMed common stock in the Merger will become ApolloMed stockholders. As a result, NMM shareholders who become shareholders in ApolloMed will be governed by the ApolloMed Charter and the ApolloMed Bylaws, each as amended to reflect the proposals being voted on at the ApolloMed special meeting, and the DGCL rather than being governed by the NMM Articles and the California Corporations Code. See the section entitled “COMPARISON OF RIGHTS OF APOLLOMED STOCKHOLDERS AND NMM SHAREHOLDERS” beginning on page 306 of this joint proxy statement/prospectus.

Risks Related to the Combined Company Following the Merger

***If ApolloMed and NMM are not successful in integrating their businesses and organizations, the anticipated benefits of the Merger may not be realized.***

Historically, ApolloMed and NMM have operated as independent companies and will do so until the completion of the Merger. Achieving the anticipated benefits of the Merger will depend, in part, on the integration of technology, operations and personnel of ApolloMed and NMM. ApolloMed and NMM cannot assure you that the integration will be successful or that the anticipated benefits of the Merger will be fully realized. The challenges involved in this integration include the following:

- persuading the employees that ApolloMed's and NMM's business cultures are compatible and retaining the combined company's key personnel;

- maintaining the dedication of management resources to integration activities without diverting attention from the day-to-day business of the combined company;

- maintaining management's ability to focus on anticipating, responding to or utilizing changing technologies in the healthcare industry;

- demonstrating to customers that the Merger will not result in adverse changes to the ability of the combined company to address the needs of customers of the loss of attention or business focus; and

- keeping and retaining key ApolloMed and NMM employees after the Merger.

The concentration of capital stock ownership with insiders of ApolloMed after the Merger will likely limit the ability of ApolloMed stockholders to influence corporate matters.

Following the Merger, the executive officers, directors, five percent or greater stockholders and their respective affiliated entities of ApolloMed will in the aggregate own approximately 23% of ApolloMed's outstanding common stock. As a result, these stockholders, acting together, have control over matters that require approval by ApolloMed's stockholders, including the election of directors and approval of significant corporate transactions. Corporate actions might be taken even if other stockholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a corporate transaction that other stockholders may view as beneficial.

ApolloMed may issue additional equity securities in the future, which may result in dilution to existing investors.

To the extent ApolloMed raises additional capital by issuing equity securities, including in a debt financing where ApolloMed issues convertible notes or notes with warrants and any shares of ApolloMed's common stock to be issued in a private placement, ApolloMed's stockholders may experience substantial dilution. ApolloMed may, from time to time, sell additional equity securities in one or more transactions at prices and in a manner it determines. If ApolloMed sells additional equity securities, existing stockholders may be materially diluted. In addition, new investors could gain rights superior to existing stockholders, such as liquidation and other preferences. In addition, the number of shares available for future grant under ApolloMed's equity compensation plans may be increased in the future. In addition, the exercise or conversion of outstanding options or warrants to purchase shares of capital stock may result in dilution to ApolloMed's stockholders upon any such exercise or conversion.

The market price of the combined company's common stock after the Merger may be subject to significant fluctuations and volatility, and the stockholders of the combined company may be unable to sell their shares at a profit and might incur losses.

The market price of the combined company's common stock could be subject to significant fluctuation following the Merger. The results of operations of the combined company and the market price of the combined company common stock following the Merger may be affected by factors different from those currently affecting the independent results of operations of ApolloMed and the stock price of ApolloMed. Some of the factors that may cause the market price of the combined company's common stock to fluctuate include:

actual or anticipated quarterly increases or decreases in revenue, gross margin or earnings and changes in the combined company's business, operations or prospects;



announcements relating to strategic relationships, mergers, acquisitions, partnerships, collaborations, joint ventures, capital commitments, or other events by the combined company or the combined company's competitors;

· conditions or trends in the healthcare industry;

· changes in the economic performance or market valuations of other healthcare-related companies;

· general market conditions or domestic or international macroeconomic and geopolitical factors unrelated to the combined company's performance or financial condition;

· sale of the combined company's common stock by stockholders, including executives and directors;

· volatility and limitations in trading volumes of the combined company's common stock;

· the combined company's ability to obtain financings;

· failures to meet external expectations or management guidance;

· changes in the combined company's capital structure, future issuances of securities, sales or distributions of large blocks of common stock by stockholders;

· the combined company's cash position;

· announcements and events surrounding financing efforts, including debt and equity securities;

· analyst research reports, recommendation and changes in recommendations, price targets, and withdrawals of coverage;

- departures and additions of key personnel;
- disputes and litigations related to intellectual properties, proprietary rights, and contractual obligations;
- changes in applicable laws, rules, regulations, or accounting practices and other dynamics; and
- other events or factors, many of which may be out of the combined company's control.

The unaudited pro forma combined financial statements are presented for illustrative purposes only, and future results of the combined company may differ materially from the unaudited pro forma financial statements presented in this joint proxy statement/prospectus.

The unaudited pro forma combined financial statements contained in this joint proxy statement/prospectus are presented for illustrative purposes only and for several reasons, may not be an indication of the combined company's financial condition or results of operations following the completion of the Merger. The unaudited pro forma combined financial statements have been derived from the historical financial statements of ApolloMed and NMM and adjustments and assumptions have been made regarding the combined company after giving effect to the Merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the merger. For example, the impact of any incremental costs incurred in integrating ApolloMed and NMM are not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the combined company following the completion of the Merger may not be consistent with, or evident from, these pro forma financial statements. The assumptions used in preparing the pro forma financial information may prove to be inaccurate, and other factors may affect the combined company's financial condition or results of operations following the Merger. Any decline or potential decline in the combined company's financial condition or results of operations may cause significant variations in the market price of ApolloMed common stock.

Subsequent to the consummation of the Merger, ApolloMed may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on its financial condition, results of operations and stock price, which could cause you to lose some or all of your investment.

Although ApolloMed and NMM have conducted due diligence on each other, there can be no assurances that their diligence revealed all material issues that may be present in the other company's business, that all material issues through a customary amount of due diligence will be uncovered, or that factors outside of ApolloMed's and NMM's control will not later arise. As a result, ApolloMed may be forced to later write-down or write-off assets, restructure operations, or incur impairment or other charges that could result in losses. Even if due diligence successfully

identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with each company's preliminary risk analysis. Even though these charges may be non-cash items and not have an immediate impact on liquidity, the fact that ApolloMed reports charges of this nature could contribute to negative market perceptions about ApolloMed's or its securities. In addition, charges of this nature may make future financing difficult to obtain on favorable terms or at all.

In the recent past, ApolloMed has identified material weaknesses in ApolloMed's internal controls. ApolloMed cannot provide assurances that these weaknesses will not recur or that additional material weaknesses will not occur in the future. If ApolloMed's internal control over financial reporting or ApolloMed's disclosure controls and procedures are not effective, ApolloMed may not be able to accurately report its financial results, file its periodic reports in a timely manner or prevent fraud, which could cause investors to lose confidence in ApolloMed's reported financial information and could lead to a decline in ApolloMed's stock price or result in regulatory or legal actions against ApolloMed.

ApolloMed's management is responsible for establishing and maintaining adequate internal control over ApolloMed's financial reporting, as defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended ("the Exchange Act"). In the recent past, ApolloMed has identified a number of material weaknesses in ApolloMed's disclosure controls and procedures. These material weaknesses could have allowed the reporting of inaccurate or incomplete information regarding ApolloMed's business in ApolloMed's public filings and required ApolloMed to devote substantial resources to mitigating and resolving the weaknesses ApolloMed identified. Despite these efforts, ApolloMed cannot provide assurances that these weaknesses will not recur or that additional material weaknesses will not occur in the future.

Additionally, ApolloMed intends to continue to grow ApolloMed's business, in part, through the acquisition of new entities and the consummation of the Merger. If and when ApolloMed acquires such existing entities, or consummates the Merger, ApolloMed's due diligence may fail to discover defects or deficiencies in the design and operations of the internal controls over financial reporting of such entities, or defects or deficiencies in the internal controls over financial reporting may arise when ApolloMed tries to integrate the operations of these newly acquired companies with itself. ApolloMed can provide no assurances that it will not experience such issues in future acquisitions, the result of which could have a material adverse effect on ApolloMed's financial statements.

NMM has identified material weaknesses in its internal controls, and NMM cannot provide assurances that these weaknesses will be effectively remediated or that additional material weaknesses will not occur in the future. If NMM's internal control over financial reporting or its disclosure controls and procedures are not effective, the combined company may not be able to accurately report its financial results or prevent fraud, which may cause investors to lose confidence in the combined company's reported financial information and could lead to a decline in the combined company's stock price.

NMM has identified material weaknesses in its internal controls over financial reporting. These material weaknesses include (i) inability to appropriately address and account for technical accounting matters, (ii) lack of adequate supervision and review, (iii) insufficient formal documentation of agreements and contractual terms, (iv) inadequate controls over financial reporting and (v) a lack of formal documentation of internal control procedures, policies and processes supporting the internal control environment. These material weaknesses could allow the reporting of inaccurate or incomplete information regarding the combined company's financial results and will require the combined company to devote substantial resources to mitigating and resolving the weaknesses NMM has identified. NMM has implemented the following remediation efforts: (i) engaged outside accounting consultants to assist with technical accounting matters and financial reporting; (ii) implemented policies and procedures to require supervision and review of significant transactions prior to posting into the accounting system; (iii) implemented policies and procedures to require agreements to be signed; and (iv) added formal documentation of internal control procedures, policies and processes.

ApolloMed may not be able to timely and effectively implement controls and procedures required by Section 404 of the Sarbanes-Oxley Act of 2002 that will be applicable to the combined company after the Merger.

NMM is not currently subject to Section 404 of the Sarbanes-Oxley Act of 2002. The standards required for a public company under Section 404 of the Sarbanes-Oxley Act of 2002 are significantly more stringent than those required of NMM. Management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that will be applicable to ApolloMed after the Merger. If management is not able to implement the additional requirements of Section 404 of the Sarbanes-Oxley Act of 2002 in a timely manner or with adequate compliance, it may not be able to assess whether its internal control over financial reporting is effective, which may subject ApolloMed to adverse regulatory consequences and could harm investor confidence and the market price of ApolloMed's common stock.

While ApolloMed has historically been a non-accelerated filer, the combined company expects to become an accelerated filer following the consummation of the Merger. As a result, the combined company might incur additional expense to obtain and utilize resources for management to perform its evaluation of the effectiveness of the combined company's internal controls over financial reporting, as well as the related audit fees to have its independent auditors attest to management's evaluation of the effectiveness of its internal controls over financial reporting in accordance with Section 404(b) of the Sarbanes-Oxley Act.

Anti-takeover provisions under Delaware law could make an acquisition of the combined company, which may be beneficial to the stockholders of the combined company, more difficult and may prevent attempts by the stockholders to replace or remove management.

The combined company will be subject to the anti-takeover provisions of the DGCL, including Section 203. Under these provisions, if anyone becomes an “interested stockholder,” the combined company may not enter into a “business combination” with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203 of the DGCL, “interested stockholder” means, generally, someone owning 15% or more of the combined company’s outstanding voting stock or an affiliate of the combined company that owned 15% or more of the combined company’s outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203 of the DGCL.

As such, Section 203 of the DGCL could prohibit or delay mergers or a change in control and may discourage attempts by other companies to acquire the combined company.

Additionally, certain provisions in ApolloMed's Charter could make it more difficult for a third party to acquire control of ApolloMed, even if such change in control would be beneficial to ApolloMed stockholders. Upon consummation of the Merger, the ApolloMed Charter and ApolloMed Bylaws will be amended to provide for the ApolloMed board to be divided into three classes serving staggered terms. The directors in each class will be elected to serve three-year terms. The provisions for a classified board could prevent a party that acquires control of a majority of the outstanding voting stock from obtaining control of the board of directors until the second annual stockholders meeting following the date the acquirer obtains the controlling stock interest. The classified board provisions and NMM shareholder Lock-Up Agreements could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of ApolloMed and could increase the likelihood that incumbent directors will retain their positions. In addition, ApolloMed Charter and ApolloMed Bylaws contain provisions, such as blank check preferred stock, special meetings of stockholders and stockholder action by written consent, which could make it more difficult for a third party to acquire the combined company. These provisions may have the effect of preventing or hindering any attempts by the stockholders of the combined company to replace its board of directors or management.

If securities analysts do not publish research or reports about the business of the combined company, or if they publish negative evaluations, the price of the combined company's common stock could decline.

The trading market for the combined company's common stock will rely in part on the availability of research and reports that third-party industry or financial analysts publish about the combined company. There are many large, publicly traded companies active in the healthcare industry, which may mean it will be less likely that the combined company receives widespread analyst coverage. Furthermore, if one or more of the analysts who do cover the combined company downgrade its stock, its stock price would likely decline. If one or more of these analysts cease coverage of the combined company, the combined company could lose visibility in the market, which in turn could cause its stock price to decline.

ApolloMed needs to raise additional capital, which might not be available.

ApolloMed requires significant additional capital for general working capital and liquidity needs. If ApolloMed's cash flow and existing working capital are not sufficient to fund its general working capital and liquidity requirements, as well as any debt service requirements, ApolloMed will have to raise additional funds by selling equity, issuing debt, borrowings, refinancing some or all of its existing debt or selling assets or subsidiaries. None of these alternatives for raising additional funds may be available, or available on acceptable terms to ApolloMed, in amounts sufficient for ApolloMed to meet its requirements. ApolloMed's failure to obtain any required new financing may, if needed, require ApolloMed to reduce or curtail certain existing operations or make ApolloMed unable to continue to operate its business.

Because the Merger will likely result in an ownership change under Section 382 of the Code for ApolloMed, ApolloMed's pre-Merger net operating loss carryforwards and certain other tax attributes will be subject to limitation. The net operating loss carryforwards and certain other tax attributes of NMM and of the combined company may also be subject to limitations as a result of ownership changes.

If a corporation undergoes an "ownership change" within the meaning of Section 382 of the Code, the corporation's net operating loss carryforwards and certain other tax attributes arising from before the ownership change are subject to limitations on use after the ownership change. In general, an ownership change occurs if there is a cumulative change in the corporation's equity ownership by certain stockholders that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. The Merger will likely result in an ownership change for ApolloMed and, accordingly, ApolloMed's net operating loss carryforwards and certain other tax attributes will be subject to use limitations after the Merger. The Merger may also result in an ownership change for NMM, in which case, NMM's net operating loss carryforwards and certain other tax attributes would also be subject to limitations. Additional ownership changes in the future could result in additional limitations on the net operating loss carryforwards of ApolloMed, NMM and the combined company. Consequently, even if the combined company achieves profitability, it may not be able to utilize a material portion of the net operating loss carryforwards and other tax attributes of ApolloMed, NMM and the combined company, which could have a material adverse effect on the combined company's cash flow and results of operations.

#### Risks Related to the Business of ApolloMed

ApolloMed has a history of losses, and may have to further reduce costs by curtailing future operations to continue as a business.

Historically, ApolloMed has had operating losses and cash flow has been inadequate to support ongoing operations. For the three months ended June 30, 2017, and for the year ended March 31, 2017, ApolloMed had a net loss of approximately \$3.8 million and \$8.7 million, respectively, and as of June 30, 2017, ApolloMed had an accumulated deficit of approximately \$41.3 million. ApolloMed's ability to fund its capital requirements out of available cash and cash generated from its operations depends on a number of factors, including ApolloMed's ability to integrate recently acquired businesses and continue growing its existing operations. If ApolloMed cannot generate positive cash flow from operations, it will have to reduce costs and/or try to raise working capital from other sources. These measures could materially and adversely affect ApolloMed's ability to operate its business as presently conducted and execute ApolloMed's business model.

ApolloMed may not be able to continue as a going concern.

As shown in the accompanying consolidated financial statements, ApolloMed has incurred a net loss of approximately \$3.8 million and \$8.7 million for the three months ended June 30, 2017 and for the year ended March 31, 2017, respectively, and used approximately \$8.1 million in cash from operating activities during the year ended March 31, 2017 and, as of June 30, 2017, has an accumulated deficit and a stockholders' deficit of approximately \$41.3 million and \$3.3 million, respectively. These factors raise substantial doubt about ApolloMed's ability to continue as a going concern. ApolloMed's consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that ApolloMed cannot continue as a going concern.

ApolloMed may encounter difficulties in managing its growth.

ApolloMed may not be able to successfully grow and expand. Successful implementation of its business plan will require management of growth, including potentially rapid and substantial growth, which could result in an increase in the level of responsibility for management personnel and strain on ApolloMed's human and capital resources. To manage growth effectively, ApolloMed will be required, among other things, to continue to implement and improve its operating and financial systems and controls to expand, train and manage its employee base. ApolloMed's ability to manage its operations and growth effectively requires ApolloMed to continue to expend funds to enhance its operational, financial and management controls, reporting systems and procedures and to attract and retain sufficient numbers of talented personnel. If ApolloMed is unable to implement and scale improvements to all of its control systems in an efficient and timely manner or if ApolloMed encounters deficiencies in existing systems and controls, then it will not be able to make available the services required to successfully execute its business plan. Failure to attract and retain sufficient numbers of qualified personnel could further strain its human resources and impede its growth or result in ineffective growth. Moreover, the management, systems and controls currently in place or to be implemented may not be adequate for such growth, and the steps taken to hire personnel and to improve such systems and controls might not be sufficient. If ApolloMed is unable to manage its growth effectively, it will have a material adverse effect on its business, results of operations and financial condition.

The terms of debt agreements could restrict ApolloMed's operations, particularly ApolloMed's ability to respond to changes in its business or to take specified actions and an event of default under ApolloMed's debt agreements could harm its business.

Agreements for any indebtedness would likely contain a number of restrictive covenants that impose significant operating and financial restrictions on ApolloMed, including restrictions on ApolloMed's ability to take actions that may be in its best interests. Debt agreements often include covenants that, among other things, generally:



do not allow the borrower to borrow additional amounts or additional amounts above a certain limit, or that are senior to the existing debt, without the approval of the creditor;

require the borrower to obtain the consent of the creditor for acquisitions in excess of an agreed upon amount and/or grant security interests in newly-acquired companies;

do not allow the borrower to dispose of assets;

do not allow the borrower to liquidate, wind up or dissolve any of its subsidiaries without the creditor's approval;

do not allow the borrower to create any liens on any of its assets;

require the borrower not to impair any security interests that the creditor has in the borrower's assets; and

require the borrower to meet, on an ongoing basis, certain financial covenants, which may include targets as to consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), leverage ratio, fixed charge coverage ratio and consolidated tangible net worth.

No assurances can be given that ApolloMed will be able to meet any of the financial covenants in favor of a creditor, and, if ApolloMed were to fail to meet any financial covenants, there would be an event of default and no assurance can be given that a creditor would waive such default, which in turn could result in a material adverse effect on ApolloMed's financial condition and ability to continue its operations.

ApolloMed is required to prepare and file with the SEC a registration statement covering the sale of a former creditor's registrable securities by March 31, 2018.

On March 28, 2014, ApolloMed entered into a Credit Agreement (the "Credit Agreement") with NNA of Nevada, Inc. ("NNA"), an affiliate of Fresenius SE & Co. KGaA ("Fresenius"), which has been amended from time to time. Presently, ApolloMed is required to prepare and file with the SEC a registration statement covering the sale of NNA's registrable securities issued pursuant to the Credit Agreement by March 31, 2018. If ApolloMed fails to do so by such date, for each month thereafter until it files the registration statement registering NNA's registrable securities ApolloMed must pay NNA liquidated damages of 1.5% of the total purchase price of the registrable securities owned by NNA, payable in shares of ApolloMed common stock. This may result in the dilution of the ownership interests of ApolloMed's stockholders.

The nature of ApolloMed's business and rapid changes in the healthcare industry makes it difficult to reliably predict future growth and operating results.

Rapidly changing Federal and state healthcare laws, and the regulations thereunder, make it difficult to anticipate the nature and amount of medical reimbursements, third party private payments and participation in certain government programs. For example, ApolloMed was awarded a participation agreement under the Centers for Medicare & Medicaid Services ("CMS") Medicare Shared Savings Program ("MSSP") in July 2012, to operate as an Accountable Care Organization ("ACO"). The ACO has received an "all or nothing" payment under the MSSP program for services rendered in fiscal 2015, but did not receive such a payment for fiscal 2016 or fiscal 2017. This makes it difficult to forecast ApolloMed's future earnings, cash flow and results of operations. The evolving nature of the current medical services industry increases these uncertainties.

ApolloMed may be unable to successfully integrate recently acquired and launched entities and may have difficulty predicting the future needs of those entities.

In fiscal 2015, ApolloMed acquired AKM Medical Group, Inc., a California corporation ("AKM"), Southern California Heart Centers, a California medical corporation ("SCHC"), Best Choice Hospice Care, LLC, a California limited liability company ("BCHC"), and Holistic Care Home Health Agency, Inc., a California corporation ("HCHHA"), and

launched ApolloMed Care Clinic, a California professional corporation (“ACC”), and Apollo Palliative Services LLC, a California limited liability company (“ApolloMed Palliative” or “APS”). In fiscal 2016, ApolloMed formed Apollo Care Connect, Inc., a Delaware corporation (“Apollo Care Connect”), and combined the operations of AKM into those of MMG, and disposed of substantially all of the assets of ACC. In fiscal 2017, ApolloMed acquired Bay Area Hospitalist Associates (“BAHA”) and also formed APAACO to operate under CMS’ Next Generation Accountable Care Organization Model Program (the “NGACO Model”).

As a result of ApolloMed’s rapid expansion ApolloMed may be unable to successfully integrate the various entities it has acquired or formed. Additionally, these entities operate in different areas of the health care industry and ApolloMed cannot accurately predict how these acquired entities will perform in the future, integrate into its entire operations or result in a diversion of management focus and attention to other parts of ApolloMed’s business.

ApolloMed’s growth strategy may not prove viable and expected growth and value may not be realized.

ApolloMed’s business strategy is to grow rapidly by managing a network of medical groups providing certain hospital-based services and integrated inpatient and outpatient physician networks. ApolloMed also seeks growth opportunities both organically and through the acquisition of target medical groups and other service providers. Identifying quality acquisition candidates is a time-consuming and costly process. There can be no assurance that ApolloMed will be successful in identifying and establishing relationships with these and other candidates. If ApolloMed is not successful in identifying and acquiring other entities, its ability to successfully implement its business plan and achieve targeted financial results could be adversely affected. The process of integrating acquired entities involves significant risks, which include, but are not limited to:

- demands on ApolloMed’s management team related to the significant increase in the size of its business;
- diversion of management’s attention from the management of daily operations;

- difficulties in the assimilation of different corporate cultures and business practices;
- difficulties in conforming the acquired entities' accounting policies to ApolloMed's;

retaining employees who may be vital to the integration of departments, information technology systems, including accounting;

systems, technologies, books and records, procedures and maintaining uniform standards, such as internal accounting controls;

- procedures, and policies; and
- costs and expenses associated with any undisclosed or potential liabilities.

There can be no assurance that ApolloMed will be able to manage the integration of its acquisitions or the growth of such acquisitions effectively.

An element of ApolloMed's growth strategy is also the expansion of its business by developing new palliative care programs in its existing markets and in new markets. This aspect of ApolloMed's growth strategy may not be successful, which could adversely impact its overall growth and profitability. ApolloMed cannot assure that it will be able to:

- identify markets that meet ApolloMed's selection criteria for new palliative care programs;
- hire and retain a qualified management team to operate each of ApolloMed's new palliative care programs;
- manage a large and geographically diverse group of palliative care programs;
- become Medicare and Medicaid certified in new markets;
- generate a sufficient patient base in new markets to operate profitably in these new markets; or

compete effectively with existing programs.

ApolloMed may not make appropriate acquisitions, may fail to integrate them into its business, or these acquisitions could alter ApolloMed's current payor mix and reduce its revenue.

ApolloMed's business is significantly dependent on locating and acquiring or partnering with medical practices or individual physicians to provide health care services. As part of ApolloMed's growth strategy, it regularly reviews potential acquisition opportunities. ApolloMed cannot predict whether it will be successful in pursuing such acquisition opportunities or what the consequences of any such acquisitions would be. If ApolloMed is not successful in finding attractive acquisition candidates that it can acquire on satisfactory terms, or if it cannot successfully complete and efficiently integrate those acquisitions that it identifies, ApolloMed may not be able to implement its business model, which would likely negatively impact its revenues, results of operations and financial condition. Furthermore, ApolloMed's acquisition strategy involves a number of risks and uncertainties, including:

ApolloMed may not be able to identify suitable acquisition candidates or strategic opportunities or successfully implement or realize the expected benefits of any suitable opportunities. In addition, ApolloMed competes for acquisitions with other potential acquirers, some of which may have greater financial or operational resources than it does. This competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase ApolloMed's acquisition costs.

ApolloMed may be unable to successfully and efficiently integrate completed acquisitions, including its recently completed acquisitions and such acquisitions may fail to achieve the financial results it expected. Integrating completed acquisitions into ApolloMed's existing operations involves numerous short-term and long-term risks, including diversion of its management's attention, failure to retain key personnel, failure to retain payor contracts and failure of the acquired practice to be financially successful.

ApolloMed cannot be certain of the extent of any unknown or contingent liabilities of any acquired business, including liabilities for failure to comply with applicable laws. ApolloMed may incur material liabilities for past activities of acquired entities. Also, depending on the location of the acquisition, it may be required to comply with laws and regulations that may differ from those of the states in which ApolloMed's operations are currently conducted.

ApolloMed may acquire individual or group medical practices that operate with lower profit margins as compared with its current or expected profit margins or which have a different payor mix than ApolloMed's other practice groups, which would reduce its profit margins. Depending upon the nature of the local healthcare market, ApolloMed may not be able to implement its business model in every local market that it enters, which may negatively impact ApolloMed's revenues and financial condition.

If ApolloMed finances acquisitions by issuing equity securities or securities convertible into equity securities, its existing stockholders could be diluted, which, in turn, could adversely affect the market price of ApolloMed's stock. If ApolloMed finances an acquisition with debt, it could result in higher leverage and interest costs. As a result, if it fails to evaluate and execute acquisitions properly, ApolloMed might not achieve the anticipated benefits of these acquisitions, and it may increase its acquisition costs.

Changes to the fair value of contingent compensation payments to be paid in connection with ApolloMed's acquisitions may result in significant fluctuations to its results of operations.

In connection with some of ApolloMed's recent acquisitions, ApolloMed is required to make certain contingent compensation payments. The fair value of such payments is re-evaluated periodically based on changes in ApolloMed's estimate of future operating results and changes in market discount rates. Any changes in ApolloMed's estimated fair value is recognized in its results of operations. Increases in the amount of contingent compensation payments ApolloMed is required to make may have an adverse effect on its financial condition.

ApolloMed's management team's attention may be diverted by recent acquisitions and searches for new acquisition targets, and its business and operations may suffer adverse consequences as a result.

Mergers and acquisitions are time-intensive, requiring significant commitment of ApolloMed's management team's focus and resources. If ApolloMed's management team spends too much time focused on recent acquisitions or on potential acquisition targets, its management team may not have sufficient time to focus on its existing business and operations. This diversion of attention could have material and adverse consequences on ApolloMed's operations and its ability to be profitable.

ApolloMed's growth strategy incurs significant costs, which could adversely affect its financial condition.

ApolloMed's growth-by-acquisition strategy involves significant costs, including financial advisory, legal and accounting fees, and may include additional costs, including costs of fairness opinions, labor costs, termination payments, contingent payments and bonuses, among others. These costs could put a strain on ApolloMed's available

cash and cash flow, which in turn could adversely affect its overall financial condition.

ApolloMed may be unable to scale its operations successfully.

ApolloMed's growth strategy will place significant demands on its management and financial, administrative and other resources. Operating results will depend substantially on the ability of ApolloMed's officers and key employees to manage changing business conditions and to implement and improve its financial, administrative and other resources. If ApolloMed is unable to respond to and manage changing business conditions, or the scale of its operations and the quality of its services, ApolloMed's ability to retain key personnel and its business could be adversely affected.

ApolloMed could experience significant losses under its capitation-based contracts if the medical expenses it incurs exceed revenues.

In California, health plans typically prospectively pay an IPA a fixed per member per month ("PMPM") amount, or capitation payment, which is often based on a percentage of the amount received by the health plan. Capitation payments to IPAs, in the aggregate, represent a prospective budget from which the IPA manages care-related expenses on behalf of the population enrolled with that IPA. If ApolloMed's IPAs are able to manage care-related expenses under the capitated levels, ApolloMed realizes an operating profit on its capitation contracts. However, if ApolloMed's care-related expenses exceed projected levels, its IPAs may realize substantial operating deficits, which are not capped and could lead to substantial losses.

ApolloMed's future growth could be harmed if it loses the services of Dr. Hosseinion.

ApolloMed's success depends to a significant extent on the continued contributions of its key management personnel, particularly ApolloMed's Chief Executive Officer, Warren Hosseinion, M.D., for the management of ApolloMed's business and implementation of its business strategy. ApolloMed has entered into an employment agreement with Dr. Hosseinion and it holds a \$5 million key man life insurance policy. The loss of Dr. Hosseinion's services could have a material adverse effect on ApolloMed's business, financial condition and results of operations.

ApolloMed's current principal stockholders have significant influence over ApolloMed and the stockholders could delay, deter or prevent a change of control or other business combination or otherwise cause ApolloMed to take action with which stockholders might not agree. This includes that ApolloMed's founders, Warren Hosseinion, M.D. and Adrian Vazquez, M.D., combined currently own more than 35% of ApolloMed's shares and have significant influence over ApolloMed's operations and strategic direction.

ApolloMed's executive officers and directors, together with holders of greater than 5% of its outstanding common stock, as a group, currently beneficially own approximately 70% of ApolloMed's outstanding common stock. As a result, ApolloMed's executive officers, directors and holders of greater than 5% of its outstanding common stock have the ability to control all matters submitted to ApolloMed's stockholders for approval, including among other things:

- changes to the composition of ApolloMed's ApolloMed board, which has the authority to direct its business and appoint and remove ApolloMed's officers;

- proposed mergers, consolidations or other business combinations; and

- amendments to the ApolloMed Charter and ApolloMed Bylaws which govern the rights attached to ApolloMed's shares of common stock.

This concentration of ownership of shares of ApolloMed's common stock could delay or prevent proxy contests, mergers, tender offers, open market purchase programs or other purchases of shares of ApolloMed's common stock that might otherwise give its stockholders the opportunity to realize a premium over the then prevailing market price of ApolloMed's common stock. The interests of ApolloMed's executive officers, directors and holders of greater than 5% of its outstanding common stock may not always coincide with the interests of the other stockholders. This concentration of ownership may also adversely affect ApolloMed's stock price.



This concentration of ownership is underscored by the fact that Dr. Hosseinion (who currently owns approximately 19% of ApolloMed's common stock) and Dr. Vazquez (who currently owns approximately 16% of ApolloMed's common stock) together currently own more than 35% of ApolloMed's common stock and exert a significant degree of influence over ApolloMed's management and affairs and over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. As stockholders, Drs. Hosseinion and Vazquez are entitled to vote their shares in their own interests, which may not always be in the interests of ApolloMed's stockholders generally. Their concentrated holdings of so much of ApolloMed's common stock may harm the value of ApolloMed's shares and discourage investors from investing in ApolloMed. Drs. Hosseinion and Vazquez could also seek to delay, defer or prevent a change of control, merger, consolidation or sale of all or substantially all of ApolloMed's assets that other stockholders may support, or conversely this concentrated control could result in the consummation of a transaction that other stockholders may not support.

If ApolloMed's agreements or arrangements with Dr. Hosseinion or physician groups are deemed invalid under state corporate practice of medicine and similar laws, or Federal law, or are terminated as a result of changes in state law, it could have a material impact on ApolloMed's results of operations and financial condition.

There are various state laws, including laws in California, regulating the corporate practice of medicine which prohibits ApolloMed from owning various healthcare entities. This corporate practice of medicine prohibitions are intended to prevent unlicensed persons from interfering with or inappropriately influencing a physician's professional judgment. These and other laws may also prevent fee-splitting, which is the sharing of professional service income with non-professional or business interests. The interpretation and enforcement of these laws vary significantly from state to state. As a result, ApolloMed has structured other agreements and arrangements with these entities, such as having Dr. Hosseinion hold shares in such practices as nominee shareholder for ApolloMed's benefit. If these agreements and arrangements were held to be invalid under state laws prohibiting the corporate practice of medicine, a significant portion of ApolloMed's revenues would be affected, which may result in a material adverse effect on ApolloMed's results of operations and financial condition. Additionally, any changes to Federal or state law that prohibit such agreements or arrangements could also have a material adverse effect upon ApolloMed's results of operations and financial condition.

If ApolloMed lost the services of Dr. Hosseinion for any reason, the contractual arrangements with ApolloMed's variable interest entities ("VIEs") could be in jeopardy.

Because of corporate practice of medicine laws, many of ApolloMed's affiliated physician practice groups are either wholly-owned or primarily owned by Dr. Hosseinion as nominee shareholder for ApolloMed's benefit. If Dr. Hosseinion died, was incapacitated or otherwise was no longer affiliated with ApolloMed, there could be a material adverse effect on the relationship between each of those VIEs and ApolloMed and, therefore, ApolloMed's business as a whole could be adversely affected.

The contractual arrangements ApolloMed has with its VIEs is not as secure as direct ownership of such entities.

Because of corporate practice of medicine laws, ApolloMed enters into contractual arrangements to manage certain affiliated physician practice groups, which allows ApolloMed to consolidate those groups for financial reporting purposes. If ApolloMed had direct ownership of certain of ApolloMed's affiliated entities, it would be able to exercise its rights as an equity holder directly to effect changes in the boards of directors of those entities, which could effect changes at the management and operational level. Under ApolloMed's contractual arrangements, it may not be able to directly change the members of the boards of directors of these entities and would have to rely on the entities and the entities' equity holders to perform its obligations in order to exercise ApolloMed's control over the entities. If any of these affiliated entities or its equity holders fail to perform its respective obligations under the contractual arrangements, ApolloMed may have to incur substantial costs and expend additional resources to enforce such arrangements.

Any failure by ApolloMed's key affiliated entities or its equity holders to perform its obligations under the contractual arrangements it has with ApolloMed would have a material adverse effect on ApolloMed's business, results of operations and financial condition. ApolloMed also owns the majority, and not all, of the equity of certain subsidiaries.

Several of ApolloMed's affiliated physician practice groups are owned by other physicians who could die, become incapacitated or otherwise become no longer affiliated with ApolloMed. Although the terms of the MSAs ApolloMed has with these affiliates provide that the MSA will be binding on the successors of such affiliates' equity holders, as those successors are not parties to the MSAs, it is uncertain whether the successors in case of the death, bankruptcy or divorce of an equity holder would be subject to such MSAs.

In addition, although ApolloMed consolidates in ApolloMed's financial reporting and business structure ApolloMed Accountable Care Organization, Inc., a California corporation ("ApolloMed ACO"), and ApolloMed Palliative,

individuals other than Dr. Hosseinian, who acts as nominee stockholder for the benefit of Apollo Medical Management, Inc., a Delaware corporation and wholly-owned subsidiary of ApolloMed (“AMM”), also own approximately 20% of the equity of ApolloMed ACO and 44% of the equity in ApolloMed Palliative. Additionally, ApolloMed consolidates APAACO in ApolloMed’s financial reporting, although it owns 50% of the equity in that entity.

ApolloMed’s operations are dependent on a limited number of key payors.

ApolloMed had one payor during the three months ended June 30, 2017 that accounted for 72.1% of net revenues. Four payors accounted for 18.8%, 13.1%, 8.5% and 6.8% of ApolloMed’s net revenues for ApolloMed’s fiscal year ended March 31, 2017, respectively. ApolloMed had three payors during the fiscal year ended March 31, 2016 that accounted for 29.8%, 15.7% and 9.9% of net revenues, respectively. ApolloMed believes that a majority of its revenue will continue to be derived from a few payors. Each payor may immediately terminate any of ApolloMed’s contracts or any individual credentialed physician upon the occurrence of certain events. They may also amend the material terms of the contracts under certain circumstances. Failure to maintain the contracts on favorable terms or at all, for any reason, would materially and adversely affect ApolloMed’s results of operations and financial condition.

A decline in the number of patients ApolloMed serves could have a material adverse effect on ApolloMed’s results of operations.

Like any business, a material decline in the number of patients ApolloMed serves, whether it or a third party government or private entity is paying for its healthcare, could have a material adverse effect on ApolloMed’s results of operations and financial condition.

ACOs are relatively new and undergoing changes and CMS may change or discontinue the MSSP program.

ApolloMed has invested resources in both applying to participate in the MSSP and in establishing initial infrastructure. The MSSP program and the rules regarding ACOs have been altered and may be further altered in the future. Any material change to the MSSP program and ACO requirements, governance and operating rules, could provide a significant financial risk for ApolloMed and alter its strategic direction, thereby producing stockholder risk and uncertainty. In addition, ApolloMed could be terminated from the MSSP if it does not comply with the MSSP participation requirements.

***ApolloMed ACO may not generate savings through its participation in the MSSP revenue, if any, earned by such participation will occur, only once annually on an “all or nothing” basis.***

ApolloMed ACO participates in the MSSP sponsored by CMS. The MSSP is a relatively new program with limited history of payments to ACO participants. As a result of the uncertain nature of the MSSP program, ApolloMed considers revenue, if any, under the MSSP, as contingent upon the realization of program savings as determined by CMS, and revenues are not considered earned and therefore are not recognized until notice from CMS that cash payments are to be imminently received.

In addition, there is no assurance that ApolloMed will meet the conditions necessary for receipt of future payments. Furthermore, ApolloMed's ability to continue to generate savings for the MSSP program depends on many factors, many of which are outside ApolloMed's control, including, among others, how CMS elects to administer the MSSP program, how savings levels are calculated and continued political support of the MSSP program. As a result, whether future revenues will be earned by ApolloMed ACO is uncertain and will be contingent on various factors, including whether savings were determined to be achieved in 2015 or in any other period during which savings are measured.

During the fiscal year ended March 31, 2015, ApolloMed was awarded and received approximately a \$5.4 million payment related to savings achieved from July 1, 2012, through December 31, 2013, which represented 16% of ApolloMed's net revenue during the year ended March 31, 2015. During the fiscal years ended March 31, 2016 and 2017, ApolloMed did not receive any MSSP payment. ApolloMed is eligible to be considered for an all-or-nothing payment under this program for performance year 2016 (which, if it is paid, would be paid to ApolloMed in fiscal 2018). ApolloMed does not expect to receive any such payments for performance years beginning 2017 because of ApolloMed's transition to, and business focus on, the NGACO Model, in which it has been participating since January 1, 2017.

Moreover, if amounts are payable to ApolloMed under the MSSP, it will be paid on an annual basis significantly after the time it is earned. Additionally, since MSSP payments, if any, are made once annually, ApolloMed would not receive such payments spread out over its fiscal year and, consequently, revenue may be materially lower in quarters when any MSSP-related payments are not received by ApolloMed.

The success of ApolloMed's emphasis on the new NGACO Model is uncertain.

To position ApolloMed to participate in the NGACO Model, it has devoted, and intends to continue to devote, significant effort and resources, financial and otherwise, to the NGACO Model, and refocus away from certain other parts of ApolloMed's historic business and revenue streams, which will receive less emphasis in the future and could

result in reduced revenue from these activities. It is unknown at this time if this strategic decision will be successful in terms of ApolloMed's emphasis on the NGACO Model and/or placing less emphasis on certain other parts of ApolloMed's core business and revenue streams.

The results of the NGACO Model are unknown.

The NGACO Model is a new CMS program that builds upon previous ACO programs, including the MSSP program. Through the NGACO Model, CMS will provide an opportunity to APAACO and other Next Generation Accountable Care Organizations ("NGACOs") experienced in coordinating care for populations of patients, and whose provider groups are willing to assume higher levels of financial risk and reward, to participate in this new attribution-based risk sharing model. In January 2017, CMS approved APAACO to participate in the NGACO Model and CMS and APAACO have entered into a Next Generation ACO Model Participation Agreement (the "Participation Agreement") with a term of two performance years through December 31, 2018. CMS may offer to renew the Participation Agreement for an additional two performance years. Additionally, the Participation Agreement may be terminated sooner by CMS as specified therein and CMS has the flexibility to alter or change the program over this time period. The number of Medicare ACOs continues to rise in total but there are still a growing number of program types and demonstrations that could be consolidated and impact APAACO.

***APAACO's future participation in the AIPBP Payment Mechanism is uncertain and payments thereunder represent a significant part of ApolloMed's total revenues. ApolloMed also cannot accurately predict and monitor its performance under the AIPBP payment mechanism.***

APAACO chose to participate in the All-Inclusive Population-Based Payment ("AIPBP") mechanism. Under the AIPBP payment mechanism, CMS estimates the total annual Part A and Part B Medicare expenditures of APAACO's assigned Medicare beneficiaries and pays that projected amount in per beneficiary per month payments. In October 2017, CMS notified APAACO that it has not been renewed for participation in the AIPBP payment mechanism of the NGACO Model for performance year 2018 due to certain alleged deficiencies in performance by APAACO. APAACO does not believe the allegations by CMS of performance deficiencies are valid or justify the CMS non-renewal determination and is in discussions with CMS regarding possible reversal of such determination. If APAACO is not successful in convincing CMS to reverse its decision then the payment mechanism under the NGACO Model would default to traditional Fee For Service ("FFS"). This would result in the loss in monthly revenues of cash flow currently being generated by APAACO (currently at a rate of approximately \$9.3 million per month) and would thus have a material adverse effect on ApolloMed's future revenues and potential cash flow.

In addition, APAACO chose "Risk Arrangement A," comprising 80% risk for Part A and Part B Medicare expenditures and a shared savings and losses cap of 5%, or as a result a 4% effective shared savings and losses cap when factoring in 80% risk impact. APAACO's benchmark Medicare Part A and Part B expenditures for beneficiaries for its 2017 performance year are approximately \$335 million, and under "Risk Arrangement A" of the AIPBP payment mechanism APAACO could therefore have profits or be liable for losses of up to 4% of such benchmarked expenditures, or approximately \$13.4 million. While performance can be monitored throughout the year, end results will not be known until 2018. ApolloMed cannot accurately predict and monitor performance under the AIPBP payment mechanism for

2017 because, among other factors, end results are released annually rather than on a more frequent basis.

*The NGACO Model program has certain political risks.*

If the Patient Protection and Affordable Care Act (the “ACA”) is amended or repealed and replaced, or if Center for Medicare and Medicaid Innovation (“CMMI”) is terminated, the NGACO Model program could be discontinued or significantly altered. In addition, CMS leadership could be changed and influenced by Congress or the current Administration. Additionally, CMS or CMMI may elect to combine any existing programs, including bundled payments, which could greatly alter the NGACO Model program.

***APAACO's participation in the NGACO Model program subjects it to certain regulatory risks.***

Among many requirements to be eligible to participate in the NGACO Model program, APAACO must have at least 10,000 assigned Medicare beneficiaries and must maintain that number throughout each performance year. Although APAACO started its 2017 performance year with more than 32,000 assigned Medicare beneficiaries, there can be no assurance that APAACO will maintain the required number of assigned Medicare beneficiaries, and, if that number were not maintained, APAACO would become ineligible for the program.

APAACO is subject to changing state laws and regulations.

NGACOs are required to comply with all applicable state laws and regulations regarding provider-based risk-bearing entities. If these laws or regulations change, for example, to require a Knox-Keene license in California, which ApolloMed does not have, APAACO could be required to cease its NGACO operations.

***APAACO may experience losses due to the NGACO Model program.***

APAACO is responsible for savings and losses from claims. The NGACO Model uses a prospectively-set cost benchmark, which is established prior to the start of each performance year. The benchmark is based on various factors, including baseline expenditures with the baseline updated each year to reflect the NGACO's participant list for the given year. The 2017 performance year NGACO Model baseline for APAACO is based on calendar year 2014 expenditures that are risk-adjusted and trended. A discount is then applied that incorporates regional and national efficiency. The final benchmark could potentially underestimate APAACO's actual expenditures for its Medicare beneficiaries.

If claims cost rise from benchmark, or 2014 and/or 2017 are statistical anomalies, APAACO could experience losses due to the NGACO Model program, which could be significant prior to any adjustment in benchmarked expenditures.

Additionally, given that APAACO is providing care coordination but does not employ any physicians nor provide direct patient care, the degree of influence APAACO has could be limited and out of its direct control. Because of APAACO's limited influence, it is possible APAACO may not be able to influence provider and preferred provider behavior, utilization and patient costs.

***APAACO's dependence on CMS creates uncertainty and subjects APAACO to potential liability.***

APAACO relies on CMS for design, oversight and governance of the NGACO Model program. Accurate data, claims benchmarking and calculations, timely payments and periodic process reviews are key to program success. In addition to APAACO's administrative and care coordination operating costs, APAACO may not generate savings through its participation in the NGACO Model. Any savings generated, if at all, will be earned in arrears and uncertain in both timing and amount.

***APAACO chose to participate in the All-Inclusive Population-Based Payment ("AIPBP") payment mechanism, which entails certain special risks.***

APAACO chose to participate in the AIPBP payment mechanism, and is the only NGACO to have chosen this payment mechanism. Under the AIPBP payment mechanism, CMS will estimate the total annual Part A and Part B Medicare expenditures of APAACO's assigned Medicare beneficiaries and pay that projected amount in per beneficiary per month payments. APAACO chose "Risk Arrangement A," comprising 80% risk for Part A and Part B Medicare expenditures and a shared savings and losses cap of 5%, or as a result a 4% effective shared savings and losses cap when factoring in 80% risk impact. APAACO's benchmark Medicare Part A and Part B expenditures for beneficiaries for its 2017 performance year are approximately \$335 million, and under "Risk Arrangement A" of the AIPBP payment mechanism APAACO could therefore have profits or be liable for losses of up to 4% of such benchmarked expenditures, or approximately \$13.4 million. While performance can be monitored throughout the year, end results will not be known until 2018. ApolloMed cannot accurately predict and monitor performance under the AIPBP payment mechanism because, among other factors, end results are released annually rather than on a more frequent basis.



CMS has indicated that its initial financial reports to participants in the NGACO Model may not be complete.

The NGACO Model is new and CMS is implementing extensive reporting protocols in connection therewith. CMS has indicated that it does not anticipate initial reports under the NGACO Model to be indicative of final results of actual risk-sharing and revenues to which ApolloMed is entitled, especially for the period April 1, 2017 through June 30, 2017, which is the second quarter of the NGACO program and the first quarter of ApolloMed's 2018 fiscal year. This is because there are inherent biases in reporting the results at such an early juncture. Were that to be the case, ApolloMed might not report accurately ApolloMed's revenues for this period, which could be subject to adjustment in a later period once ApolloMed receives final results from CMS.

APAACO requires significant capital reserves for program participation.

NGACOs must provide a financial guarantee to CMS. The financial guarantee must be in an amount of 2% of the NGACO's benchmark Medicare Part A and Part B expenditures. APAACO's benchmark Medicare Part A and Part B expenditures for beneficiaries for its 2017 performance year being approximately \$335 million, APAACO submitted a letter of credit for \$6.7 million for the 2017 program year. If APAACO reaches the maximum of its shared losses of \$13.4 million, it may need to pay another \$6.7 million to CMS or CMS may change or alter the risk reserve process or amount. Additionally, the incurred but not reported ("IBNR") methodology utilized by CMS could have a negative impact on APAACO and affect working capital and capital requirements.

APAACO is responsible for savings and losses related to care received by its patients at Out-of-Network Providers, which could negatively impact ApolloMed's ability to control claim costs.

Medicare beneficiaries in a NGACO Model program are permitted to receive care from a wide network of contracted providers and facilities, which could make it challenging for APAACO to control financial risks associated with those beneficiaries. CMS notified APAACO that its Medicare beneficiaries historically have received approximately 62% of its care at non-contracted, out-of-network ("OON") providers. While not responsible for paying claims for OON providers, APAACO may have difficulty managing patient care and costs as compared to in-network providers. Additionally, APAACO is responsible for savings and losses of this population using OON providers, which could adversely impact ApolloMed's financial results.

In addition, if APAACO is successful under its Participation Agreement with CMS in encouraging more of its patients to receive care with contracted, in-network providers, there is the possibility that the monthly AIPBP payments will be insufficient to cover current expenditures, since the AIPBP payments will be based on historical in-network/out-of-network ratios. This could potentially result in negative cash-flow problems for APAACO, if

increased payments need to be made to contracted, in-network providers, especially if CMS fails to monitor this in-network/OON ratio on a frequent periodic basis and reconciliation payments are materially delayed.

***There is uncertainty regarding the initial design and administration of the NGACO Model program.***

Due to the newness of the NGACO Model program and the fact that APAACO is the only company participating in the AIPBP track, APAACO is subject to initial program challenges including, but not limited to, process design, data and other related program aspects. APAACO has already experienced various apparent errors in the NGACO Model program and APAACO has been working with CMS, including senior CMS management, on these issues, but the resolution and impact on APAACO remains uncertain. Moreover, there is the potential for new or additional issues to be experienced with CMS which could negatively impact APAACO. Among other things, the AIPBP claims processing methodology is complex and could create reimbursement delays to contracted APAACO providers which could in turn terminate their agreements with APAACO. For example, services provided by contracted APAACO providers with Dates of Service (“DOS”) from January 1, 2017 to March 31, 2017 were to be paid by CMS. All services provided by in-network, providers with DOS from April 1, 2017 onward were to be paid by APAACO. But a flaw in the claims processing system of one of CMS’ contractors caused payments to contracted APAACO providers to be unpaid or to be paid at a reduced rate from January 1, 2017 to March 31, 2017. Various providers expressed dissatisfaction about this and several decided to terminate their agreements with APAACO. Consequently, there is the actual and potential risk of damaging goodwill with APAACO’s contracted providers, which could have a material adverse effect on the operations and financial condition of APAACO in particular and ApolloMed’s results of operations and financial condition on a consolidated basis.

APAACO has also experienced weaknesses in the NGACO Model program beneficiary alignment methodology. For example, some patients see more than one primary care provider (“PCP”) in a calendar year. CMS could attribute a patient to one PCP rather than another, which could create potential liability for APAACO. For example, when APAACO sent letters to its patients, as required by CMS, it received several calls from PCPs who did not join APAACO, but whose patients were attributed to another PCP. There could also be liability where a PCP has a capitated contract with APAACO, but the PCP’s patient also sees another PCP, whether that PCP was contracted with APAACO or not. APAACO’s expenditures could increase due to payments by CMS of the out-of-network, non-contracted PCP.

***AIPBP operations and benchmarking calculations are complex.***

AIPBP operations and benchmarking calculations are complex and can lead to errors in the application of the NGACO Model program, which could create reimbursement delays to ApolloMed's providers and adversely affect APAACO's performance and results of operations. For example, APAACO has discovered a feature in the AIPBP claims files that do not allow APAACO to break down certain claims amounts by individual patient codes. This feature has created confusion for APAACO contracted providers in reconciling its payments, causing some providers to terminate their agreements with APAACO. This feature could also create uncertainty regarding those agreements with providers that include capitation plus carve-outs for certain procedures. APAACO has sought to address its concerns about such features with CMS and CMS has informed APAACO that CMS' contractor is unable to remedy this situation for at least the foreseeable future.

***CMS relies on multiple third-party contractors to manage the NGACO Model program, which could hinder performance.***

In addition to CMS reliance, CMS relies on various third parties to effect the NGACO program. This may be other departments of the U.S. government, such as CMMI. CMS relies on multiple third party contractors to manage the NGACO Model program, including claims and auditing. Due to such reliance, there is the potential for errors, delays and poor communication among the differing entities involved, which are beyond the control of APAACO. This could negatively impact APAACO's results of operations specifically and ApolloMed's results of operations on a consolidated basis.

Third parties used by APAACO could hinder performance.

APAACO uses select third parties. This could create operational and performance risk if, for example, the third party does not perform its responsibilities properly. Additionally, APAACO has contracted with participating Part A and Part B providers and was able to contract discounted Medicare, Diagnosis-Related Group and Resource Utilization Group rates with multiple providers. However, APAACO providers could decide to change or discontinue these contractual rates or to terminate its agreements with APAACO.

Risk-sharing arrangements that MMG has with health plans and hospitals could result in its costs exceeding the corresponding revenues, which could reduce or eliminate any shared risk profitability. MMG also has a key contract with Prospect Medical Group and its management service organization, which if terminated could materially affect ApolloMed's business.

Under risk-sharing arrangements into which MMG has entered, MMG is responsible for a portion of the cost of hospital services or other services that are not capitated. These risk-sharing arrangements may require MMG to assume a portion of any loss sustained from such arrangements, thereby adversely affecting ApolloMed's results of operations. The terms of the particular risk-sharing arrangement allocate responsibility to the respective parties when the cost of services exceeds the related revenue, which results in a deficit, or permit the parties to share in any surplus amounts when actual costs are less than the related revenue. The amount of non-capitated medical and hospital costs in any period could be affected by factors beyond the control of MMG, such as changes in treatment protocols, new technologies, longer lengths of stay by the patient, and inflation. To the extent that such non-capitated medical and hospital costs are higher than anticipated, revenue may not be sufficient to cover the risk-sharing deficits the health plans and MMG are responsible for, which could reduce ApolloMed's revenue and adversely affect ApolloMed's results of operations.

The Merger Agreement contemplates that Warren Hosseinion M.D., the sole shareholder of MMG, will sell to APC-LSMA all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement.

If MMG is not able to satisfy California Department of Managed Health Care's ("DMHC") requirements, MMG could become subject to sanctions and its ability to do business in California could be limited or terminated.

The DMHC has instituted financial solvency regulations. The regulations are intended to provide a formal mechanism for monitoring the financial solvency of a risk-bearing organization ("RBO") in California, including capitated physician groups, such as MMG. Under DMHC regulations, ApolloMed's affiliated physician groups are required to, among other things:

Maintain, at all times, a minimum "cash-to-claims ratio" (where "cash-to-claims ratio" means the organization's cash, marketable securities, and certain qualified receivables, divided by the organization's total unpaid claims liability). The regulations currently require a cash-to-claims ratio of 0.75; and

Submit periodic reports to the DMHC containing various data and attestations regarding performance and financial solvency, including incurred but not reported calculations and documentation, and attestations as to whether or not the organization was in compliance with the Knox-Keene Health Care Service Plan Act of 1975, as amended (the "Knox-Keene Act"), requirements related to claims payment timeliness, had maintained positive tangible net equity (i.e. at least \$1.00), and had maintained positive working capital (i.e. at least \$1.00).

In the event that a physician organization is not in compliance with any of the above criteria, the organization would be required to describe in a report submitted to the DMHC the reasons for non-compliance and actions to be taken to bring the organization into compliance. Additionally, under these regulations, the DMHC can make public some of the information contained in the reports, including, but not limited to, whether or not a particular physician organization met each of the criteria. In the event ApolloMed's affiliated physician groups are not able to meet certain of the financial solvency requirements, and fail to meet subsequent corrective action plans, ApolloMed's affiliated physician groups could be subject to sanctions, or limitations on, or removal of, its ability to do business in California.

MMG is currently attempting to confirm that it is in compliance with certain financial requirements of the DMHC.

ApolloMed's IPA, MMG, was not in compliance with certain DMHC financial requirements, including tangible net equity ("TNE"). ApolloMed has increased its intercompany line of credit to MMG to provide additional capital in attempt to comply partially with the DMHC's requirements. Through a plan of remediation that ApolloMed presented to the DMHC and which plan it approved, ApolloMed must contribute additional funds, cut costs, increase revenue or a combination of the above, which ApolloMed has done. As a result of the foregoing actions ApolloMed took, MMG had positive TNE as of the third quarter of fiscal 2017 and has maintained positive TNE to date. Since DMHC requirements are that an RBO should have positive TNE for one full quarter to be taken off a corrective action plan ("CAP"), ApolloMed believes that MMG is currently in compliance with DMHC requirements. The DMHC is currently reviewing filings ApolloMed has made to confirm this compliance. However, there can be no assurance that MMG

will remain in compliance with DMHC requirements. To the extent that ApolloMed is required to contribute additional capital to MMG in the future, ApolloMed would have less available cash to use on other parts of its business.

***ApolloMed and its board of directors may be subject to liability for failure to fully comply with federal and state securities laws.***

ApolloMed is subject to federal and state securities laws. Any failure to comply with such laws, such as ApolloMed's failing to file information statements for two corporate actions taken by its majority stockholders in written consents in 2012 and 2013, could cause federal or state agencies to take action against ApolloMed, which could restrict its ability to issue securities and result in fines or penalties. Any claims brought by such an agency could also cause ApolloMed to expend resources to defend itself, would divert the attention of its management from ApolloMed's core business and could significantly harm ApolloMed's business, operating results and financial condition, even if the claims are resolved in ApolloMed's favor.

Further, at ApolloMed's 2016 annual meeting, its stockholders voted on the frequency of their future votes on its executive compensation. ApolloMed inadvertently failed to file, within 150 days after the meeting, a Form 8-K amendment to disclose its decision as to how frequently it will hold such a vote, resulting in ApolloMed's failing to file all reports required to be filed by Section 13 or 15(d) of the Exchange Act for at least 12 months before filing certain subsequent periodic and other reports. Such failure may adversely affect the effectiveness of ApolloMed's registration statement on Form S-8 filed in May 2016 and ApolloMed may need to refile such registration statement. This failure also hinders ApolloMed's ability to issue securities in certain transactions and raise additional capital, including being unable to use Form S-3 for a substantial period of time. ApolloMed may also be subject to certain other restrictions or fines or penalties.

In addition, a plaintiffs' securities law firm has announced that it is investigating ApolloMed and the ApolloMed board for potential federal law violations and breaches of fiduciary duties in connection with the Merger. This investigation purportedly focuses on whether ApolloMed and its board of directors violated federal securities laws or breached their fiduciary duties to ApolloMed's stockholders by failing to properly value the Merger and failing to disclose all material information in connection with the Merger. ApolloMed cannot preclude the possibility that this investigation and any lawsuit brought relating to any alleged federal law violations or breaches of fiduciary duty in connection with the Merger could result in a delay of the Merger, as well as the potentially significant expenditures of time and resources to defend any such lawsuit. As a result, ApolloMed's management and board of directors may have less time to devote to ApolloMed's business, the consummation of the Merger and the successful integration of the business of ApolloMed and NMM.

Economic conditions or changing consumer preferences could adversely impact ApolloMed's business.

A downturn in economic conditions in one or more of ApolloMed's markets could have a material adverse effect on ApolloMed's results of operations, financial condition, business and prospects. Historically, state budget limitations have resulted in reduced state spending. Given that Medicaid is a significant component of state budgets, an economic downturn would put continued cost containment pressures on Medicaid outlays for ApolloMed's services in California. In addition, an economic downturn and/or sustained unemployment, may also impact the number of enrollees in managed care programs as well as the profitability of managed care companies, which could result in reduced reimbursement rates.

The existing Federal deficit, as well as deficit spending by the government as the result of adverse developments in the economy or other reasons, can lead to continuing pressure to reduce government expenditures for other purposes, including government-funded programs in which ApolloMed participates, such as Medicare and Medicaid. Such actions in turn may adversely affect ApolloMed's results of operations.

Although ApolloMed attempts to stay informed of government and customer trends, any sustained failure to identify and respond to trends could have a material adverse effect on ApolloMed's results of operations, financial condition, business and prospects.

ApolloMed's success depends, to a significant degree, upon ApolloMed's ability to adapt to a changing market and continued development of additional services.

Although ApolloMed expects to provide a broad and competitive range of services, there can be no assurance of acceptance by the marketplace. ApolloMed's ability to procure new contracts may be dependent upon the continuing results achieved at the current facilities, upon pricing and operational considerations, and the potential need for continuing improvement to existing services. Moreover, the markets for such services may not develop as expected nor can there be any assurance that ApolloMed will be successful in its marketing of any such services.

Competition for physicians is intense, and ApolloMed may not be able to hire and retain qualified physicians to provide services.

ApolloMed is dependent on its affiliated physicians to provide services and generate revenue. ApolloMed competes with many types of healthcare providers, including teaching, research and government institutions, hospitals and other practice groups, for the services of clinicians. The limited number of residents entering the job market each year and the limited number of other licensed providers seeking to change employers makes it challenging to meet ApolloMed's hiring needs and may require ApolloMed to contract *locum tenens* physicians or to increase physician compensation in a manner that decreases its profit margins. The limited number of residents and other licensed providers also impacts ApolloMed's ability to recruit new physicians with the expertise necessary to provide services within ApolloMed's business and its ability to renew contracts with existing physicians on acceptable terms. If ApolloMed does not do so, its ability to provide services could be adversely affected. Even though ApolloMed's physician turnover rate has remained stable over at least the last three years, if the turnover rate were to increase significantly, ApolloMed's growth could be adversely affected.

Moreover, unlike some of ApolloMed's competitors who sometimes pay additional compensation to physicians who agree to provide services exclusively to that competitor, ApolloMed's IPAs have historically not entered into such exclusivity agreements and have allowed its affiliated physicians to affiliate with multiple IPAs. This practice may place ApolloMed at a competitive disadvantage regarding the hiring and retention of physicians relative to those competitors who do enter into such exclusivity agreements.

The healthcare industry continues to experience shortages in qualified service employees and management personnel and ApolloMed may be unable to hire qualified employees.

ApolloMed competes with other healthcare providers for its employees, both clinical associates and management personnel. As the demand for health services continues to exceed the supply of available and qualified staff, ApolloMed and its competitors have been forced to offer more attractive wage and benefit packages to these professionals. Furthermore, the competition for this segment of the labor market has created turnover as many seek to take advantage of the supply of available positions, many of which offer new and more attractive wage and benefit packages. In addition to the wage pressures described above, the cost of training new employees amid the turnover rates may cause added pressure on ApolloMed's operating margins. Lastly, the market for qualified nurses and therapists is highly competitive, which may adversely affect ApolloMed's palliative, home health and hospice operations, which are particularly dependent on nurses for patient care.

The healthcare industry is highly competitive.



There are many other companies and individuals currently providing health care services, many of which have been in business longer than ApolloMed has been, and/or have substantially more financial and personnel resources than ApolloMed has. ApolloMed competes directly with national, regional and local providers of inpatient healthcare for patients and physicians. Other companies could enter the market in the future and divert some or all of ApolloMed's business. On a national basis, ApolloMed's competitors include, but are not limited to, Team Health, EmCare, DaVita and Heritage, each of which has greater financial and other resources available to them. ApolloMed also competes with physician groups and privately-owned health care companies in each of ApolloMed's local markets. Existing or future competitors also may seek to compete with ApolloMed for acquisitions, which could have the effect of increasing the price and reducing the number of suitable acquisitions, which would have an adverse impact on ApolloMed's growth strategy. Since there are virtually no capital expenditures required to enter the industry, there are few financial barriers to entry. Individual physicians, physician groups and companies in other healthcare industry segments, including hospitals with which ApolloMed has contracts, and some of which have greater financial, marketing and staffing resources, may become competitors in providing health care services, and this competition may have a material adverse effect on ApolloMed's business operations and financial position. In addition, certain governmental payors contract for services with independent providers such that ApolloMed's relationships with these payors are not exclusive, particularly in California, where all of ApolloMed's operations, providers and patients are located.

Additionally, as ApolloMed has expanded into palliative, home health and hospice care through ApolloMed Palliative, ApolloMed faces competitors that have traditionally concentrated in this segment and that may have greater resources and specialized expertise than ApolloMed has. In many areas in which ApolloMed's palliative, home health and hospice care programs are located, it competes with a large number of organizations, including:

community-based home health and hospice providers;

national and regional companies;

hospital-based home health agencies, hospice and palliative care programs; and

nursing homes.

ApolloMed may be unable to compete successfully with these competitors in palliative, home health and hospice care, and may expend significant resources without success.

ApolloMed relies on referrals from third parties for its services.

ApolloMed's business relies in part on referrals from third parties for its services. ApolloMed receives referrals from community medical providers, emergency departments, payors, and hospitals in the same manner as other medical professionals receive patient referrals. ApolloMed does not provide compensation or other remuneration to its referral sources for referring patients to them. A decrease in these referrals due to competition, concerns about the quality of ApolloMed's services and other factors could result in a significant decrease in ApolloMed's revenues and adversely impact its financial condition. Similarly, ApolloMed cannot assure that it will be able to obtain or maintain preferred provider status with significant third-party payors in the communities where it operates. If ApolloMed is unable to maintain its referral base or ApolloMed's preferred provider status with significant third-party payors, it may negatively impact its revenues and financial performance.

Hospitals and other inpatient and post-acute care facilities may terminate their agreements with ApolloMed or reduce the fees it pays them.

During the fiscal year ended March 31, 2017, ApolloMed derived approximately 49% of its net revenue for physician services from contracts directly with hospitals and other inpatient and post-acute care facilities. ApolloMed's current partner facilities may decide not to renew ApolloMed's contracts, introduce unfavorable terms, or reduce fees paid to ApolloMed. Any of these events may impact the ability of ApolloMed's physician practice groups to operate at such facilities, which would negatively impact ApolloMed's revenue, results of operations and financial condition.

Some of the hospitals where ApolloMed's affiliated physicians provide services may have its medical staff closed to non-contracted physicians.

In general, ApolloMed's affiliated physicians may only provide services in a hospital where it has certain credentials, called privileges, which are granted by the medical staff and controlled by the legally binding medical staff bylaws of the hospital. The medical staff decides who will receive privileges and the medical staff of the hospitals where ApolloMed currently provides services or wish to provide services could decide that non-contracted physicians can no longer receive privileges to practice there. Such a decision would limit ApolloMed's ability to furnish services in a hospital, decrease the number of ApolloMed's affiliated physicians who could provide services or preclude ApolloMed from entering new hospitals. In addition, hospitals may attempt to enter into exclusive contracts for physician services, which would reduce access to certain populations of patients within the hospital.

ApolloMed may have difficulty collecting payments from third-party payors in a timely manner.

ApolloMed derives significant revenue from third-party payors, and delays in payment or audits leading to refunds to payors may adversely impact ApolloMed's net revenue. ApolloMed assumes the financial risks relating to uncollectible and delayed payments. In particular, ApolloMed relies on some key governmental payors. Governmental payors typically pay on a more extended payment cycle, which could result in ApolloMed incurring expenses prior to receiving corresponding revenue. In the current healthcare environment, payors are continuing its efforts to control expenditures for healthcare, including proposals to revise coverage and reimbursement policies. ApolloMed may experience difficulties in collecting revenue because third-party payors may seek to reduce or delay payment to which ApolloMed believes it is entitled. If ApolloMed is not paid fully and in a timely manner for such services or there is a finding that it was incorrectly paid, ApolloMed's revenues, cash flows and financial condition could be adversely affected.

Decreases in payor rates could adversely affect ApolloMed.

Decreases in payor rates, either prospectively or retroactively, could have a significant adverse effect on ApolloMed's revenue, cash flow and results of operations. For example, during fiscal 2016, Health Net, Inc. reduced payor rates to its payees, including ApolloMed, retroactive to July 1, 2015 and LA Care reduced payor rates to its payees, including ApolloMed, retroactive to January 1, 2016.

ApolloMed's business model depends on numerous complex management information systems, and any failure to successfully maintain these systems or implement new systems could undermine ApolloMed's ability to receive ACO payments and otherwise materially harm ApolloMed's operations and result in potential violations of healthcare laws and regulations.

ApolloMed depends on a complex, specialized, integrated management information system and standardized procedures for operational and financial information, as well as for ApolloMed's billing operations. ApolloMed may be unable to enhance its existing management information systems or implement new management information systems where necessary. Additionally, ApolloMed may experience unanticipated delays, complications or expenses in implementing, integrating and operating its systems. ApolloMed's management information systems may require modifications, improvements or replacements that may require both substantial expenditures as well as interruptions in operations. ApolloMed's ability to implement these systems is subject to the availability of information technology and skilled personnel to assist ApolloMed in creating and implementing these systems. ApolloMed's failure to successfully implement and maintain all of its systems could undermine its ability to receive MSSP payments and otherwise have a material adverse effect on ApolloMed's business, results of operations and financial condition. Additionally, ApolloMed's failure to successfully operate its billing systems could lead to potential violations of healthcare laws and regulations.

***The requirements of remaining a public company and the new requirements under the NASDAQ listing rules that ApolloMed may become subject to if it successfully uplists to NASDAQ may strain ApolloMed's resources and distract ApolloMed's management, which could make it difficult to manage its business.***

As a public company, ApolloMed is required to comply with various regulatory and reporting requirements, including those required by the SEC. If ApolloMed uplists to NASDAQ, ApolloMed will become subject to NASDAQ listing rules. Complying with these requirements are time-consuming and expensive, creating pressure on ApolloMed's financial resources and, accordingly, ApolloMed's results of operations and financial condition.

From time to time ApolloMed may be required to write-off intangible assets, such as goodwill, due to impairment.

ApolloMed's intangible assets are subject to annual impairment testing. Under current accounting standards, goodwill is tested for impairment on an annual basis and ApolloMed may be subject to impairment losses as circumstances change after an acquisition. If ApolloMed records an impairment loss related to ApolloMed's goodwill, it could have a material adverse effect on its results of operations for the year in which the impairment is recorded.

ApolloMed currently derives 100% of its revenues in California and is vulnerable to changes in California healthcare laws and regulations.

ApolloMed's business and operations is located in one state, California. Any material changes by California with respect to strategy, taxation and economics of healthcare delivery, reimbursements, financial requirements or other aspects of regulation of the healthcare industry could have an adverse effect on ApolloMed's business, results of operations and financial condition.

A prolonged disruption of the capital and/or credit markets may adversely affect ApolloMed's future access to capital, ApolloMed's cost of capital and its ability to continue operations.

ApolloMed has relied substantially on the capital and credit markets for liquidity and to execute ApolloMed's business strategies, which includes a combination of internal growth and acquisitions. Volatility and disruption of the U.S. capital and credit markets may adversely affect ApolloMed's access to capital and/or increase its cost of capital. Should current economic and market conditions deteriorate, ApolloMed's ability to finance its ongoing operations and its expansion may be adversely affected, it may be unable to raise necessary funds, its cost of debt or equity capital may increase significantly and future access to capital markets may be adversely affected.

Uncertain or adverse economic conditions may have a negative impact on ApolloMed's industry, business, results of operations or financial position.

Uncertain or adverse economic conditions could have a negative effect on the fundamentals of ApolloMed's business, results of operations and/or financial position. These conditions could have a negative impact on ApolloMed's industry. There can be no assurance that ApolloMed will not experience any material adverse effect on its business as a result of future economic conditions or that the actions of the U.S. Government, Federal Reserve or other governmental and regulatory bodies, for the purpose of stimulating the economy or financial markets will achieve its intended effect. Additionally, some of these actions may adversely affect financial institutions, capital providers, ApolloMed's customers or ApolloMed's financial condition, results of operations or the price of ApolloMed's securities. Potential consequences of the foregoing include:

ApolloMed's ability to issue equity and/or borrow capital on terms and conditions that ApolloMed finds acceptable, or at all, may be limited, which could limit ApolloMed's ability to access capital;

- potential increased costs of borrowing capital if interest rates rise;
  - adverse terms imposed on ApolloMed by any equity investor;
  - the possible impairment of some or all of the value of ApolloMed's goodwill and other intangible assets; and
- the possibility that any then-existing lenders could refuse to fund any commitment to ApolloMed or could fail, and ApolloMed may not be able to replace or refinance the financing commitment of any such lender on satisfactory terms, or at all.

Actual or perceived difficulties in the global capital and credit markets have adversely affected, and uncertain or adverse economic conditions may negatively affect, ApolloMed's business. Ongoing uncertain economic conditions may affect ApolloMed's financial performance or ApolloMed's ability to forecast its business with accuracy.

ApolloMed's operations and performance depend primarily on California and U.S. economic conditions and its impact on purchases of, or capitated rates for, ApolloMed's delivery of healthcare services. As a result of the global financial crisis that began in 2008, which was experienced on a broad and extensive scope and scale, and the last recession in the United States, general economic conditions deteriorated significantly, and, although the markets have improved significantly, the overall economic recovery since that time has been uneven. Declines in consumer and business confidence and private as well as government spending during and since the last recession, together with significant reductions in the availability and increases in the cost of credit and volatility in the capital and credit markets, as well

as government budgeting, have adversely affected the business and economic environment in which ApolloMed operates and can affect the profitability of ApolloMed's business. ApolloMed's business is significantly exposed to risks associated with government spending and private payor reimbursement rates. Economic conditions may remain uncertain for the foreseeable future. ApolloMed believes that this general economic uncertainty may continue in future periods, as ApolloMed's patients, private payors and government payors alter their purchasing activities in response to the new economic reality, and, among other things, ApolloMed's patients may change or scale back healthcare spending, and private and government payors could reduce reimbursement rates. Additional consequences of such adverse effects could include the delay or cancellation of consumer spending for discretionary and non-reimbursed healthcare. Future disruption of the credit markets, increases in interest rates and/or sluggish economic growth in future periods could adversely affect ApolloMed's patients' spending habits, private payors' access to capital (which supports the continuation and expansion of its businesses) and governmental budgetary processes, and, in turn, could result in reduced revenue to ApolloMed. The continuation or recurrence of any of these conditions may adversely affect ApolloMed's cash flow, results of operations and financial condition. This uncertainty may also affect ApolloMed's ability to prepare accurate financial forecasts or meet specific forecasted results. If ApolloMed is unable to adequately respond to or forecast further changes in demand for healthcare services, ApolloMed's results of operations, financial condition and business prospects may be materially and adversely affected.

Many of ApolloMed's agreements with hospitals and medical groups are relatively short term or may be terminated without cause by providing advance notice, and any such termination could have a material adverse effect on ApolloMed's financial results, operations and future business plans.

Many of ApolloMed's hospitalist and other operating agreements are relatively short term or may be terminated without cause by providing advance notice. If these agreements are terminated before the end of its terms, at the end of its term or are not renewed, ApolloMed would lose the revenue generated by those agreements. Any such terminations could have a material adverse effect on ApolloMed's results of operations, financial condition and future business plans.

Many of ApolloMed's agreements with hospitals and medical groups include prohibitions against ApolloMed's hiring physicians or patients or competing with the hospital or medical group, which limits ApolloMed's ability to implement its business plan in certain areas.

Because many of ApolloMed's hospitalist and other operating agreements include prohibitions on ApolloMed's hiring physicians or patients or competing with the hospital or medical group, ApolloMed's ability to hire physicians, attract patients or conduct business in certain areas may be limited in some cases.

If there is a change in accounting principles or the interpretation thereof by the Financial Accounting Standards Board ("FASB") affecting consolidation of VIEs, it could impact ApolloMed's consolidation of total revenues derived from such affiliated physician groups.

ApolloMed's financial statements are consolidated and include the accounts of ApolloMed's majority-owned subsidiaries and various non-owned affiliated physician groups that are VIEs, which consolidation is effectuated in accordance with applicable accounting rules. In the event of a change in accounting principles promulgated by FASB or in FASB's interpretation of its principles, or if there were an adverse determination by a regulatory agency or a court or a change in state or federal law relating to the ability to maintain present agreements or arrangements with such physician groups, ApolloMed may not be permitted to continue to consolidate the total revenues of such organizations.

Accounting rules require that under some circumstances the VIE consolidation model be applied when a reporting enterprise holds a variable interest (e.g., equity interests, debt obligations, certain management and service contracts) in a legal entity. Under this model, an enterprise must assess the entity in which it holds a variable interest to determine whether it meets the criteria to be consolidated as a VIE. If the entity is a VIE, the consolidation framework next identifies the party, if one exists, that possesses a controlling financial interest in a VIE, and requires that party to



consolidate as the primary beneficiary. An enterprise's determination of whether it has a controlling financial interest in a VIE requires that a qualitative determination be made, and is not solely based on voting rights.

If an enterprise determines the entity in which it holds a variable interest is not subject to the VIE guidance in Accounting Standards Codification ("ASC") 810, the enterprise should apply the traditional voting control model (also outlined in ASC 810) which focuses on voting rights. In ApolloMed's case, the VIE consolidation model applies to ApolloMed's controlled, but not owned, physician affiliated entities. ApolloMed's determination regarding the consolidation of its affiliates could be challenged, which could have a material adverse effect on ApolloMed's operations.

The healthcare industry is complex and intensely regulated at the federal, state, and local levels and government authorities may determine that ApolloMed has failed to comply with applicable laws or regulations.

As a company involved in providing healthcare services, ApolloMed is subject to numerous federal, state and local laws and regulations. There are significant costs involved in complying with these laws and regulations. Moreover, if ApolloMed is found to have violated any applicable laws or regulations, ApolloMed could be subject to civil and/or criminal damages, fines, sanctions or penalties, including exclusion from participation in governmental healthcare programs, such as Medicare and Medicaid. ApolloMed may also be required to change its method of operations. These consequences could be the result of current conduct or even conduct that occurred a number of years ago. ApolloMed also could incur significant costs merely if it becomes the subject of an investigation or legal proceeding alleging a violation of these laws and regulations. ApolloMed cannot predict whether a federal, state or local government will determine that ApolloMed is not operating in accordance with law, or whether, when or how the laws will change in the future and impact its business. Any of these actions could have a material adverse effect on ApolloMed's business, financial condition and results of operations.

The following is a non-exhaustive list of some of the more significant healthcare laws and regulations that affect ApolloMed:

federal laws, including the federal False Claims Act, that provide for penalties against entities and individuals which knowingly or recklessly make claims to Medicare, Medicaid, and other governmental healthcare programs, as well as third-party payors, that contain or are based upon false or fraudulent information;

a provision of the Social Security Act, commonly referred to as the “Anti-Kickback Statute,” that prohibits the knowing and willful offering, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration, in cash or in kind, in return for the referral or recommendation of patients for items and services covered, in or in part, by federal healthcare programs such as Medicare and Medicaid;

a provision of the Social Security Act, commonly referred to as the Stark Law or physician self-referral law, that (subject to limited exceptions) prohibits physicians from referring Medicare patients to an entity for the provision of specific “designated health services” if the physician or a member of such physician’s immediate family has a direct or indirect financial relationship with the entity, and prohibits the entity from billing for services arising out of such prohibited referrals;

a provision of the Social Security Act that provides for criminal penalties on healthcare providers who fail to disclose known overpayments;

a provision of the Social Security Act that provides for civil monetary penalties on healthcare providers who fail to repay known overpayments within 60 days of identification or the date any corresponding cost report was due, if applicable, and also allows improper retention of known overpayments to serve as a basis for False Claims Act violations;

state law provisions pertaining to anti-kickback, self-referral and false claims issues, which typically are not limited to relationships involving governmental payors;

provisions of, and regulations relating to, the Health Insurance Portability and Accountability Act (“HIPAA”) that provide penalties for knowingly and willfully executing a scheme or artifice to defraud a health-care benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services;

provisions of HIPAA and the Health Information Technology for Economic and Clinical Health Act (“HITECH”) limiting how covered entities, business associates and business associate sub-contractors may use and disclose patient health information (“PHI”) and the security measures that must be taken in connection with protecting that information and related systems, as well as similar or more stringent state laws;

federal and state laws that provide penalties for providers for billing and receiving payment from a governmental healthcare program for services unless the services are medically necessary and reasonable, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;

state laws that provide for financial solvency requirements relating to plan operations, plan-affiliate operations and transactions, plan-provider contractual relationships and provider-affiliate operations and transactions, such as California S.B. 260 (1999);

federal laws that provide for administrative sanctions, including civil monetary penalties for, among other violations, inappropriate billing of services to federal healthcare programs, payments by hospitals to physicians for reducing or limiting services to Medicare or Medicaid patients, or employing or contracting with individuals or entities who/which are excluded from participation in federal healthcare programs;

federal and state laws and policies that require healthcare providers to enroll in the Medicare and Medicaid programs before submitting any claims for services, to promptly report certain changes in its operations to the agencies that administer these programs, and to re-enroll in these programs when changes in direct or indirect ownership occur or in response to revalidation requests from Medicare and Medicaid;

state laws that prohibit general business entities from practicing medicine, controlling physicians' medical decisions or engaging in certain practices, such as splitting fees with physicians;

state laws that require timely payment of claims, including California A.B. 1455 (1999) which imposes time limits for the payment of uncontested covered claims and required health care service plans to pay interest on uncontested claims not paid promptly within the required time period;

laws in some states that prohibit non-domiciled entities from owning and operating medical practices in its states;

provisions of the Social Security Act (emanating from the Deficit Reduction Act of 2005 (the "DRA")) that require entities that make or receive annual Medicaid payments of \$5 million or more from a single Medicaid program to provide its employees, contractors and agents with written policies and employee handbook materials on federal and state false claims acts and related statutes, that establish a new Medicaid Integrity Program designed to enhance federal and state efforts to detect Medicaid fraud, waste, and abuse, and that increase financial incentives for both states and individuals to bring fraud and abuse claims against healthcare companies; and

federal and state laws and regulations restricting the techniques that may be used to collect past due accounts from consumers, such as ApolloMed's patients, for services provided to the consumer.

ApolloMed cannot predict the effect that the ACA and its implementation, amendment, or repeal and replacement, may have on ApolloMed's business, results of operations or financial condition.

The continued implementation of provisions of the ACA, the adoption of new regulations thereunder and ongoing legal challenges create an uncertain environment for how the ACA may affect ApolloMed's business, results of operations and financial condition.

However, some of the reductions in Medicare spending, such as negative adjustments to the Medicare hospital inpatient and outpatient prospective payment system market basket updates and the incorporation of productivity adjustments to the Medicare program's annual inflation updates, became effective starting in 2010. Although the expansion of health insurance coverage should increase revenues from providing care to previously uninsured individuals, many of these provisions of the ACA, as currently provided, will continue to become effective beyond 2017, and the impact of such expansion may be gradual and may not offset scheduled decreases in reimbursement.

On June 28, 2012, the U.S. Supreme Court upheld the constitutionality of the ACA, including the "individual mandate" provisions of the ACA that generally require all individuals to obtain healthcare insurance or pay a penalty. However, the U.S. Supreme Court also held that the provision of the ACA that authorized the Secretary of the U.S. Department

of Health and Human Services (“HHS”) to penalize states that choose not to participate in the expansion of the Medicaid program by removing all of its existing Medicaid funding was unconstitutional. In response to the ruling, a number of U.S. governors opposed its state’s participation in the expanded Medicaid program, which resulted in the ACA not providing coverage to some low-income persons in those states. In addition, several bills have been, and are continuing to be, introduced in Congress to amend all or significant provisions of the ACA, or repeal and replace the ACA with another law.

The ACA changed how healthcare services are covered, delivered, and reimbursed. The net effect of the ACA on ApolloMed’s business is subject to numerous variables, including the law’s complexity, lack of complete implementing regulations and interpretive guidance, gradual and potentially delayed implementation or possible amendment, as well as the uncertainty as to the extent to which states will choose to participate in the expanded Medicaid program.

The ACA and the Health Care and Education Reconciliation Act of 2010 (collectively, the “Health Care Reform Acts”) mandated changes specific to home health and hospice benefits under Medicare. For home health, the Health Care Reform Acts mandated the creation of a value-based purchasing program, development of quality measures, a decrease in home health reimbursement beginning with federal year 2014 that will be phased-in over a four-year period, and a reduction in the outlier cap. In addition, the Health Care Reform Acts require the HHS Secretary to test different models for delivery of care, some of which would involve home health services. They also require the HHS Secretary to establish a national pilot program for integrated care for patients with specific conditions, bundling payment for acute hospital care, physician services, outpatient hospital services (including emergency department services), and post-acute care services, which would include home health. The Health Care Reform Acts further direct the HHS Secretary to rebase payments for home health, which will result in a decrease in home health reimbursement beginning in 2014 that is being phased-in over a four-year period. The HHS Secretary is also required to conduct a study to evaluate cost and quality of care among efficient home health agencies regarding access to care and treating Medicare beneficiaries with varying severity levels of illness and provide a report to Congress. Beginning October 1, 2012, the annual market basket rate increase for hospice providers was reduced by a formula that caused payment rates to be lower than in the prior year.

***The impact that changes in healthcare laws could have on ApolloMed is uncertain but could be material.***

Despite the enactment of the ACA and its being upheld by the U.S. Supreme Court as constitutional, continuing legal and political challenges to specific parts of the ACA have added uncertainty about the current state of healthcare laws in the United States. This uncertainty has intensified following the 2016 presidential election and the publicly announced intention of the leadership of the majority in the 115<sup>th</sup> Congress to “repeal and replace” the ACA, related Health Care Reform Acts and possibly other healthcare laws, and of the Administration to seek to have regulators amend or rescind certain regulations thereunder.

It is impossible to know what impact such efforts, assuming it is successful, will have on ApolloMed. However, any changes in healthcare laws or regulations that reduce, curtail or eliminate payments, government-subsidized programs, government-sponsored programs, and/or the expansion of Medicare or Medicaid, among other actions, could have a material adverse effect on ApolloMed’s business, results of operations and financial condition.

Just as the fate of the ACA is uncertain, so is the future of ACOs, which were established under the ACA to improve care and reduce costs. ApolloMed operates an ACO and has been approved by CMS to operate an ACO under the NGACO Model. Under the MSSP and NGACO programs and pursuant to the Participation Agreement ApolloMed has entered into with CMS for ApolloMed’s NGACO Model, ApolloMed’s ACO operations will always be subject to the nation’s healthcare laws, as amended, repealed or replaced from time to time.

It is impossible to know what impact such “repeal and replace” or similar efforts, assuming it is successful, will have on ApolloMed. However, any changes in healthcare laws or regulations that reduce, curtail or eliminate payments, reimbursements, government-subsidized programs, government-sponsored programs, and/or the expansion of Medicare or Medicaid, among other actions, could have a material adverse effect on ApolloMed’s business, results of operations and financial condition.

Providers in the healthcare industry are sometimes the subject of federal and state investigations, as well as payor audits.

Due to ApolloMed’s participation in government and private healthcare programs, ApolloMed is sometimes involved in inquiries, reviews, audits and investigations by governmental agencies and private payors of ApolloMed’s business practices, including assessments of ApolloMed’s compliance with coding, billing and documentation requirements. Federal and state government agencies have active civil and criminal enforcement efforts that include investigations of healthcare companies, and its executives and managers. Under some circumstances, these investigations can also be initiated by private individuals under whistleblower provisions which may be incentivized by the possibility for

private recoveries. The Deficit Reduction Act revised federal law to further encourage these federal, state and individually-initiated investigations against healthcare companies.

Responding to these audit and enforcement activities can be costly and disruptive to ApolloMed's business operations, even when the allegations are without merit. If ApolloMed is subject to an audit or investigation and a finding is made that ApolloMed was incorrectly reimbursed, it may be required to repay these agencies or private payors, or it may be subjected to pre-payment reviews, which can be time-consuming and result in non-payment or delayed payment for the services it provide. ApolloMed also may be subject to other financial sanctions or be required to modify ApolloMed's operations.

Controls designed to reduce inpatient services may reduce ApolloMed's revenues.

Controls imposed by Medicare, Medicaid and commercial third-party payors designed to reduce admissions and lengths of stay, commonly referred to as "utilization review", have affected and are expected to continue to affect ApolloMed's operations. Federal law contains numerous provisions designed to ensure that services rendered by hospitals to Medicare and Medicaid patients meet professionally recognized standards and are medically necessary and that claims for reimbursement are properly filed. These provisions include a requirement that a sampling of admissions of Medicare and Medicaid patients must be reviewed by quality improvement organizations, which review the appropriateness of Medicare and Medicaid patient admissions and discharges, the quality of care provided, and the appropriateness of cases of extraordinary length of stay or cost on a post-discharge basis. Quality improvement organizations may deny payment for services or assess fines and also have the authority to recommend to the U.S. Department of Health and Human Services that a provider which is in substantial noncompliance with the standards of the quality improvement organization be excluded from participation in the Medicare program. The ACA potentially expands the use of prepayment review by Medicare contractors by eliminating statutory restrictions on its use, and, as a result, efforts to impose more stringent cost controls are expected to continue. Utilization review is also a requirement of most non-governmental managed care organizations and other third-party payors. Inpatient utilization, average lengths of stay and occupancy rates continue to be negatively affected by payor-required preadmission authorization and utilization review and by third party payor pressure to maximize outpatient and alternative healthcare delivery services for less acutely ill patients. Although ApolloMed is unable to predict the effect these controls and changes will have on ApolloMed's operations, significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material, adverse effect on ApolloMed's business, financial position and results of operations.

Laws regulating the corporate practice of medicine could restrict the manner in which ApolloMed is permitted to conduct its business and the failure to comply with such laws could subject ApolloMed to penalties or require a corporate restructuring.

Some states have laws that prohibit business entities from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians (also known collectively as the corporate practice of medicine) or engaging in some arrangements, such as fee-splitting, with physicians. In some states these prohibitions are expressly stated in a statute or regulation, while in other states the prohibition is a matter of judicial or regulatory interpretation. California is one of the states that prohibit the corporate practice of medicine.

In California, ApolloMed operates by maintaining contracts with its affiliated physician groups which are each owned and operated by physicians and which employ or contract with additional physicians to provide physician services. Under these arrangements, ApolloMed provides management services, receives a management fee for providing non-medical management services, does not represent that it offers medical services, and does not exercise influence or control over the practice of medicine by the physicians or the affiliated physician groups.



In addition to the above management arrangements, ApolloMed has some contractual rights relating to the transfer of equity interests in some of its affiliated physician groups to a nominee shareholder designated by them, through physician shareholder agreements, with Dr. Hosseinion, the controlling equity holder of such affiliated physician groups. However, such equity interests cannot be transferred to or held by ApolloMed or by any non-professional organization. Accordingly, ApolloMed does not directly own any equity interests in any physician groups in California. In the event that any of these affiliated physician groups fails to comply with the management arrangement or any management arrangement is terminated and/or ApolloMed is unable to enforce its contractual rights over the orderly transfer of equity interests in its affiliated physician groups, or California law is interpreted to invalidate these arrangements, there could be a material adverse effect on ApolloMed's business, results of operations and financial condition.

ApolloMed's palliative care business is subject to rules, prohibitions, regulations and reimbursement requirements that differ from those that govern its primary home health and hospice operations.

ApolloMed continues to develop its palliative care services, which is a type of care focused upon relieving pain and suffering in patients who do not qualify for, or who have not yet elected, hospice services. The continued development of this business line exposes ApolloMed to additional risks, in part because the business line requires them to comply with additional Federal and state laws and regulations that differ from those that govern its home health and hospice business. This line of business requires compliance with different Federal and state requirements governing licensure, enrollment, documentation, prescribing, coding, billing and collection of coinsurance and deductibles, among other requirements. Additionally, some states have prohibitions on the corporate practice of medicine and fee-splitting, which generally prohibit business entities from owning or controlling medical practices or may limit the ability of clinical professionals to share professional service income with non-professional or business interests. Reimbursement for palliative care and house calls services is generally conditioned on ApolloMed's clinical professionals providing the correct procedure and diagnosis codes and properly documenting both the service itself and the medical necessity for the service. Incorrect or incomplete documentation and billing information, or the incorrect selection of codes for the level and type of service provided, could result in non-payment for services rendered or lead to allegations of billing fraud. Further, compliance with applicable regulations may cause ApolloMed to incur expenses that it has not anticipated, and if it is unable to comply with these additional legal requirements, ApolloMed may incur liability, which could have a material adverse effect on its business and consolidated financial condition, results of operations and cash flows.

ApolloMed's home health, hospice and palliative care business line is subject to new licensing requirements, which will require ApolloMed to expend resources in order to comply with the changing requirements.

In October 2013, California enacted the Home Care Services Consumer Protection Act. The act establishes a licensing program for home care organizations, and requires background checks, basic training and tuberculosis screening for the aides that are employed by home care organizations. Home care organizations and aides had until January 1, 2015 to comply with the new licensing and background check requirements. Because ApolloMed operates in California, the requirements of the act are expected to impose additional costs on ApolloMed.

ApolloMed does not have a limited Knox-Keene license.

ApolloMed does not hold a limited Knox-Keene license, which is a managed care plan license in California. If the DMHC were to determine that ApolloMed has been inappropriately taking risk for institutional and professional services as a result of ApolloMed's various hospital and physician arrangements without having a limited Knox-Keene license, it may be required to obtain a limited Knox-Keene license to resolve such violations and could be subject to civil and criminal liability, any of which could have a material adverse effect on ApolloMed's business, results of operations and financial condition.

ApolloMed's revenue may be negatively impacted by the failure of its affiliated physicians to appropriately document services it provides.

ApolloMed relies upon ApolloMed's affiliated physicians to appropriately and accurately complete necessary medical record documentation and assign appropriate reimbursement codes for its services. Reimbursement to ApolloMed is conditioned upon, in part, ApolloMed's affiliated physicians providing the correct procedure and diagnosis codes and properly documenting the services themselves, including the level of service provided and the medical necessity for the services. If ApolloMed's affiliated physicians have provided incorrect or incomplete documentation or selected inaccurate reimbursement codes, this could result in nonpayment for services rendered or lead to allegations of billing fraud. This could subsequently lead to civil and criminal penalties, including exclusion from government healthcare programs, such as Medicare and Medicaid. In addition, third-party payors may disallow, in whole or in part, requests for reimbursement based on determinations that certain amounts are not covered, services provided were not medically necessary, or supporting documentation was not adequate. Retroactive adjustments may change amounts realized from third-party payors and result in recoupments or refund demands, affecting revenue already received.

Changes associated with reimbursement by third-party payors for ApolloMed's services may adversely affect ApolloMed's operating results and financial condition.

The medical services industry is undergoing significant changes with government and other third-party payors that are taking measures to reduce reimbursement rates or, in some cases, denying reimbursement altogether. There is no assurance that government or other third-party payors will continue to pay for the services provided by ApolloMed's affiliated medical groups. Furthermore, there has been, and continues to be, a great deal of discussion and debate about the repeal and replacement of existing government reimbursement programs, such as the ACA. As a result, the future of healthcare reimbursement programs is uncertain, making long-term business planning difficult and imprecise. The failure of government or other third party payors to cover adequately the medical services provided by ApolloMed could have a material adverse effect on ApolloMed's business, results of operations and financial condition.

Compliance with federal and state privacy and information security laws is expensive, and ApolloMed may be subject to government or private actions due to privacy and security breaches.

ApolloMed must comply with numerous federal and state laws and regulations governing the collection, dissemination, access, use, security and confidentiality of PHI, including HIPAA and HITECH. As part of ApolloMed's medical record keeping, third-party billing, and other services, ApolloMed collects and maintains PHI in paper and electronic format. Therefore, new privacy or security laws, whether implemented pursuant to federal or state action, could have a significant effect on the manner in which ApolloMed handles healthcare-related data and communicates with payors. In addition, compliance with these standards could impose significant costs on ApolloMed or limit ApolloMed's ability to offer services, thereby negatively impacting the business opportunities available to them. Despite ApolloMed's efforts to prevent security and privacy breaches, it may still occur. If any non-compliance with existing or new laws and regulations related to PHI results in privacy or security breaches, ApolloMed could be subject to monetary fines, civil suits, civil penalties or even criminal sanctions.

As a result of the expanded scope of HIPAA through HITECH, ApolloMed may incur significant costs in order to minimize the amount of “unsecured PHI” it handles and retains or to implement improved administrative, technical or physical safeguards to protect PHI. ApolloMed may incur significant costs in order to demonstrate and document whether there is a low probability that PHI has been compromised in order to overcome the presumption that an impermissible use or disclosure of PHI results in a reportable breach. ApolloMed may incur significant costs to notify the relevant individuals, government entities and, in some cases, the media, in the event of a breach and to provide appropriate remediation and monitoring to mitigate the possible damage done by any such breach.

Providers must be properly enrolled in governmental healthcare programs, such as Medicare and Medicaid, before it can receive reimbursement for providing services, and there may be delays in the enrollment process.

Each time a new affiliated physician joins ApolloMed, ApolloMed must enroll the affiliated physician under ApolloMed’s applicable group identification number for Medicare and Medicaid programs and for certain managed care and private insurance programs before ApolloMed can receive reimbursement for services the physician renders to beneficiaries of those programs. The estimated time to receive approval for the enrollment is sometimes difficult to predict and, in recent years, the Medicare program carriers often have not issued these numbers to ApolloMed’s affiliated physicians in a timely manner. These practices result in delayed reimbursement that may adversely affect ApolloMed’s cash flow.

ApolloMed may face malpractice and other lawsuits that may not be covered by insurance.

Malpractice lawsuits are common in the healthcare industry. The medical malpractice legal environment varies greatly by state. The status of tort reform, availability of non-economic damages or the presence or absence of other statutes, such as elder abuse or vulnerable adult statutes, influence the incidence and severity of malpractice litigation. ApolloMed may also be subject to other types of lawsuits which may involve large claims and significant defense costs. Many states have joint and several liabilities for all healthcare providers who deliver care to a patient and are at least partially liable. As a result, if one healthcare provider is found liable for medical malpractice for the provision of care to a particular patient, all other healthcare providers who furnished care to that same patient, including possibly ApolloMed’s affiliated physicians, may also share in the liability, which may be substantial.

ApolloMed currently maintains malpractice liability insurance coverage to cover professional liability and other claims for certain hospitalists and clinic physicians. All of ApolloMed’s physicians are required to carry first dollar coverage with limits of coverage equal to \$1,000,000 for all claims based on occurrence up to an aggregate of \$3,000,000 per year. ApolloMed cannot be certain that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against ApolloMed, ApolloMed’s affiliated professional organizations or ApolloMed’s affiliated physicians, and ApolloMed cannot provide assurance that any future liabilities will not have a material adverse impact on its results of operations, cash flows or financial position. Liabilities in excess of ApolloMed’s

insurance coverage, including coverage for professional liability and other claims, could have a material adverse effect on ApolloMed's business, financial condition, and results of operations. In addition, ApolloMed's professional liability insurance coverage generally must be renewed annually and may not continue to be available to ApolloMed in future years at acceptable costs and on favorable terms.

ApolloMed has established reserves for potential medical liability losses which are subject to inherent uncertainties and a deficiency in the established reserves may lead to a reduction in ApolloMed's net income.

ApolloMed establishes reserves for estimates of IBNR due to contracted physicians, hospitals, and other professional providers and risk-pool liabilities. IBNR estimates are developed using actuarial methods and are based on many variables, including the utilization of health care services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. Many of the medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may not come to light until a substantial period of time has passed following the contract implementation. The inherent difficulty in interpreting contracts and the estimated level of necessary reserves could result in significant fluctuations in ApolloMed's estimates from period to period. It is possible that actual losses and related expenses may differ, perhaps substantially, from the reserve estimates reflected in ApolloMed's financial statements. If subsequent claims exceed ApolloMed's estimated reserves, ApolloMed may be required to increase reserves, which would lead to a reduction in ApolloMed's assets or net income.

Litigation expenses may be material.

The defense of litigation, including fees of legal counsel, expert witnesses and related costs, is expensive and difficult to forecast accurately. In general, such costs are unrecoverable even if ApolloMed ultimately prevails in litigation and could represent a significant portion of ApolloMed's limited capital resources. To defend lawsuits, it is also necessary for ApolloMed to divert officers and other employees from its normal business functions to gather evidence, give testimony and otherwise support litigation efforts. ApolloMed expects to experience higher than normal litigation costs until the lawsuits by ApolloMed's competitor are decided.

If ApolloMed loses any material litigation, ApolloMed could face material judgments or awards against them. An unfavorable resolution of one or more of the proceedings in which ApolloMed is involved now or in the future could have a material adverse effect on ApolloMed's business, assets, cash flow and financial condition.

ApolloMed may also in the future find it necessary to file lawsuits to recover damages or protect ApolloMed's interests. The cost of such litigation could also be significant and unrecoverable, which may also deter ApolloMed from aggressively pursuing even legitimate claims.

ApolloMed may be subject to litigation related to the agreements that ApolloMed's IPAs enter into with primary care physicians.

It is common in the medical services industry for primary care physicians to be affiliated with multiple IPAs. ApolloMed's IPAs often enter into agreements with physicians who are also affiliated with ApolloMed's competitors. However, some of ApolloMed's competitors at times enter into agreements with physicians that require the physician to provide services exclusively to that competitor. ApolloMed's IPAs often have no knowledge, and no way of knowing, whether a physician seeking to affiliate with ApolloMed is subject to an exclusivity agreement unless the physician informs ApolloMed of that agreement. ApolloMed's IPAs rely on the physicians seeking to affiliate with ApolloMed to determine whether it is able to enter into the proposed agreement. Competitors have initiated lawsuits against ApolloMed based in part on interference with such exclusivity agreements, and may do so in the future. An adverse outcome in one or more of such lawsuits could adversely affect ApolloMed's business, assets, cash flow and financial condition.

Changes in the rates or methods of Medicare reimbursements may adversely affect ApolloMed's operations.

In order to participate in the Medicare program, ApolloMed must comply with stringent and often complex enrollment and reimbursement requirements. These programs generally provide for reimbursement on a fee-schedule basis rather than on a charge-related basis, meaning that generally ApolloMed cannot increase its revenue by increasing the amount it charge for its services. To the extent that ApolloMed's costs increase, ApolloMed may not be able to recover its increased costs from these programs and cost containment measures and market changes in non-governmental insurance plans have generally restricted ApolloMed's ability to recover, or shift to non-governmental payors, these increased costs. In attempts to limit federal and state spending, there have been, and ApolloMed expects that there will continue to be, a number of proposals to limit or reduce Medicare reimbursement for various services. In April of 2015, the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA") was signed into law, which made numerous changes to Medicare, Medicaid, and other healthcare related programs. These changes include new systems for establishing the annual updates to payment rates for physicians' services in Medicare. ApolloMed's business may be significantly and adversely affected by MACRA and any changes in reimbursement policies and other legislative initiatives aimed at or having the effect of reducing healthcare costs associated with Medicare, TRICARE (which

provides civilian health benefits for U.S. Armed Forces military personnel and military retirees and their dependents) and other government healthcare programs.

ApolloMed's business also could be adversely affected by reductions in, or limitations of, reimbursement amounts or rates under these government programs, reductions in funding of these programs or elimination of coverage for certain individuals or treatments under these programs.

Overall payments made by Medicare for hospice services are subject to cap amounts. Total Medicare payments to ApolloMed for hospice services are compared to the cap amount for the hospice cap period, which runs from November 1 of one year through October 31 of the next year. CMS generally announces the cap amount in the month of July or August in the cap period and not at the beginning of the cap period. Accordingly, ApolloMed must estimate the cap amount for the cap period before CMS announces the cap amount. If ApolloMed's estimate exceeds the later announced cap amount, ApolloMed may suffer losses. CMS can also make retroactive adjustments to cap amounts announced for prior cap periods, in which case payments to ApolloMed in excess of the cap amount must be returned to Medicare. A second hospice cap amount limits the number of days of inpatient care to not more than 20 percent of total patient care days within the cap period.

In addition, the Health Care Reform Acts includes several provisions that could adversely impact hospice providers, including a provision to reduce the annual market basket update for hospice providers by a productivity adjustment. ApolloMed cannot predict whether any healthcare reform initiatives will be implemented, or whether the Health Care Reform Acts or other changes in the administration of governmental healthcare programs or interpretations of governmental policies or other changes affecting the healthcare system will adversely affect ApolloMed's revenues. Further, due to budgetary concerns, several states have considered or are considering reducing or eliminating the Medicaid hospice benefit. Reductions or changes in Medicare or Medicaid funding could significantly reduce ApolloMed's net patient service revenue and ApolloMed's profitability.

If ApolloMed inadvertently employs or contracts with an excluded person, ApolloMed may face government sanctions.

Individuals and entities can be excluded from participating in the Medicare and Medicaid programs for violating certain laws and regulations, or for other reasons such as the loss of a license in any state, even if the individual retains other licensure. This means that it (and all others) are prohibited from receiving payment for its services rendered to Medicare or Medicaid beneficiaries, and if the excluded individual is a physician, all services ordered (not just provided) by such physician are also non-covered and non-payable. Entities which employ or contract with excluded individuals are prohibited from billing the Medicare or Medicaid programs for the excluded individual's services, and are subject to civil monetary penalties if it does. The U.S. Department of Health and Human Services Office of the Inspector General ("OIG") maintains a list of excluded individuals and entities. Although ApolloMed has instituted policies and procedures through its compliance program to minimize the risks, there can be no assurance that ApolloMed will not inadvertently hire or contract with an excluded person, or that any of ApolloMed's current employees or contracts will not become excluded in the future without ApolloMed's knowledge. If this occurs, ApolloMed may be subject to substantial repayments and civil penalties, and the hospitals at which ApolloMed furnishes services also may be subject to repayments and sanctions, for which it may seek recovery from ApolloMed.

ApolloMed may be impacted by eligibility changes to government and private insurance programs.

Due to potential decreased availability of healthcare through private employers, the number of patients who are uninsured or participate in governmental programs may increase. A shift in payor mix from managed care and other private payors to government payors or the uninsured may result in a reduction in ApolloMed's rates of reimbursement or an increase in ApolloMed's uncollectible receivables or uncompensated care, with a corresponding decrease in ApolloMed's net revenue. Changes in the eligibility requirements for governmental programs also could increase the number of patients who participate in such programs or the number of uninsured patients. Even for those patients who remain with private insurance, changes in those programs could increase patient responsibility amounts, resulting in a greater risk for ApolloMed of uncollectible receivables. Further, ApolloMed's hospice related business could become subject to "quality star ratings" and, if sufficient quality is not achieved, reimbursement could be negatively impacted. These factors and events could have a material adverse effect on ApolloMed's business, results of operations and financial condition.

Federal and state laws may limit ApolloMed's effectiveness at collecting monies owed to ApolloMed from patients.

ApolloMed utilizes third parties whom ApolloMed does not and cannot control to collect from patients any co-payments and other payments for services that ApolloMed's physicians provide to patients. The federal Fair Debt Collection Practices Act (the "FDCPA") restricts the methods that third-party collection companies may use to contact and seek payment from consumer debtors regarding past due accounts. State laws vary with respect to debt collection



practices, although most state requirements are similar to those under the FDCPA. If ApolloMed's collection practices or those of ApolloMed's collection agencies are inconsistent with these standards, ApolloMed may be subject to actual damages and penalties. These factors and events could have a material adverse effect on ApolloMed's business, results of operations and financial condition.

If ApolloMed is unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting healthcare reform or the healthcare industry, ApolloMed's business may be harmed.

Due to the importance of the healthcare industry in the lives of all Americans, federal, state, and local legislative bodies frequently pass legislation and promulgate regulations relating to healthcare reform or that affect the healthcare industry. As has been the trend in recent years, it is reasonable to assume that there will continue to be increased federal oversight and regulation of the healthcare industry in the future. ApolloMed cannot assure its stockholders as to the ultimate content, timing or effect of any new healthcare legislation or regulations, nor is it possible at this time to estimate the impact of potential new legislation or regulations on ApolloMed's business. It is possible that future legislation enacted by Congress or state legislatures, or regulations promulgated by regulatory authorities at the Federal or state level, could adversely affect ApolloMed's business or could change the operating environment of the hospitals and other facilities where ApolloMed's physicians provide services. It is possible that the changes to the Medicare or other governmental healthcare program reimbursements may serve as precedent to possible changes in other payors' reimbursement policies in a manner averse to ApolloMed. Similarly, changes in private payor reimbursements could lead to adverse changes in Medicare and other governmental healthcare programs which could have a material adverse effect on ApolloMed's business, financial condition and results of operations.

ApolloMed may incur significant costs to adopt certain provisions under HITECH.

HITECH was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act of 2009. Among the many provisions of HITECH are those relating to the implementation and use of certified electronic health records (“EHR”). ApolloMed’s patient medical records are maintained and under the custodianship of the healthcare facilities in which ApolloMed operates. However, to adopt the use of EHRs utilized by these healthcare facilities, determine to adopt certain EHRs, or comply with any related provisions of HITECH, ApolloMed may incur significant costs which could have a material adverse effect on ApolloMed’s business operations and financial position.

The healthcare industry is becoming increasingly reliant on use of technology.

The role of technology is greatly increasing in the delivery of healthcare, which provides risk to traditional physician-driven healthcare delivery companies such as ApolloMed. ApolloMed needs to understand and integrate with electronic health records, databases, cloud-based billing systems and many other technology applications in the delivery of ApolloMed’s services. Additionally, consumers are using mobile applications and care and cost research in selecting and usage of healthcare services. ApolloMed relies on employees and third parties with technology knowledge and expertise and could be at risk if resources are not properly established, maintained or secured.

ApolloMed may be exposed to cybersecurity risks.

While ApolloMed has not experienced any cybersecurity incidents, the nature of ApolloMed’s business and the requirements of healthcare privacy laws such as HIPAA and HITECH, impose significant obligations on ApolloMed to maintain the privacy and protection of patient medical information. Any cybersecurity incident could expose ApolloMed to violations of HIPAA and/or HITECH that, even unintended, could cause significant financial exposure to ApolloMed in the form of fines and costs of remediation of any such incident.

ApolloMed’s stock is thinly traded, the market price of ApolloMed’s common stock is volatile and the value of investments could fluctuate, and decline, significantly.

ApolloMed’s stock is thinly traded. In part because of that, and for other reasons, the trading price of ApolloMed’s common stock has been, and ApolloMed expects it to continue to be, volatile. The price at which ApolloMed’s common stock trades depends upon a number of factors, including ApolloMed’s results of operations, its financial

situation, the announcement and consummation of certain transactions, ApolloMed's ability or inability to raise the additional capital and the terms on which it raises capital and trading volume. Other factors include:

- variations in quarterly operating results;
- developments in the hospitalists markets;
- announcements of acquisitions dispositions and other corporate level transactions;
- announcements of financings and other capital raising transactions;
- sales of stock by ApolloMed's stockholders generally and ApolloMed's larger stockholders in particular;
- general inefficiencies of trading on junior markets or quotations systems, including the need to comply on a state-by-state basis with state "blue sky" securities laws for the resale of ApolloMed's common stock on OTC Pink; and
- general stock market and economic conditions.

***No assurance can be given that ApolloMed's NASDAQ application will be approved at or following the closing of the Merger. There has been a limited trading market for ApolloMed's common stock to date and it may continue to be the case even if the Merger is consummated and ApolloMed's listing is approved.***

There has been limited trading volume in ApolloMed common stock, which is currently quoted on OTC Pink and traded under the symbol "AMEH." Although ApolloMed has applied for listing of common stock on the NASDAQ Global Market effective as of the closing of the Merger, no assurance can be given that ApolloMed can meet the listing requirements for the NASDAQ Global Market at the closing of the Merger or that ApolloMed's application will ever be approved.

It is anticipated that there will continue to be a limited trading market for ApolloMed common stock even if ApolloMed's listing application is approved. A lack of an active market may impair the ability of ApolloMed's stockholders to sell shares at the time they wish to sell or at a price that they consider favorable. The lack of an active market may also reduce the fair market value of ApolloMed common stock, impair ApolloMed's ability to raise capital by selling shares of capital stock and impair ApolloMed's ability to use its common stock as consideration to attract and retain talent or engage in business transactions (including mergers and acquisitions).

Investors may experience dilution of their ownership interests because of the future issuance of additional shares of ApolloMed's common stock.

ApolloMed has issued some of its directors, officers, other employees, consultants, lenders and other third parties securities, including options, warrants, convertible preferred stock and convertible debt that such parties may exercise or convert into shares of ApolloMed's common stock. Such conversions or exercises would result in the issuance of additional shares of ApolloMed's common stock, resulting in dilution of the ownership interests of its present stockholders.

Moreover, ApolloMed may in the future issue additional authorized but previously unissued equity securities, resulting in further dilution of the ownership interests of ApolloMed's present stockholders. ApolloMed may also issue additional shares of its common stock or other securities that are convertible into or exercisable for common stock in connection with hiring or retaining employees, future acquisitions, future sales of ApolloMed's securities for capital raising purposes or for other business purposes. For example, ApolloMed will have to issue additional shares of common stock to NNA if ApolloMed fails to comply with NNA's registration rights.

The future issuance of any such additional shares of common stock may create downward pressure on the trading price of ApolloMed's common stock. There can be no assurance that ApolloMed will not be required to issue additional shares, warrants or other convertible securities in the future in conjunction with any capital raising efforts, including at a price (or exercise prices) below the price at which shares of ApolloMed's common stock are currently traded at such time.

Delaware law and ApolloMed's Charter could discourage a change in control, or an acquisition of us by a third party, even if the acquisition would be favorable to ApolloMed's stockholders.

The DGCL contains provisions that may have the effect of making more difficult or delaying attempts by others to obtain control of us, even when these attempts may be in the best interests of ApolloMed's stockholders. Delaware law imposes conditions on certain business combination transactions with "interested stockholders". These provisions and others that could be adopted in the future could deter unsolicited takeovers or delay or prevent changes in ApolloMed's control or management, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

ApolloMed's Charter empowers the ApolloMed board to establish and issue one or more classes of preferred stock, and to determine the rights, preferences and privileges of the preferred stock. These provisions give the ApolloMed

board the ability to deter, discourage or make more difficult a change in control of ApolloMed, even if such a change in control could be deemed in the interest of ApolloMed's stockholders or if such a change in control would provide ApolloMed's stockholders with a substantial premium for their shares over the then-prevailing market price for the common stock.

In the past, ApolloMed's common stock has been subject to the "penny stock" rules of the SEC, and it could become subject to that rule again. Additionally, trading in ApolloMed's securities is very limited, which makes transactions in its common stock cumbersome, increases stock price volatility and may reduce the value of an investment in its securities.

The SEC has adopted Rule 3a51-1 under the Exchange Act, which establishes the definition of a "penny stock", for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. During the last 52 weeks, ApolloMed's common stock has traded at both below and above \$5.00 per share. For any transaction involving a penny stock, unless exempt, Rule 15c-9 under the Exchange Act requires:

- a broker or dealer to approve a person's account for transactions in penny stocks; and

a broker or dealer receives a written agreement for the transaction from the investor, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and

make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, among other things:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to purchase or sell ApolloMed’s common stock and cause a decline in the market value of its stock or underscore its stock’s volatility in the market.

Additionally, ApolloMed’s common stock is relatively thinly traded and on a number of days there are no market transactions in ApolloMed’s common stock. This could contribute to stock price volatility or supply/demand imbalances that could adversely affect the price of ApolloMed’s common stock from time to time, making an investment in ApolloMed’s common stock less attractive to certain investors.

#### Risks related to the Business of NMM

***As a healthcare company, NMM is subject to many of the same risks to which ApolloMed is subject.***

As a participant in the healthcare industry, NMM is subject to many of the same risks that ApolloMed is subject to as described in the ApolloMed risk factors, any of which could materially and adversely affect NMM’s revenues, earnings or cash flows. Among these risks are the following:

the healthcare business is heavily regulated and changes in laws, regulations, or government programs could have a material impact on NMM's business;

failure to comply with complex governmental regulations could have severe consequences to NMM, including, without limitation, exclusion from governmental payor programs like Medicare and Medicaid;

NMM could become the subject of governmental investigations, claims, and litigation;

NMM may be unable to continue to acquire or to successfully integrate acquisitions into its business, and such acquisitions may include liabilities of which NMM was not aware; and

as a result of the broad scope of NMM's business, NMM may be exposed to medical malpractice claims, as well as claims for damages and other expenses, that may not be covered by insurance.

***NMM may encounter difficulties in managing its growth.***

NMM may not be able to successfully grow and expand. Successful implementation of its business plan will require management of growth, including potentially rapid and substantial growth, which could result in an increase in the level of responsibility for management personnel and strain on NMM human and capital resources. To manage growth effectively, NMM will be required to continue to implement and improve its operating and financial systems and controls to expand, train and manage its employee base. NMM's ability to manage its operations and growth effectively requires NMM to continue to expend funds to enhance its operational, financial and management controls, reporting systems and procedures and to attract and retain sufficient numbers of talented personnel. If NMM is unable to implement and scale improvements to all of its control systems in an efficient and timely manner or if NMM encounters deficiencies in existing systems and controls, then it will not be able to make available the services required to successfully execute its business plan. Failure to attract and retain sufficient numbers of qualified personnel could further strain its human resources and impede its growth or result in ineffective growth. Moreover, the management, systems and controls currently in place or to be implemented may not be adequate for such growth, and the steps taken to hire personnel and to improve such systems and controls might not be sufficient. If NMM is unable to manage its growth effectively, it will have a material adverse effect on its business, results of operations and financial condition.

***The nature of NMM's business and rapid changes in the healthcare industry makes it difficult to reliably predict future growth and operating results.***

Rapidly changing Federal and state healthcare laws, and the regulations thereunder, make it difficult to anticipate the nature and amount of medical reimbursements, third party private payments and participation in certain government programs. This makes it difficult to forecast NMM's future earnings, cash flow and results of operations. The evolving nature of the current medical services industry increases these uncertainties.

***NMM's growth strategy may not prove viable and expected growth and value may not be realized.***

NMM's business strategy is to grow rapidly by managing a network of medical groups and integrated physician networks. NMM also seeks growth opportunities both organically and through acquisitions of medical service providers. Identifying quality acquisition candidates is a time-consuming and costly process. There can be no assurance that NMM will be successful in identifying and establishing relationships with these and other candidates. If NMM is not successful in identifying and acquiring other entities, its ability to successfully implement its business plan and achieve targeted financial results could be adversely affected. The process of integrating acquired entities involves significant risks, which include, but are not limited to:

- demands on NMM's management team related to the significant increase in the size of its business;
- diversion of management's attention from the management of daily operations;
- difficulties in the assimilation of different corporate cultures and business practices;
- difficulties in conforming the acquired entities' accounting policies to NMM's;
- retaining employees who may be vital to the integration of departments, information technology systems, including accounting;
- systems, technologies, books and records, procedures and maintaining uniform standards, such as internal accounting controls;
- procedures, and policies; and
- costs and expenses associated with any undisclosed or potential liabilities.

There can be no assurance that NMM will be able to manage the integration of its acquisitions or the growth of such acquisitions effectively.

***NMM may not make appropriate acquisitions, may fail to integrate them into its business, or these acquisitions could alter NMM's current payor mix and reduce its revenue.***



NMM's business is significantly dependent on locating and acquiring, partnering or contracting with medical practices to provide health care services. As part of NMM's growth strategy, it regularly reviews potential acquisition opportunities. NMM cannot predict whether it will be successful in pursuing such acquisition opportunities or what the consequences of any such acquisitions would be. If NMM is not successful in finding attractive acquisition candidates that it can acquire on satisfactory terms, or if it cannot successfully complete and efficiently integrate those acquisitions that it identifies, NMM may not be able to implement its business model, which would likely negatively impact its revenues, results of operations and financial condition. Furthermore, NMM's acquisition strategy involves a number of risks and uncertainties, including:

NMM may not be able to identify suitable acquisition candidates or strategic opportunities or successfully implement or realize the expected benefits of any suitable opportunities. In addition, NMM competes for acquisitions with other potential acquirers, some of which may have greater financial or operational resources than it does. This competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase NMM's acquisition costs.

NMM may be unable to successfully and efficiently integrate completed acquisitions, including its recently completed acquisitions and such acquisitions may fail to achieve the financial results it expected. Integrating completed acquisitions into NMM's existing operations involves numerous short-term and long-term risks, including diversion of its management's attention, failure to retain key personnel, failure to retain payor contracts and failure of the acquired practice to be financially successful.

NMM cannot be certain of the extent of any unknown or contingent liabilities of any acquired business, including liabilities for failure to comply with applicable laws. NMM may incur material liabilities for past activities of acquired entities. Also, depending on the location of the acquisition, it may be required to comply with laws and regulations that may differ from those of the states in which NMM's operations are currently conducted.

NMM may acquire group medical practices that operate with lower profit margins as compared with its current or expected profit margins or which have a different payor mix than NMM's other practice groups, which would reduce its profit margins. Depending upon the nature of the local healthcare market, NMM may not be able to implement its business model in every local market that it enters, which may negatively impact NMM's revenues and financial condition.

If NMM finances acquisitions by issuing equity securities or securities convertible into equity securities, its existing stockholders could be diluted. If NMM finances an acquisition with debt, it could result in higher leverage and interest costs. As a result, if it fails to evaluate and execute acquisitions properly, NMM might not achieve the anticipated benefits of these acquisitions, and it may increase its acquisition costs.

***NMM management team's attention may be diverted by recent acquisitions and searches for new acquisition targets, and its business and operations may suffer adverse consequences as a result.***

Mergers and acquisitions are time-intensive, requiring significant commitment of NMM's management team's focus and resources. If NMM's management team spends too much time focused on recent acquisitions or on potential acquisition targets, its management team may not have sufficient time to focus on its existing business and operations. This diversion of attention could have material and adverse consequences on NMM's operations and its ability to be profitable.

***NMM's growth strategy incurs significant costs, which could adversely affect its financial condition.***

NMM's growth-by-acquisition strategy involves significant costs, including financial advisory, legal and accounting fees, and may include additional costs, including costs of fairness opinions, labor costs, termination payments, contingent payments and bonuses, among others. These costs could put a strain on NMM's available cash and cash flow, which in turn could adversely affect its overall financial condition.

*NMM may be unable to scale its operations successfully.*

NMM's growth strategy will place significant demands on its management and financial, administrative and other resources. Operating results will depend substantially on the ability of NMM's officers and key employees to manage changing business conditions and to implement and improve its financial, administrative and other resources. If NMM is unable to respond to and manage changing business conditions, or the scale of its operations and the quality of its services, NMM's ability to retain key personnel and its business could be adversely affected.

*NMM could experience significant losses under its capitation-based contracts if the medical expenses it incurs exceed revenues.*

In California, health plans typically prospectively pay an IPA a PMPM amount, or capitation payment, which is often based on a percentage of the amount received by the health plan. Capitation payments to IPAs, in the aggregate, represent a prospective budget from which the IPA manages care-related expenses on behalf of the population enrolled with that IPA. If NMM's IPAs are able to manage care-related expenses under the capitated levels, NMM realizes an operating profit on its capitation contracts. However, if NMM's care-related expenses exceed projected levels, its IPAs may realize substantial operating deficits, which are not capped and could lead to substantial losses.

***If NMM's agreements or arrangements with its affiliated physician groups are deemed invalid under state corporate practice of medicine and similar laws, or Federal law, or are terminated as a result of changes in state law, it could have a material impact on NMM's results of operations and financial condition.***

There are various state laws, including laws in California, regulating the corporate practice of medicine which prohibits NMM from owning various healthcare entities. This corporate practice of medicine prohibitions are intended to prevent unlicensed persons from interfering with or inappropriately influencing a physician's professional judgment. These and other laws may also prevent fee-splitting, which is the sharing of professional service income with non-professional or business interests. The interpretation and enforcement of these laws vary significantly from state to state. If these agreements and arrangements were held to be invalid under state laws prohibiting the corporate practice of medicine, a significant portion of NMM's revenues would be affected, which may result in a material adverse effect on NMM's results of operations and financial condition. Additionally, any changes to Federal or state law that prohibit such agreements or arrangements could also have a material adverse effect upon NMM's results of operations and financial condition.

***The contractual arrangements NMM has with its VIEs is not as secure as direct ownership of such entities.***

Because of corporate practice of medicine laws, NMM enters into contractual arrangements to manage certain affiliated physician practice groups, which allows NMM to consolidate those groups for financial reporting purposes. If NMM had direct ownership of certain of NMM's affiliated entities, it would be able to exercise its rights as an equity holder directly to effect changes in the boards of directors of those entities, which could effect changes at the management and operational level. Under NMM's contractual arrangements, it may not be able to directly change the members of the boards of directors of these entities and would have to rely on the entities and the entities' equity holders to perform its obligations in order to exercise NMM's control over the entities. If any of these affiliated entities or its equity holders fail to perform its respective obligations under the contractual arrangements, NMM may have to incur substantial costs and expend additional resources to enforce such arrangements.

***Any failure by NMM's key affiliated entities or its equity holders to perform its obligations under the contractual arrangements it has with NMM would have a material adverse effect on NMM's business, results of operations and financial condition. NMM also owns the majority, and not all, of the equity of certain subsidiaries.***

Several of NMM's affiliated physician practice groups are owned by other physicians who could die, become incapacitated or otherwise become no longer affiliated with NMM. Although the terms of the MSAs NMM has with these affiliates provide that the MSA will be binding on the successors of such affiliates, as those successors are not parties to the MSAs, it is uncertain whether the successors in case of the death, bankruptcy or divorce of an equity holder would be subject to such MSAs.



***NMM's operations are dependent on a limited number of key payors.***

NMM's operations are dependent on Blue Cross, Central Health, Health Net, LA Care and Blue Shield. Four of these HMO's accounted for 69% and 71% of NMM's total capitation and claims revenue for the years ended December 31, 2016 and 2015, respectively. Three and four HMO's accounted for 96% and 99% of the total risk pool settlement revenue for the years ended December 31, 2016 and 2015, respectively. Three HMO's accounted for 83% and 85% of the total fee for services revenue for the years ended December 31, 2016 and 2015, respectively. NMM believes that a majority of its revenue will continue to be derived from a limited number of key payors. Each payor may immediately terminate any of NMM's contracts or any individual credentialed physician upon the occurrence of certain events. They may also amend the material terms of the contracts under certain circumstances. Failure to maintain the contracts on favorable terms or at all, for any reason, would materially and adversely affect NMM's results of operations and financial condition.

***A decline in the number of patients NMM and its affiliated physician groups serve could have a material adverse effect on NMM's results of operations.***

Like any business, a material decline in the number of patients NMM and its affiliated physician groups serve, whether it or a third party government or private entity is paying for its healthcare, could have a material adverse effect on NMM's results of operations and financial condition.

***ACOs are relatively new and undergoing changes and CMS may change or discontinue the MSSP program.***

NMM has invested resources in both applying to participate in the MSSP and in establishing initial infrastructure. The MSSP program and the rules regarding ACOs has been altered and may be further altered in the future. Any material change to the MSSP program and ACO requirements, governance and operating rules, could provide a significant financial risk for NMM and alter its strategic direction, thereby producing stockholder risk and uncertainty. In addition, NMM could be terminated from the MSSP if it does not comply with the MSSP participation requirements.

***NMM's ACOs may not generate savings through its participation in the MSSP revenue, if any, earned by such participation will occur, only once annually on an "all or nothing" basis.***

NMM operates two ACOs that participate in the MSSP sponsored by CMS. The MSSP is a relatively new program with limited history of payments to ACO participants. As a result of the uncertain nature of the MSSP program, NMM

considers revenue, if any, under the MSSP, as contingent upon the realization of program savings as determined by CMS, and revenues are not considered earned and therefore are not recognized until notice from CMS that cash payments are to be imminently received.

In addition, there is no assurance that NMM will meet the conditions necessary for receipt of future payments. Furthermore, NMM's ability to continue to generate savings for the MSSP program depends on many factors, many of which are outside NMM's control, including, among others, how CMS elects to administer the MSSP program, how savings levels are calculated and continued political support of the MSSP program. As a result, whether future revenues will be earned by NMM's ACOs is uncertain and will be contingent on various factors, including whether savings were determined to be achieved in 2015 or in any other period during which savings are measured.

Moreover, if amounts are payable to NMM under the MSSP, it will be paid on an annual basis significantly after the time it is earned. Additionally, since MSSP payments, if any, are made once annually, NMM would not receive such payments spread out over its fiscal year and, consequently, revenue may be materially lower in quarters when any MSSP-related payments are not received by NMM.

***The success of NMM's emphasis on the new NGACO Model is uncertain.***

To position NMM to participate in the NGACO Model, it has devoted, and intends to continue to devote, significant effort and resources, financial and otherwise, to the NGACO Model, and refocus away from certain other parts of NMM's historic business and revenue streams, which will receive less emphasis in the future and could result in reduced revenue from these activities. It is unknown at this time if this strategic decision will be successful in terms of NMM's emphasis on the NGACO Model and/or placing less emphasis on certain other parts of NMM's core business and revenue streams.

***The results of the NGACO Model are unknown.***

The NGACO Model is a new CMS program that builds upon previous ACO programs, including the MSSP program. Through the NGACO Model, CMS will provide an opportunity to APAACO and other NGACOs experienced in coordinating care for populations of patients, and whose provider groups are willing to assume higher levels of financial risk and reward, to participate in this new attribution-based risk sharing model. In January 2017, CMS approved APAACO to participate in the NGACO Model and CMS and APAACO have entered into the Participation Agreement with a term of two performance years through December 31, 2018. CMS may offer to renew the Participation Agreement for an additional two performance years. Additionally, the Participation Agreement may be terminated sooner by CMS as specified therein and CMS has the flexibility to alter or change the program over this time period. The number of Medicare ACOs continues to rise in total but there are still a growing number of program types and demonstrations that could be consolidated and impact APAACO.

***The NGACO Model program has certain political risks.***

If the ACA is amended or repealed and replaced, or if CMMI is terminated, the NGACO Model program could be discontinued or significantly altered. In addition, CMS leadership could be changed and influenced by Congress and/or the current Administration. Additionally, CMS or CMMI may elect to combine any existing programs, including bundled payments, which could greatly alter the NGACO Model program.

***APAACO's participation in the NGACO Model program subjects it to certain regulatory risks.***

Among many requirements to be eligible to participate in the NGACO Model program, APAACO must have at least 10,000 assigned Medicare beneficiaries and must maintain that number throughout each performance year. Although APAACO started its 2017 performance year with more than 32,000 assigned Medicare beneficiaries, there can be no assurance that APAACO will maintain the required number of assigned Medicare beneficiaries, and, if that number were not maintained, APAACO would become ineligible for the program.

***APAACO is subject to changing state laws and regulations.***

NGACOs are required to comply with all applicable state laws and regulations regarding provider-based risk-bearing entities. If these laws or regulations change, for example, to require a Knox-Keene license in California, which NMM does not have, APAACO could be required to cease its NGACO operations.



***APAACO may experience losses due to the NGACO Model program.***

APAACO is responsible for savings and losses from claims. The NGACO Model uses a prospectively-set cost benchmark, which is established prior to the start of each performance year. The benchmark is based on various factors, including baseline expenditures with the baseline updated each year to reflect the NGACO's participant list for the given year. The 2017 performance year NGACO Model baseline for APAACO is based on calendar year 2014 expenditures that are risk adjusted and trended. A discount is then applied that incorporates regional and national efficiency. The final benchmark could potentially underestimate APAACO's actual expenditures for its Medicare beneficiaries.

If claims cost rise from benchmark, or 2014 and/or 2017 are statistical anomalies, APAACO could experience losses due to the NGACO Model program, which could be significant prior to any adjustment in benchmarked expenditures.

Additionally, given that APAACO is providing care coordination but does not employ any physicians nor provide direct patient care, the degree of influence APAACO has could be limited and out of its direct control. Because of APAACO's limited influence, it is possible APAACO may not be able to influence provider and preferred provider behavior, utilization and patient costs.

***APAACO's dependence on CMS creates uncertainty and subjects APAACO to potential liability.***

APAACO relies on CMS for design, oversight and governance of the NGACO Model program. Accurate data, claims benchmarking and calculations, timely payments and periodic process reviews are key to program success. In addition to APAACO's administrative and care coordination operating costs, APAACO may not generate savings through its participation in the NGACO Model. Any savings generated, if at all, will be earned in arrears and uncertain in both timing and amount.

***APAACO chose to participate in the AIPBP payment mechanism, which entails certain special risks.***

APAACO chose to participate in the AIPBP payment mechanism, and is the only NGACO to have chosen this payment mechanism. Under the AIPBP payment mechanism, CMS will estimate the total annual Part A and Part B Medicare expenditures of APAACO's assigned Medicare beneficiaries and pay that projected amount in per beneficiary per month payments. APAACO chose "Risk Arrangement A," comprising 80% risk for Part A and Part B Medicare expenditures and a shared savings and losses cap of 5%, or as a result a 4% effective shared savings and losses cap when factoring in 80% risk impact. APAACO's benchmark Medicare Part A and Part B expenditures for beneficiaries for its 2017 performance year are approximately \$335 million, and under "Risk Arrangement A" of the AIPBP payment mechanism APAACO could therefore have profits or be liable for losses of up to 4% of such benchmarked expenditures, or approximately \$13.4 million. While performance can be monitored throughout the year, end results will not be known until 2018.

***CMS has indicated that its initial financial reports to participants in the NGACO Model may not be complete.***

The NGACO Model is new and CMS is implementing extensive reporting protocols in connection therewith. CMS has indicated that it does not anticipate initial reports under the NGACO Model to be indicative of final results of actual risk-sharing and revenues to which NMM is entitled, especially for the period April 1, 2017 through June 30, 2017, which is the second quarter of the NGACO program and the second quarter of NMM's 2017 fiscal year. This is because there are inherent biases in reporting the results at such an early juncture. Were that to be the case, NMM might not report accurately NMM's revenues for this period, which could be subject to adjustment in a later period once NMM receives final results from CMS.

***APAACO requires significant capital reserves for program participation.***

NGACOs must provide a financial guarantee to CMS. The financial guarantee must be in an amount of 2% of the NGACO's benchmark Medicare Part A and Part B expenditures. APAACO's benchmark Medicare Part A and Part B expenditures for beneficiaries for its 2017 performance year being approximately \$335 million, APAACO submitted a letter of credit for \$6.7 million for the 2017 program year. If APAACO reaches the maximum of its shared losses of \$13.4 million, it may need to pay another \$6.7 million to CMS or CMS may change or alter the risk reserve process or amount. Additionally, the IBNR methodology utilized by CMS could have a negative impact on APAACO and affect working capital and capital requirements.

***APAACO is responsible for savings and losses related to care received by its patients at Out-of-Network Providers which could negatively impact NMM's ability to control claim costs.***

Medicare beneficiaries in a NGACO Model program are not required to receive its care from a narrow network of contracted providers and facilities, which could make it challenging for APAACO to control the financial risks of those beneficiaries. CMS notified APAACO that its Medicare beneficiaries historically have received approximately 62% of its care at non-contracted, OON providers. While not responsible for paying claims for OON providers, APAACO may have difficulty managing patient care and costs as compared to in-network providers. Additionally, APAACO is responsible for savings and losses of this population using OON providers, which could adversely impact NMM's financial results.

In addition, if APAACO is successful under its Participation Agreement with CMS in encouraging more of its patients to receive care with contracted, in-network providers, there is the possibility that the monthly AIPBP payments will be insufficient to cover current expenditures, since the AIPBP payments will be based on historical in-network/out-of-network ratios. This could potentially result in negative cash-flow problems for APAACO, if increased payments need to be made to contracted, in-network providers, especially if CMS fails to monitor this in-network/OON ratio on a frequent periodic basis and reconciliation payments are materially delayed.

***There is uncertainty regarding the initial design and administration of the NGACO Model program.***

Due to the newness of the NGACO Model program and the fact that APAACO is the only company participating in the AIPBP track, APAACO is subject to initial program challenges including, but not limited to, process design, data and other related program aspects. APAACO has already experienced various apparent errors in the NGACO Model program and APAACO has been working with CMS, including senior CMS management, on these issues, but the resolution and impact on APAACO remains uncertain. Moreover, there is the potential for new or additional issues to be experienced with CMS which could negatively impact APAACO. Among other things, the AIPBP claims processing methodology is complex and could create reimbursement delays to contracted APAACO providers, which could cause some providers to terminate its agreements with APAACO. For example, services provided by contracted APAACO providers with DOS from January 1, 2017 to March 31, 2017 were to be paid by CMS. All services provided with DOS from April 1, 2017 onward were to be paid by APAACO. But a flaw in the claims processing system of one of CMS' contractors caused payments to contracted APAACO providers to be unpaid or to be paid at a reduced rate from January 1, 2017 to March 31, 2017. Various providers expressed dissatisfaction about this and several decided to terminate its agreements with APAACO. Consequently, there is the actual and potential risk of damaging goodwill with APAACO's contracted providers, which could have a material adverse effect on the operations and financial condition of APAACO in particular and NMM's results of operations and financial condition on a consolidated basis.

APAACO has also experienced weaknesses in the NGACO Model program beneficiary alignment methodology. For example, some patients see more than one PCP in a calendar year. CMS could attribute a patient to one PCP rather than another, which could create potential liability for APAACO. For example, when APAACO sent letters to its patients, as required by CMS, it received several calls from PCPs who did not join APAACO, but whose patients were attributed to another PCP. There could also be liability where a PCP has a capitated contract with APAACO, but the PCP's patient also sees another PCP, whether that PCP was contracted with APAACO or not. APAACO's expenditures could increase due to CMS having paid an additional PCP, or to the extent that APAACO has to pay for a PCP that is not an APAACO contracted provider.

***AIPBP operations and benchmarking calculations are complex.***

AIPBP operations and benchmarking calculations are complex and can lead to errors in the application of the NGACO Model program, which could create reimbursement delays to NMM's providers and adversely affect APAACO's performance and results of operations. For example, APAACO has discovered a feature in the AIPBP claims files that do not allow APAACO to break down certain claims amounts by individual patient codes. This feature has created confusion for APAACO contracted providers in reconciling its payments, causing some providers to terminate its agreements with APAACO. This feature could also create uncertainty with those agreements with providers that include capitation plus carve-outs for certain procedures. APAACO has sought to address its concerns about such feature with CMS and CMS has informed APAACO that CMS' contractor is unable to remedy this situation for at least the foreseeable future.

***CMS relies on multiple third-party contractors to manage the NGACO Model program, which could hinder performance.***

In addition to CMS reliance, CMS relies on various third parties to effect the NGACO program. This may be other departments of the U.S. government, such as CMMI. CMS relies on multiple third party contractors to manage the NGACO Model program, including claims and auditing. Due to such reliance, there is the potential for errors, delays and poor communication among the differing entities involved, which are beyond the control of APAACO. This could negatively impact APAACO's results of operations specifically and NMM's results of operations on a consolidated basis.

***Third parties used by APAACO could hinder performance.***

APAACO uses select third parties. This could create operational and performance risk if, for example, the third party does not perform its responsibilities properly. Additionally, APAACO has contracted with participating Part A and Part B providers and was able to contract discounted Medicare, Diagnosis-Related Group and Resource Utilization Group rates with multiple providers. However, APAACO providers could decide to change or discontinue these contractual rates or to terminate its agreements with APAACO.

***Risk-sharing arrangements that NMM's affiliated physician groups have with health plans and hospitals could result in its costs exceeding the corresponding revenues, which could reduce or eliminate any shared risk profitability.***

Under risk-sharing arrangements into which NMM's affiliated physician groups have entered, NMM's affiliated physician groups are responsible for a portion of the cost of hospital services or other services that are not capitated. These risk-sharing arrangements may require NMM to assume a portion of any loss sustained from such arrangements, thereby adversely affecting NMM's results of operations. The terms of the particular risk-sharing arrangement allocate responsibility to the respective parties when the cost of services exceeds the related revenue, which results in a deficit, or permit the parties to share in any surplus amounts when actual costs are less than the related revenue. The amount of non-capitated medical and hospital costs in any period could be affected by factors beyond the control of NMM, such as changes in treatment protocols, new technologies, longer lengths of stay by the patient, and inflation. To the extent that such non-capitated medical and hospital costs are higher than anticipated, revenue may not be sufficient to cover the risk-sharing deficits the health plans and NMM are responsible for, which could reduce NMM's revenue and adversely affect NMM's results of operations.

***If NMM's affiliated physician groups are not able to satisfy DMHC's requirements, NMM's affiliated physician groups could become subject to sanctions and its ability to do business in California could be limited or terminated.***

The DMHC has instituted financial solvency regulations. The regulations are intended to provide a formal mechanism for monitoring the financial solvency of an RBO in California, including capitated physician groups, such as APC. Under DMHC regulations, NMM's affiliated physician groups are required to, among other things:

Maintain, at all times, a minimum "cash-to-claims ratio" (where "cash-to-claims ratio" means the organization's cash, marketable securities, and certain qualified receivables, divided by the organization's total unpaid claims liability). The regulations currently require a cash-to-claims ratio of 0.75; and

Submit periodic reports to the DMHC containing various data and attestations regarding performance and financial solvency, including incurred but not reported calculations and documentation, and attestations as to whether or not the organization was in compliance with the Knox-Keene Act, requirements related to claims payment timeliness, had maintained positive tangible net equity (i.e. at least \$1.00), and had maintained positive working capital (i.e. at least \$1.00).

In the event that a physician organization is not in compliance with any of the above criteria, the organization would be required to describe in a report submitted to the DMHC the reasons for non-compliance and actions to be taken to bring the organization into compliance. Additionally, under these regulations, the DMHC can make public some of the information contained in the reports, including, but not limited to, whether or not a particular physician organization

met each of the criteria. In the event NMM's affiliated physician groups are not able to meet certain of the financial solvency requirements, and fail to meet subsequent corrective action plans, NMM's affiliated physician groups could be subject to sanctions, or limitations on, or removal of, its ability to do business in California.

***Economic conditions or changing consumer preferences could adversely impact NMM's business.***

A downturn in economic conditions in one or more of NMM's markets could have a material adverse effect on NMM's results of operations, financial condition, business and prospects. Historically, state budget limitations have resulted in reduced state spending. Given that Medicaid is a significant component of state budgets, an economic downturn would put continued cost containment pressures on Medicaid outlays for NMM's services in California. In addition, an economic downturn and/or sustained unemployment, may also impact the number of enrollees in managed care programs as well as the profitability of managed care companies, which could result in reduced reimbursement rates.

The existing Federal deficit, as well as deficit spending by the government as the result of adverse developments in the economy or other reasons, can lead to continuing pressure to reduce government expenditures for other purposes, including government-funded programs in which NMM participates, such as Medicare and Medicaid. Such actions in turn may adversely affect NMM's results of operations.

Although NMM attempts to stay informed of government and customer trends, any sustained failure to identify and respond to trends could have a material adverse effect on NMM's results of operations, financial condition, business and prospects.

***NMM's success depends, to a significant degree, upon NMM's ability to adapt to a changing market and continued development of additional services.***

Although NMM expects to provide a broad and competitive range of services, there can be no assurance of acceptance by the marketplace. NMM's ability to procure new contracts may be dependent upon the continuing results achieved at the current facilities, upon pricing and operational considerations, and the potential need for continuing improvement to existing services. Moreover, the markets for such services may not develop as expected nor can there be any assurance that NMM will be successful in its marketing of any such services.

***NMM's revenues and profits could be diminished if NMM fails to retain and attract the services of key primary care physicians.***

Key primary care physicians with large patient enrollment could retire, become disabled, terminate their provider contracts, get lured away by a competing independent physician association or medical group, or otherwise become unable or unwilling to continue practicing medicine or contracting with NMM or its affiliated physicians, physician groups, or IPAs. Moreover, given limitations relating to the enforcement of post-termination noncompetition covenants in California, it would be difficult to restrict a primary care physician from competing with NMM's affiliated physicians, physician groups, or IPAs. As a result, members who have been served by such physicians could choose to enroll with competitors' physician organizations or could seek medical care elsewhere, which could reduce NMM's affiliated physician group revenues and profits. Moreover, NMM's affiliated physician groups may not be able to attract new physicians to replace the services of terminating physicians or to service its growing membership.

***The healthcare industry continues to experience shortages in qualified service employees and management personnel and NMM may be unable to hire qualified employees.***

NMM and its affiliated physician groups compete with other healthcare providers for its employees, both clinical associates and management personnel. As the demand for health services continues to exceed the supply of available and qualified staff, NMM and its competitors have been forced to offer more attractive wage and benefit packages to these professionals. Furthermore, the competition for this segment of the labor market has created turnover as many seek to take advantage of the supply of available positions, many of which offer new and more attractive wage and benefit packages. In addition to the wage pressures described above, the cost of training new employees amid the



turnover rates may cause added pressure on NMM's operating margins.

*The healthcare industry is highly competitive.*

There are many other companies and individuals currently providing health care services, many of which have been in business longer than NMM has been, and/or have substantially more financial and personnel resources than NMM has. NMM competes directly with national, regional and local providers of inpatient healthcare for patients and physicians. Other companies could enter the market in the future and divert some or all of NMM's business. On a national basis, NMM's competitors include, but are not limited to, DaVita and Heritage, each of which has greater financial and other resources available to them. NMM also competes with physician groups and privately-owned health care companies in each of NMM's local markets. Existing or future competitors also may seek to compete with NMM for acquisitions, which could have the effect of increasing the price and reducing the number of suitable acquisitions, which would have an adverse impact on NMM's growth strategy. Since there are virtually no capital expenditures required to enter the industry, there are few financial barriers to entry. Individual physicians, physician groups and companies in other healthcare industry segments, including hospitals with which NMM has contracts, and some of which have greater financial, marketing and staffing resources, may become competitors in providing health care services, and this competition may have a material adverse effect on NMM's business operations and financial position. In addition, certain governmental payors contract for services with independent providers such that NMM's relationships with these payors are not exclusive, particularly in California, where all of NMM's operations, providers and patients are located.

***Hospitals may terminate their agreements with NMM's affiliated physician groups or reduce the fees they pay to NMM.***

In California, NMM's affiliated physician groups maintain significant hospital arrangements designed to facilitate the provision of coordinated hospital care with those services provided to members by NMM's affiliated physician groups. Through contractual arrangements with certain key hospitals, NMM's affiliated physician groups provide utilization review, quality assurance, and other management services related to the provision of patient care services to members by the contracted hospitals and downstream hospital contractors. In the event that any one of these key hospital agreements is amended in a financially unfavorable manner or is otherwise terminated, any of such events may negatively impact NMM's revenue, results of operations and financial condition.

***Some of the hospitals where NMM's affiliated physicians provide services may have its medical staff closed to non-contracted physicians.***

In general, NMM's affiliated physicians may only provide services in a hospital where it has certain credentials, called privileges, which are granted by the medical staff and controlled by the legally binding medical staff bylaws of the hospital. The medical staff decides who will receive privileges and the medical staff of the hospitals where NMM's affiliated physicians currently provide services or wish to provide services could decide that non-contracted physicians can no longer receive privileges to practice there. Such a decision would limit the ability of NMM's affiliated physicians to furnish services in a hospital, decrease the number of NMM's affiliated physicians who could provide services or preclude NMM's from entering new hospitals. In addition, hospitals may attempt to enter into exclusive contracts for physician services, which would reduce access to certain populations of patients within the hospital.

***NMM may have difficulty collecting payments from third-party payors in a timely manner.***

NMM and its affiliated physician groups derive significant revenue from third-party payors, and delays in payment or audits leading to refunds to payors may adversely impact NMM's net revenue. NMM assumes the financial risks relating to uncollectible and delayed payments. In particular, NMM and its affiliated physician groups rely on some key governmental payors. Governmental payors typically pay on a more extended payment cycle, which could result in NMM incurring expenses prior to receiving corresponding revenue. In the current healthcare environment, payors are continuing its efforts to control expenditures for healthcare, including proposals to revise coverage and reimbursement policies. NMM may experience difficulties in collecting revenue because third-party payors may seek to reduce or delay payment to which NMM believes it is entitled. If NMM and its affiliated physician groups are not paid fully and in a timely manner for such services or there is a finding that it was incorrectly paid, NMM's revenues, cash flows and financial condition could be adversely affected.

***Decreases in payor rates could adversely affect NMM.***

Decreases in payor rates, either prospectively or retroactively, could have a significant adverse effect on NMM's revenue, cash flow and results of operations. For example, during fiscal 2016, Health Net, Inc. reduced payor rates to its payees, retroactive to July 1, 2015 and LA Care reduced payor rates to its payees, retroactive to January 1, 2016.

***NMM's business model depends on numerous complex management information systems, and any failure to successfully maintain these systems or implement new systems could undermine NMM's ability to receive ACO payments and otherwise materially harm NMM's operations and result in potential violations of healthcare laws and regulations.***

NMM depends on a complex, specialized, integrated management information system and standardized procedures for operational and financial information, as well as for NMM's billing operations. NMM may be unable to enhance its existing management information systems or implement new management information systems where necessary. Additionally, NMM may experience unanticipated delays, complications or expenses in implementing, integrating and operating its systems. NMM's management information systems may require modifications, improvements or replacements that may require both substantial expenditures as well as interruptions in operations. NMM's ability to implement these systems is subject to the availability of information technology and skilled personnel to assist NMM in creating and implementing these systems. NMM's failure to successfully implement and maintain all of its systems could undermine its ability to receive MSSP payments and otherwise have a material adverse effect on NMM's business, results of operations and financial condition. Additionally, NMM's failure to successfully operate its billing systems could lead to potential violations of healthcare laws and regulations.

***From time to time NMM may be required to write-off intangible assets, such as goodwill, due to impairment.***

NMM's intangible assets are subject to annual impairment testing. Under current accounting standards, goodwill is tested for impairment on an annual basis and NMM may be subject to impairment losses as circumstances change after an acquisition. If NMM records an impairment loss related to NMM's goodwill, it could have a material adverse effect on its results of operations for the year in which the impairment is recorded.

***NMM currently derives 100% of its revenues in California and is vulnerable to changes in California healthcare laws and regulations.***

NMM's business and operations is located in one state, California. Any material changes by California with respect to strategy, taxation and economics of healthcare delivery, reimbursements, financial requirements or other aspects of regulation of the healthcare industry could have an adverse effect on NMM's business, results of operations and financial condition.

***A prolonged disruption of the capital and/or credit markets may adversely affect NMM's future access to capital, NMM's cost of capital and its ability to continue operations.***

Volatility and disruption of the U.S. capital and credit markets may adversely affect NMM's access to capital and/or increase its cost of capital. Should current economic and market conditions deteriorate, NMM's ability to finance its ongoing operations and its expansion may be adversely affected, it may be unable to raise necessary funds, its cost of debt or equity capital may increase significantly and future access to capital markets may be adversely affected.

***Uncertain or adverse economic conditions may have a negative impact on NMM's industry, business, results of operations or financial position.***

Uncertain or adverse economic conditions could have a negative effect on the fundamentals of NMM's business, results of operations and/or financial position. These conditions could have a negative impact on NMM's industry. There can be no assurance that NMM will not experience any material adverse effect on its business as a result of future economic conditions or that the actions of the U.S. Government, Federal Reserve or other governmental and regulatory bodies, for the purpose of stimulating the economy or financial markets will achieve its intended effect. Additionally, some of these actions may adversely affect financial institutions, capital providers, NMM's customers or NMM's financial condition, results of operations or the price of NMM's securities. Potential consequences

of the foregoing include:

· NMM's ability to issue equity and/or borrow capital on terms and conditions that NMM finds acceptable, or at all, may be limited, which could limit NMM's ability to access capital;

· potential increased costs of borrowing capital if interest rates rise;

· adverse terms imposed on NMM by any equity investor;

· the possible impairment of some or all of the value of NMM's goodwill and other intangible assets; and

· the possibility that any then-existing lenders could refuse to fund any commitment to NMM or could fail, and NMM may not be able to replace or refinance the financing commitment of any such lender on satisfactory terms, or at all.

***Actual or perceived difficulties in the global capital and credit markets have adversely affected, and uncertain or adverse economic conditions may negatively affect, NMM's business. Ongoing uncertain economic conditions may affect NMM's financial performance or NMM's ability to forecast its business with accuracy.***

NMM's operations and performance depend primarily on California and U.S. economic conditions and its impact on purchases of, or capitated rates for, NMM's delivery of healthcare services. As a result of the global financial crisis that began in 2008, which was experienced on a broad and extensive scope and scale, and the last recession in the United States, general economic conditions deteriorated significantly, and, although the markets have improved significantly, the overall economic recovery since that time has been uneven. Declines in consumer and business confidence and private as well as government spending during and since the last recession, together with significant reductions in the availability and increases in the cost of credit and volatility in the capital and credit markets, as well as government budgeting, have adversely affected the business and economic environment in which NMM operates and can affect the profitability of NMM's business. NMM's business is significantly exposed to risks associated with government spending and private payor reimbursement rates. Economic conditions may remain uncertain for the foreseeable future. NMM believes that this general economic uncertainty may continue in future periods, as NMM's patients, private payors and government payors alter their purchasing activities in response to the new economic reality, and, among other things, NMM's patients may change or scale back healthcare spending, and private and government payors could reduce reimbursement rates. Additional consequences of such adverse effects could include the delay or cancellation of consumer spending for discretionary and non-reimbursed healthcare. Future disruption of the credit markets, increases in interest rates and/or sluggish economic growth in future periods could adversely affect NMM's patients' spending habits, private payors' access to capital (which supports the continuation and expansion of its businesses) and governmental budgetary processes, and, in turn, could result in reduced revenue to NMM. The continuation or recurrence of any of these conditions may adversely affect NMM's cash flow, results of operations and financial condition. This uncertainty may also affect NMM's ability to prepare accurate financial forecasts or meet specific forecasted results. If NMM is unable to adequately respond to or forecast further changes in demand for healthcare services, NMM's results of operations, financial condition and business prospects may be materially and adversely affected.

***Many of NMM's agreements with medical groups are relatively short term or may be terminated without cause by providing advance notice, and any such termination could have a material adverse effect on NMM's financial results, operations and future business plans.***

Many of NMM's management services agreements are relatively short term or may be terminated without cause by providing advance notice. If these agreements are terminated before the end of its terms, at the end of its term or are not renewed, NMM would lose the revenue generated by those agreements. Any such terminations could have a material adverse effect on NMM's results of operations, financial condition and future business plans.

***NMM and its affiliated physicians, physician groups may be required to continue providing services following termination or renegotiation of certain agreements with health plans.***

There are circumstances under federal and state law pursuant to which NMM's affiliated physician groups could be obligated to continue to provide medical services to members in their care following a termination of their applicable risk agreement with health plans and termination of the receipt of payments thereunder. In certain cases, this obligation could require the physician group or IPA to provide care to such member following the bankruptcy or insolvency of a health plan. Accordingly, the obligations to provide medical services to NMM's affiliated physician groups members (and the associated costs) may not terminate at the time the applicable agreement with the health plan terminates, and NMM's affiliated physician groups may not be able to recover its cost of providing those services from the health plan, which could have a material adverse effect on NMM's financial condition, results of operations, and/or cash flows.

***If there is a change in accounting principles or the interpretation thereof by the FASB affecting consolidation of VIEs, it could impact NMM's consolidation of total revenues derived from APC.***

NMM's financial statements are consolidated and include the accounts of NMM's majority-owned subsidiaries and various non-owned affiliated physician groups that are VIEs, which consolidation is effectuated in accordance with applicable accounting rules. In the event of a change in accounting principles promulgated by FASB or in FASB's interpretation of its principles, or if there were an adverse determination by a regulatory agency or a court or a change in state or federal law relating to the ability to maintain present agreements or arrangements with such physician groups, NMM may not be permitted to continue to consolidate the total revenues of such organizations.

Accounting rules require that under some circumstances the VIE consolidation model be applied when a reporting enterprise holds a variable interest (e.g., equity interests, debt obligations, certain management and service contracts) in a legal entity. Under this model, an enterprise must assess the entity in which it holds a variable interest to determine whether it meets the criteria to be consolidated as a VIE. If the entity is a VIE, the consolidation framework next identifies the party, if one exists, that possesses a controlling financial interest in a VIE, and requires that party to consolidate as the primary beneficiary. An enterprise's determination of whether it has a controlling financial interest in a VIE requires that a qualitative determination be made, and is not solely based on voting rights.

If an enterprise determines the entity in which it holds a variable interest is not subject to the VIE guidance in ASC 810, the enterprise should apply the traditional voting control model (also outlined in ASC 810) which focuses on voting rights. In NMM's case, the VIE consolidation model applies to NMM's controlled, but not owned, physician affiliated entities. NMM's determination regarding the consolidation of its affiliates could be challenged, which could have a material adverse effect on NMM's operations.

***The healthcare industry is complex and intensely regulated at the federal, state, and local levels and government authorities may determine that NMM has failed to comply with applicable laws or regulations.***

As a company involved in providing healthcare services, NMM and its affiliated physician groups are subject to numerous federal, state and local laws and regulations. There are significant costs involved in complying with these laws and regulations. Moreover, if NMM is found to have violated any applicable laws or regulations, NMM could be subject to civil and/or criminal damages, fines, sanctions or penalties, including exclusion from participation in governmental healthcare programs, such as Medicare and Medicaid. NMM may also be required to change its method of operations. These consequences could be the result of current conduct or even conduct that occurred a number of years ago. NMM also could incur significant costs merely if it becomes the subject of an investigation or legal proceeding alleging a violation of these laws and regulations. NMM cannot predict whether a federal, state or local government will determine that NMM is not operating in accordance with law, or whether, when or how the laws will change in the future and impact its business. Any of these actions could have a material adverse effect on NMM's business, financial condition and results of operations.

The following is a non-exhaustive list of some of the more significant healthcare laws and regulations that affect NMM:

federal laws, including the federal False Claims Act, that provide for penalties against entities and individuals which knowingly or recklessly make claims to Medicare, Medicaid, and other governmental healthcare programs, as well as third-party payors, that contain or are based upon false or fraudulent information;



a provision of the Social Security Act, commonly referred to as the “Anti-Kickback Statute,” that prohibits the knowing and willful offering, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration, in cash or in kind, in return for the referral or recommendation of patients for items and services covered, in or in part, by federal healthcare programs such as Medicare and Medicaid;

a provision of the Social Security Act, commonly referred to as the Stark Law or physician self-referral law, that (subject to limited exceptions) prohibits physicians from referring Medicare patients to an entity for the provision of specific “designated health services” if the physician or a member of such physician’s immediate family has a direct or indirect financial relationship with the entity, and prohibits the entity from billing for services arising out of such prohibited referrals;

a provision of the Social Security Act that provides for criminal penalties on healthcare providers who fail to disclose known overpayments;

a provision of the Social Security Act that provides for civil monetary penalties on healthcare providers who fail to repay known overpayments within 60 days of identification or the date any corresponding cost report was due, if applicable, and also allows improper retention of known overpayments to serve as a basis for False Claims Act violations;

state law provisions pertaining to anti-kickback, self-referral and false claims issues, which typically are not limited to relationships involving governmental payors;

provisions of, and regulations relating to, HIPAA that provide penalties for knowingly and willfully executing a scheme or artifice to defraud a health-care benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services;

provisions of HIPAA and HITECH limiting how covered entities, business associates and business associate sub-contractors may use and disclose PHI and the security measures that must be taken in connection with protecting that information and related systems, as well as similar or more stringent state laws;

federal and state laws that provide penalties for providers for billing and receiving payment from a governmental healthcare program for services unless the services are medically necessary and reasonable, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;

state laws that provide for financial solvency requirements relating to plan operations, plan-affiliate operations and transactions, plan-provider contractual relationships and provider-affiliate operations and transactions, such as California S.B. 260 (1999);

federal laws that provide for administrative sanctions, including civil monetary penalties for, among other violations, inappropriate billing of services to federal healthcare programs, payments by hospitals to physicians for reducing or limiting services to Medicare or Medicaid patients, or employing or contracting with individuals or entities who/which are excluded from participation in federal healthcare programs;

federal and state laws and policies that require healthcare providers to enroll in the Medicare and Medicaid programs before submitting any claims for services, to promptly report certain changes in its operations to the agencies that administer these programs, and to re-enroll in these programs when changes in direct or indirect ownership occur or in response to revalidation requests from Medicare and Medicaid;

state laws that prohibit general business entities from practicing medicine, controlling physicians' medical decisions or engaging in certain practices, such as splitting fees with physicians;

state laws that require timely payment of claims, including California A.B. 1455 (1999) which imposes time limits for the payment of uncontested covered claims and required health care service plans to pay interest on uncontested claims not paid promptly within the required time period;

laws in some states that prohibit non-domiciled entities from owning and operating medical practices in its states;

provisions of the Social Security Act (emanating from the DRA) that require entities that make or receive annual Medicaid payments of \$5 million or more from a single Medicaid program to provide its employees, contractors and

agents with written policies and employee handbook materials on federal and state false claims acts and related statutes, that establish a new Medicaid Integrity Program designed to enhance federal and state efforts to detect Medicaid fraud, waste, and abuse, and that increase financial incentives for both states and individuals to bring fraud and abuse claims against healthcare companies; and

federal and state laws and regulations restricting the techniques that may be used to collect past due accounts from consumers, such as NMM's patients, for services provided to the consumer.

***NMM cannot predict the effect that the ACA and its implementation, amendment, or repeal and replacement, may have on NMM's business, results of operations or financial condition.***

The continued implementation of provisions of the ACA, the adoption of new regulations thereunder and ongoing legal challenges create an uncertain environment for how the ACA may affect NMM's business, results of operations and financial condition.

However, some of the reductions in Medicare spending, such as negative adjustments to the Medicare hospital inpatient and outpatient prospective payment system market basket updates and the incorporation of productivity adjustments to the Medicare program's annual inflation updates, became effective starting in 2010. Although the expansion of health insurance coverage should increase revenues from providing care to previously uninsured individuals, many of these provisions of the ACA, as currently provided, will continue to become effective beyond 2017, and the impact of such expansion may be gradual and may not offset scheduled decreases in reimbursement.

On June 28, 2012, the U.S. Supreme Court upheld the constitutionality of the ACA, including the “individual mandate” provisions of the ACA that generally require all individuals to obtain healthcare insurance or pay a penalty. However, the U.S. Supreme Court also held that the provision of the ACA that authorized the Secretary of the HHS to penalize states that choose not to participate in the expansion of the Medicaid program by removing all of its existing Medicaid funding was unconstitutional. In response to the ruling, a number of U.S. governors opposed its state’s participation in the expanded Medicaid program, which resulted in the ACA not providing coverage to some low-income persons in those states. In addition, several bills have been, and are continuing to be, introduced in Congress to amend all or significant provisions of the ACA, or repeal and replace the ACA with another law.

The ACA changed how healthcare services are covered, delivered, and reimbursed. The net effect of the ACA on NMM’s business is subject to numerous variables, including the law’s complexity, lack of complete implementing regulations and interpretive guidance, gradual and potentially delayed implementation or possible amendment, as well as the uncertainty as to the extent to which states will choose to participate in the expanded Medicaid program.

***The impact that changes in healthcare laws could have on NMM is uncertain but could be material.***

Despite the enactment of the ACA and its being upheld by the U.S. Supreme Court as constitutional, continuing legal and political challenges to specific parts of the ACA have added uncertainty about the current state of healthcare laws in the United States. This uncertainty has intensified following the 2016 presidential election and the publicly announced intention of the leadership of the majority in the 115<sup>th</sup> Congress to “repeal and replace” the ACA, related Health Care Reform Acts and possibly other healthcare laws, and of the Administration to seek to have regulators amend or rescind certain regulations thereunder.

It is impossible to know what impact such efforts, assuming it is successful, will have on NMM. However, any changes in healthcare laws or regulations that reduce, curtail or eliminate payments, government-subsidized programs, government-sponsored programs, and/or the expansion of Medicare or Medicaid, among other actions, could have a material adverse effect on NMM’s business, results of operations and financial condition.

Just as the fate of the ACA is uncertain, so is the future of ACOs, which were established under the ACA to improve care and reduce costs. NMM operates an ACO and has been approved by CMS to operate an ACO under the NGACO Model. Under the MSSP and NGACO programs and pursuant to the Participation Agreement NMM has entered into with CMS for NMM’s NGACO Model, NMM’s ACO operations will always be subject to the nation’s healthcare laws, as amended, repealed or replaced from time to time.

It is impossible to know what impact such “repeal and replace” or similar efforts, assuming it is successful, will have on NMM. However, any changes in healthcare laws or regulations that reduce, curtail or eliminate payments, reimbursements, government-subsidized programs, government-sponsored programs, and/or the expansion of Medicare or Medicaid, among other actions, could have a material adverse effect on NMM’s business, results of operations and financial condition.

***Providers in the healthcare industry are sometimes the subject of federal and state investigations, as well as payor audits.***

Due to NMM’s affiliated physician groups’ participation in government and private healthcare programs, NMM may be involved in inquiries, reviews, audits and investigations by governmental agencies and private payors of NMM’s business practices, including assessments of NMM’s compliance with coding, billing and documentation requirements. Federal and state government agencies have active civil and criminal enforcement efforts that include investigations of healthcare companies, and its executives and managers. Under some circumstances, these investigations can also be initiated by private individuals under whistleblower provisions which may be incentivized by the possibility for private recoveries. The Deficit Reduction Act revised federal law to further encourage these federal, state and individually-initiated investigations against healthcare companies.

Responding to these audit and enforcement activities can be costly and disruptive to NMM’s business operations, even when the allegations are without merit. If NMM is subject to an audit or investigation and a finding is made that NMM or its affiliated physician groups were incorrectly reimbursed, it may be required to repay these agencies or private payors, or it may be subjected to pre-payment reviews, which can be time-consuming and result in non-payment or delayed payment for the services it provide. NMM also may be subject to other financial sanctions or be required to modify NMM’s operations.

***Laws regulating the corporate practice of medicine could restrict the manner in which NMM is permitted to conduct its business and the failure to comply with such laws could subject NMM to penalties or require a corporate restructuring.***

Some states have laws that prohibit business entities from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians (also known collectively as the corporate practice of medicine) or engaging in some arrangements, such as fee-splitting, with physicians. In some states these prohibitions are expressly stated in a statute or regulation, while in other states the prohibition is a matter of judicial or regulatory interpretation. California is one of the states that prohibit the corporate practice of medicine.

In California, NMM and its affiliated physician groups operate by maintaining contracts with its affiliated physician groups which are each owned and operated by physicians and which employ or contract with additional physicians to provide physician services. Under these arrangements, NMM provides management services, receives a management fee for providing non-medical management services, does not represent that it offers medical services, and does not exercise influence or control over the practice of medicine by the physicians or the affiliated physician groups. In the event that any of these affiliated physician groups fails to comply with the management arrangement or any management arrangement is terminated and/or NMM is unable to enforce its contractual rights, or California law is interpreted to invalidate these arrangements, there could be a material adverse effect on NMM's business, results of operations and financial condition.

***NMM does not have a limited Knox-Keene license.***

NMM does not hold a limited Knox-Keene license, which is a managed care plan license in California. If the DMHC were to determine that NMM or its affiliated physician groups has been inappropriately taking risk for institutional and professional services as a result of NMM's various hospital and physician arrangements without having a limited Knox-Keene license, it may be required to obtain a limited Knox-Keene license to resolve such violations and could be subject to civil and criminal liability, any of which could have a material adverse effect on NMM's business, results of operations and financial condition.

***NMM's revenue may be negatively impacted by the failure of its affiliated physicians to appropriately document services it provides.***

NMM relies upon NMM's affiliated physicians to appropriately and accurately complete necessary medical record documentation and assign appropriate reimbursement codes for its services. Reimbursement to NMM is conditioned upon, in part, NMM's affiliated physicians providing the correct procedure and diagnosis codes and properly

documenting the services themselves, including the level of service provided and the medical necessity for the services. If NMM's affiliated physicians have provided incorrect or incomplete documentation or selected inaccurate reimbursement codes, this could result in nonpayment for services rendered or lead to allegations of billing fraud. This could subsequently lead to civil and criminal penalties, including exclusion from government healthcare programs, such as Medicare and Medicaid. In addition, third-party payors may disallow, in whole or in part, requests for reimbursement based on determinations that certain amounts are not covered, services provided were not medically necessary, or supporting documentation was not adequate. Retroactive adjustments may change amounts realized from third-party payors and result in recoupments or refund demands, affecting revenue already received.

***Changes associated with reimbursement by third-party payors for NMM's services may adversely affect NMM's operating results and financial condition.***

The medical services industry is undergoing significant changes with government and other third-party payors that are taking measures to reduce reimbursement rates or, in some cases, denying reimbursement altogether. There is no assurance that government or other third-party payors will continue to pay for the services provided by NMM's affiliated medical groups. Furthermore, there has been, and continues to be, a great deal of discussion and debate about the repeal and replacement of existing government reimbursement programs, such as the ACA. As a result, the future of healthcare reimbursement programs is uncertain, making long-term business planning difficult and imprecise. The failure of government or other third party payors to cover adequately the medical services provided by NMM's affiliated physician groups could have a material adverse effect on NMM's business, results of operations and financial condition.

***Compliance with federal and state privacy and information security laws is expensive, and NMM or its affiliated physician groups may be subject to government or private actions due to privacy and security breaches.***

NMM and its affiliated physician groups must comply with numerous federal and state laws and regulations governing the collection, dissemination, access, use, security and confidentiality of PHI, including HIPAA and HITECH. As part of NMM and its affiliated physician groups medical record keeping, third-party billing, and other services, NMM collects and maintains PHI in paper and electronic format. Therefore, new privacy or security laws, whether implemented pursuant to federal or state action, could have a significant effect on the manner in which NMM handles healthcare-related data and communicates with payors. In addition, compliance with these standards could impose significant costs on NMM or limit NMM's ability to offer services, thereby negatively impacting the business opportunities available to them. Despite NMM's efforts to prevent security and privacy breaches, it may still occur. If any non-compliance with existing or new laws and regulations related to PHI results in privacy or security breaches, NMM could be subject to monetary fines, civil suits, civil penalties or even criminal sanctions.

As a result of the expanded scope of HIPAA through HITECH, NMM may incur significant costs in order to minimize the amount of "unsecured PHI" it handles and retains or to implement improved administrative, technical or physical safeguards to protect PHI. NMM may incur significant costs in order to demonstrate and document whether there is a low probability that PHI has been compromised in order to overcome the presumption that an impermissible use or disclosure of PHI results in a reportable breach. NMM may incur significant costs to notify the relevant individuals, government entities and, in some cases, the media, in the event of a breach and to provide appropriate remediation and monitoring to mitigate the possible damage done by any such breach.

***Providers must be properly enrolled in governmental healthcare programs, such as Medicare and Medicaid, before it can receive reimbursement for providing services, and there may be delays in the enrollment process.***

NMM's affiliated physicians must enroll under the Medicare and Medicaid programs and for certain managed care and private insurance programs before NMM can receive reimbursement for services the physician renders to beneficiaries of those programs. The estimated time to receive approval for the enrollment is sometimes difficult to predict and, in recent years, the Medicare program carriers often have not issued these numbers to NMM's affiliated physicians in a timely manner. These practices result in delayed reimbursement that may adversely affect NMM's cash flow.

***NMM and its affiliated physician groups may face malpractice and other lawsuits that may not be covered by insurance.***



Malpractice lawsuits are common in the healthcare industry. The medical malpractice legal environment varies greatly by state. The status of tort reform, availability of non-economic damages or the presence or absence of other statutes, such as elder abuse or vulnerable adult statutes, influence the incidence and severity of malpractice litigation. NMM may also be subject to other types of lawsuits which may involve large claims and significant defense costs. Many states have joint and several liabilities for all healthcare providers who deliver care to a patient and are at least partially liable. As a result, if one healthcare provider is found liable for medical malpractice for the provision of care to a particular patient, all other healthcare providers who furnished care to that same patient, including possibly NMM's affiliated physicians, may also share in the liability, which may be substantial.

NMM cannot be certain that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against NMM, NMM's affiliated professional organizations or NMM's affiliated physicians, and NMM cannot provide assurance that any future liabilities will not have a material adverse impact on its results of operations, cash flows or financial position. Liabilities in excess of NMM's insurance coverage, including coverage for professional liability and other claims, could have a material adverse effect on NMM's business, financial condition, and results of operations. In addition, NMM's professional liability insurance coverage generally must be renewed annually and may not continue to be available to NMM in future years at acceptable costs and on favorable terms.

***NMM has established reserves for potential medical liability losses which are subject to inherent uncertainties and a deficiency in the established reserves may lead to a reduction in NMM's net income.***

NMM establishes reserves for estimates of IBNR due to contracted physicians, hospitals, and other professional providers and risk-pool liabilities. IBNR estimates are developed using actuarial methods and are based on many variables, including the utilization of health care services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. Many of the medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may not come to light until a substantial period of time has passed following the contract implementation. The inherent difficulty in interpreting contracts and the estimated level of necessary reserves could result in significant fluctuations in NMM's estimates from period to period. It is possible that actual losses and related expenses may differ, perhaps substantially, from the reserve estimates reflected in NMM's financial statements. If subsequent claims exceed NMM's estimated reserves, NMM may be required to increase reserves, which would lead to a reduction in NMM's assets or net income.

***Litigation expenses may be material.***

The defense of litigation, including fees of legal counsel, expert witnesses and related costs, is expensive and difficult to forecast accurately. In general, such costs are unrecoverable even if NMM ultimately prevails in litigation and could represent a significant portion of NMM's limited capital resources. To defend lawsuits, it is also necessary for NMM to divert officers and other employees from its normal business functions to gather evidence, give testimony and otherwise support litigation efforts.

If NMM loses any material litigation, NMM could face material judgments or awards against them. An unfavorable resolution of one or more of the proceedings in which NMM is involved now or in the future could have a material adverse effect on NMM's business, assets, cash flow and financial condition.

NMM may also in the future find it necessary to file lawsuits to recover damages or protect NMM's interests. The cost of such litigation could also be significant and unrecoverable, which may also deter NMM from aggressively pursuing even legitimate claims.

***NMM may be subject to litigation related to the agreements that NMM's IPAs enter into with primary care physicians.***

It is common in the medical services industry for primary care physicians to be affiliated with multiple IPAs. NMM IPAs often enter into agreements with physicians who are also affiliated with NMM's competitors. However, some of NMM's competitors at times enter into agreements with physicians that require the physician to provide services exclusively to that competitor. NMM's IPAs often have no knowledge, and no way of knowing, whether a physician seeking to affiliate with the IPA is subject to an exclusivity agreement unless the physician informs the IPA of that agreement. NMM's IPAs rely on the physicians seeking to affiliate with the IPA to determine whether it is able to enter into the proposed agreement. Competitors may in the future initiate lawsuits against NMM based in part on interference with such exclusivity agreements. An adverse outcome in one or more of such lawsuits could adversely affect NMM's business, assets, cash flow and financial condition.

***Changes in the rates or methods of Medicare reimbursements may adversely affect NMM's operations.***

In order to participate in the Medicare program, NMM must comply with stringent and often complex enrollment and reimbursement requirements. These programs generally provide for reimbursement on a fee-schedule basis rather than on a charge-related basis, meaning that generally NMM cannot increase its revenue by increasing the amount it charge for its services. To the extent that NMM's costs increase, NMM may not be able to recover its increased costs from these programs and cost containment measures and market changes in non-governmental insurance plans have generally restricted NMM's ability to recover, or shift to non-governmental payors, these increased costs. In attempts to limit federal and state spending, there have been, and NMM expects that there will continue to be, a number of proposals to limit or reduce Medicare reimbursement for various services. In April of 2015, MACRA was signed into law, which made numerous changes to Medicare, Medicaid, and other healthcare related programs. These changes include new systems for establishing the annual updates to payment rates for physicians' services in Medicare. NMM's business may be significantly and adversely affected by MACRA and any changes in reimbursement policies and other legislative initiatives aimed at or having the effect of reducing healthcare costs associated with Medicare, TRICARE (which provides civilian health benefits for U.S. Armed Forces military personnel, military retirees, and its dependents) and other government healthcare programs.

NMM's business also could be adversely affected by reductions in, or limitations of, reimbursement amounts or rates under these government programs, reductions in funding of these programs or elimination of coverage for certain individuals or treatments under these programs.

***If NMM or its affiliated physician groups inadvertently employs or contracts with an excluded person, NMM may face government sanctions.***

Individuals and entities can be excluded from participating in the Medicare and Medicaid programs for violating certain laws and regulations, or for other reasons such as the loss of a license in any state, even if the individual retains other licensure. This means that it (and all others) are prohibited from receiving payment for its services rendered to Medicare or Medicaid beneficiaries, and if the excluded individual is a physician, all services ordered (not just provided) by such physician are also non-covered and non-payable. Entities which employ or contract with excluded individuals are prohibited from billing the Medicare or Medicaid programs for the excluded individual's services, and are subject to civil monetary penalties if it does. The OIG maintains a list of excluded individuals and entities. Although NMM has instituted policies and procedures through its compliance program to minimize the risks, there can be no assurance that NMM and its affiliated physician groups will not inadvertently hire or contract with an excluded person, or that any of NMM's current employees or contractors will not become excluded in the future without NMM's knowledge. If this occurs, NMM may be subject to substantial repayments and civil penalties, and the hospitals at which NMM and its affiliated physician groups furnishes services also may be subject to repayments and sanctions, for which it may seek recovery from NMM.

***NMM may be impacted by eligibility changes to government and private insurance programs.***

Due to potential decreased availability of healthcare through private employers, the number of patients who are uninsured or participate in governmental programs may increase. A shift in payor mix from managed care and other private payors to government payors or the uninsured may result in a reduction in NMM's rates of reimbursement or an increase in NMM's uncollectible receivables or uncompensated care, with a corresponding decrease in NMM's net revenue. Changes in the eligibility requirements for governmental programs also could increase the number of patients who participate in such programs or the number of uninsured patients. Even for those patients who remain with private insurance, changes in those programs could increase patient responsibility amounts, resulting in a greater risk for NMM of uncollectible receivables. These factors and events could have a material adverse effect on NMM's business, results of operations and financial condition.

***If NMM is unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting healthcare reform or the healthcare industry, NMM's business may be harmed.***

Due to the importance of the healthcare industry in the lives of all Americans, federal, state, and local legislative bodies frequently pass legislation and promulgate regulations relating to healthcare reform or that affect the healthcare industry. As has been the trend in recent years, it is reasonable to assume that there will continue to be increased federal oversight and regulation of the healthcare industry in the future. NMM cannot assure its stockholders as to the ultimate content, timing or effect of any new healthcare legislation or regulations, nor is it possible at this time to estimate the impact of potential new legislation or regulations on NMM's business. It is possible that future legislation enacted by Congress or state legislatures, or regulations promulgated by regulatory authorities at the Federal or state level, could adversely affect NMM's business. It is possible that the changes to the Medicare or other governmental healthcare program reimbursements may serve as precedent to possible changes in other payors' reimbursement policies in a manner averse to NMM. Similarly, changes in private payor reimbursements could lead to adverse changes in Medicare and other governmental healthcare programs which could have a material adverse effect on NMM's business, financial condition and results of operations.

***NMM may incur significant costs to adopt certain provisions under HITECH.***

HITECH was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act of 2009. Among the many provisions of HITECH are those relating to the implementation and use of certified EHR. NMM's patient medical records are maintained and under the custodianship of NMM's affiliated physicians and physician groups. However, to determine to adopt certain EHRs, or comply with any related provisions of HITECH, NMM may incur significant costs which could have a material adverse effect on NMM's business operations and financial position.

***The healthcare industry is becoming increasingly reliant on use of technology.***

The role of technology is greatly increasing in the delivery of healthcare, which provides risk to traditional physician-driven healthcare delivery companies such as NMM. NMM needs to understand and integrate with electronic health records, databases, cloud-based billing systems and many other technology applications in the delivery of NMM's services. Additionally, consumers are using mobile applications and care and cost research in selecting and usage of healthcare services. NMM relies on employees and third parties with technology knowledge and expertise and could be at risk if resources are not properly established, maintained or secured.

***NMM may be exposed to cybersecurity risks.***

While NMM has not experienced any cybersecurity incidents, the nature of NMM's business and the requirements of healthcare privacy laws such as HIPAA and HITECH, impose significant obligations on NMM and its affiliated physician groups to maintain the privacy and protection of patient medical information. Any cybersecurity incident could expose NMM and its affiliated physician groups to violations of HIPAA and/or HITECH that, even unintended, could cause significant financial exposure to NMM in the form of fines and costs of remediation of any such incident.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and other documents incorporated by reference into this joint proxy statement/prospectus contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, statements about the proposed Merger (defined below), the benefits of the proposed Merger, our post-Merger business, financial condition, operating results, plans, objectives, expectations and intentions, the expected timing of completion of the Merger, any projections of earnings, revenue or other financial items, such as our projected capitation from CMS; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services, developments, mergers or acquisitions, including the proposed Merger (defined below); any statements regarding management's view of future expectations, plans and prospects for us; any statements about prospective adoption of new accounting standards or effects of changes in accounting standards; any statements regarding future economic conditions or performance; any statements of belief; any statements of assumptions underlying any of the foregoing; and other statements that are not historical facts.

Forward-looking statements involve risks and uncertainties and are based on the current beliefs, expectations and certain assumptions of the Company's management. Some or all of such beliefs, expectations and assumptions may not materialize or may vary significantly from actual results. We further caution that such statements are qualified by important economic, competitive, governmental and technological factors that could cause our business, strategy, or actual results or events to differ materially, or otherwise, from those in the forward-looking statements in this Report.

Forward-looking statements may be identified by the use of forward-looking terms such as “anticipate,” “could,” “can,” “may,” “might,” “potential,” “predict,” “should,” “estimate,” “expect,” “project,” “believe,” “think,” “plan,” “envision,” “intend,” “seek,” “contemplate,” “budgeted,” “will,” “would,” and the negative of such terms, other variations on such terms or other similar or comparable words, phrases or terminology. These forward-looking statements present ApolloMed's estimates and assumptions only as of the date of this report and are subject to change. Except as required by law, ApolloMed does not intend, and undertakes no obligation, to update any forward-looking statement, whether as a result of the receipt of new information, the occurrence of future events, the change of circumstances or otherwise. ApolloMed further does not accept any responsibility for any projections or reports published by analysts, investors or other third parties.

Although ApolloMed believes that the expectations reflected in any of its forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of ApolloMed's forward-looking statements. ApolloMed's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and significant risks and uncertainties that could cause actual condition, outcomes and results to differ materially from those indicated by such statements, including, without limitation, the risks and uncertainties set forth under the section entitled “RISK FACTORS” beginning on page 29 of this joint proxy

statement/prospectus. These risks and uncertainties include, but are not limited to:

the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;

the inability to complete the Merger due to the failure to obtain stockholder approval or governmental or regulatory clearances or the failure to satisfy other conditions to the closing of the Merger or for any other reason;

legal or regulatory proceedings or other matters that affect the timing or ability to complete the Merger as contemplated;

- the risk that the proposed Merger disrupts current plans and operations;

- fluctuations in the market value of ApolloMed common stock;

- the effects of the Merger on ApolloMed's and NMM's financial results;

- disruption from the Merger making it difficult to maintain business and operational relationships;

- diversion of management time on issues related to the Merger;

the risk that the businesses will not be integrated successfully, or that the integration will be more costly or more time consuming and complex than anticipated;

the risk that synergies anticipated to be realized from the Merger may not be fully realized or may take longer to realize than expected;

- adverse developments in general market, business, economic, labor, regulatory and political conditions;

- the amount of any costs, fees, expenses, impairments and charges related to the Merger;

- the uncertainty regarding the adequacy of ApolloMed's and NMM's liquidity to pursue its business objectives;

the impact of any outbreak or escalation of hostilities on a national, regional or international basis, acts of terrorism or natural disasters; and



the impact of any change to applicable laws and regulations affecting domestic and foreign operations, including those relating to trade, monetary and fiscal policies, taxes, price controls, regulatory approval of new products, licensing and healthcare reform.

For a further list and description of such risks and uncertainties, see “RISK FACTORS” beginning on page 29, “INFORMATION ABOUT APOLLOMED — ApolloMed Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “INFORMATION ABOUT NMM — NMM Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this joint proxy statement/prospectus. ApolloMed and NMM do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You are cautioned not to place undue reliance on these forward-looking statements, because, while the respective managements of ApolloMed and NMM believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in this joint proxy statement/prospectus.

## THE COMPANIES

### Apollo Medical Holdings, Inc.

ApolloMed was incorporated in the State of Delaware on November 1, 1985 under the name McKinnely Investment, Inc. On November 5, 1986 McKinnely Investment, Inc. changed its name to Acculine Industries, Incorporated and Acculine Industries, Incorporated changed its name to Siclone Industries, Incorporated on May 24, 1988. On July 3, 2008, Apollo Medical Holdings, Inc. merged into Siclone Industries, Incorporated and Siclone Industries, Incorporated, as the surviving entity from the merger, simultaneously changed its name to Apollo Medical Holdings, Inc.

ApolloMed is a physician-centric, integrated population health management company working to provide coordinated outcomes-based medical care in a cost-effective manner. Led by a management team with over a decade of experience, ApolloMed has built a company and culture that is focused on physicians providing high-quality medical care, population health management and care coordination for patients, particularly senior patients and patients with multiple chronic conditions. ApolloMed believes it is well-positioned to take advantage of changes in the rapidly evolving U.S. healthcare industry, as there is a growing national movement towards more results-oriented healthcare centered on the triple aim of patient satisfaction, high-quality care and cost efficiency.

ApolloMed’s common stock is currently quoted on OTC Pink and traded under the symbol “AMEH.” On December 21, 2016, the last full trading day before the announcement of the Merger, the last reported sale price of ApolloMed common stock was \$3.99 per share, and, on November 10, 2017, the latest practicable date prior to the date of this joint proxy statement/prospectus, the last reported sale price of ApolloMed common stock was \$7.79 per share. ApolloMed has applied for listing of its common stock on the NASDAQ Global Market effective as of the closing of the Merger.

ApolloMed's principal executive offices are located at 700 N. Brand Blvd., Suite 1400, Glendale, CA 91203, its telephone number is (818) 396-8050, and its website is [www.apollomed.net](http://www.apollomed.net). This website is an inactive textual reference only and not an active hyperlink. The information on or that can be accessed through ApolloMed's website is specifically not incorporated by reference into this joint proxy statement/prospectus, and is not a part of this joint proxy statement/prospectus.

Additional information about ApolloMed can be found in the sections titled "INFORMATION ABOUT APOLLOMED — Overview" beginning on page 207 and "INFORMATION ABOUT APOLLOMED — ApolloMed Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 235 and ApolloMed's financial statements included elsewhere in this joint proxy statement/prospectus.

#### Apollo Acquisition Corp.

Apollo Acquisition Corp. is a wholly owned subsidiary of ApolloMed that was formed in California on December 13, 2016, solely for the purpose of entering into the Merger Agreement and affecting the Merger and the other transactions contemplated by the Merger Agreement. Merger Sub is not engaged in any business and has no material assets. Its principal executive offices have the same address and telephone number as ApolloMed set forth above.

#### Network Medical Management, Inc.

Network Medical Management, Inc. is a California corporation formed in 1994. NMM, together with its subsidiaries and affiliated physician groups, is a patient- and physician-focused, integrated health care delivery and management company with 23 years of providing coordinated, outcomes-based medical care in a cost-effective manner.

Through capitation agreements with leading health plans, NMM is responsible for coordinating the care for over 600,000 covered patients in southern and central California through a network of more than 10 IPAs with approximately 4,000 contracted physicians. These covered patients are comprised of managed care members whose health coverage is provided through their employer or who have individually acquired health coverage directly from a health plan or as a result of their eligibility for Medicaid or Medicare benefits.

The patients of NMM's affiliated physician groups and IPAs benefit from an integrated approach to medical care that places the physician at the center of patient care. NMM manages the delivery of healthcare services to patients via a network of affiliated physician groups and other network primary care physicians, network hospitals, and affiliated group and network specialists. Together with case managers, registered nurses and other care coordinators, these medical professionals utilize a comprehensive data analysis engine, sophisticated risk management techniques and clinical protocols to provide high-quality, cost effective care to NMM's managed members. NMM monitors certain control metrics, such as the number of inpatient acute bed days per 1,000 patients and hospital readmission rates, as they are contributors to quality clinical outcomes and financial performance. Additionally, NMM closely monitors the number of managed care members who have enrolled with an NMM affiliated physician group as their primary care physicians in an effort to identify changes or trends with respect to its commercial, senior and Medicaid payer classifications.

NMM is headquartered in, and primarily operates from, Los Angeles County, California.

NMM's principal executive offices are located at 1668 S. Garfield Avenue, 3rd Floor, Alhambra, California 91801, its telephone number is (626) 282-0288 and its website is [www.nmm.cc](http://www.nmm.cc). This website is an inactive textual reference only and not an active hyperlink. The information on or that can be accessed through NMM's website is specifically not incorporated by reference into this joint proxy statement/prospectus, and is not a part of this joint proxy statement/prospectus.

Additional information about NMM can be found in the sections titled "INFORMATION ABOUT NMM " beginning on page 259 and "INFORMATION ABOUT NMM — NMM Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 281 and NMM's financial statements included elsewhere in this joint proxy statement/prospectus.

#### Post-Merger Organizational Structure

The following is an organizational chart showing the anticipated intercorporate relationships of ApolloMed and NMM immediately following the completion of the Merger:

## THE SPECIAL MEETING OF APOLLOMED STOCKHOLDERS

This section contains information for ApolloMed's stockholders regarding the special meeting of ApolloMed stockholders that has been called to consider the approval of the ApolloMed Merger Proposal, the Board Classification Proposal, each of the directors in the Election of Directors Proposal, the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal.

### General

ApolloMed is furnishing this joint proxy statement/prospectus to the holders of ApolloMed capital stock as of the record date in connection with the solicitation of proxies by the ApolloMed board of directors for use at the ApolloMed special meeting of stockholders and any adjournment or postponement of the special meeting.

### Date, Time and Place

The ApolloMed special meeting of stockholders will be held on December 6, 2017, at 10:00 a.m., Pacific Standard Time, at 700 N. Brand Blvd., Suite 1400, Glendale, California 91203.

### Purpose of the ApolloMed Special Meeting

At the ApolloMed special meeting, ApolloMed stockholders will be asked to consider and vote upon the following matters:

(1) The ApolloMed Merger Proposal

(2) The Board Classification Proposal

(3) The Election of Directors Proposal;

(4) The ApolloMed Compensation Proposal; and

(5) The ApolloMed Adjournment Proposal.

ApolloMed stockholders also will consider and act on any other matters as may properly come before the ApolloMed special meeting or any adjournment or postponement of the meeting, including any procedural matters incident to the conduct of the meeting.

#### Recommendation of the ApolloMed Board of Directors

The ApolloMed board of directors has determined that it is advisable and in the best interest of ApolloMed and its stockholders to enter into the Merger Agreement and the ApolloMed board of directors has authorized and approved the terms of the Merger Agreement and the transactions contemplated thereby. Certain factors considered by the ApolloMed board of directors in reaching its decision to adopt and approve the Merger Agreement and the Merger can be found in the section of this joint proxy statement/prospectus entitled “THE MERGER — ApolloMed Reasons for the Merger” beginning on page 114.

The ApolloMed board of directors recommends that ApolloMed stockholders vote “FOR” the ApolloMed Merger Proposal, “FOR” the Board Classification Proposal, “FOR” each of the directors in the Election of Directors Proposal, “FOR” the ApolloMed Compensation Proposal and “FOR” the ApolloMed Adjournment Proposal.

#### ApolloMed Record Date and Quorum

The ApolloMed board of directors has fixed as of the close of business November 14, 2017 as the record date for the ApolloMed special meeting. Only the holders of record of shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock as of the close of business on the ApolloMed record date are entitled to receive notice of and to vote at the ApolloMed special meeting or at any postponement or adjournment of the ApolloMed special meeting.

As of the ApolloMed record date, there were 6,033,495 shares of ApolloMed common stock, 1,111,111 shares of Series A preferred stock and 555,555 shares of Series B preferred stock outstanding and entitled to vote at the

ApolloMed special meeting held by 352 record holders. Each share of ApolloMed common stock entitles the holder to one vote at the ApolloMed special meeting on each proposal to be considered at the ApolloMed special meeting. Holders of shares of Series A preferred stock and Series B preferred stock vote with holders of shares of common stock as one class, on an as-converted basis. Each share of Series A preferred stock and Series B preferred stock entitles the holder to one vote at the ApolloMed special meeting on each proposal to be considered at the ApolloMed special meeting. As of the ApolloMed record date all the shares of Series A preferred stock and Series B preferred stock were held by NMM.

Pursuant to the ApolloMed Bylaws, the presence of holders of a majority of all the shares of ApolloMed stock entitled to vote at the special meeting is necessary to constitute a quorum, unless or except to the extent that the presence of a larger number may be required by law.

In the absence of a quorum, the chair of the meeting or the holders of a majority of the shares of ApolloMed stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, and time. As of the record date for the special meeting, 3,850,081 shares of ApolloMed's common stock (on an as-converted basis), would be required to achieve a quorum.

At the close of business on the ApolloMed record date, directors and executive officers of ApolloMed and their affiliates were entitled to vote 2,130,619 shares of ApolloMed common stock (on an as-converted basis), or approximately 27.67% of the issued and outstanding shares of ApolloMed common stock (on an as-converted basis) on that date. ApolloMed currently expects that the ApolloMed directors and executive officers will vote their shares of ApolloMed common stock in favor of the proposed proposals, although none of them is obligated to do so. In addition, on the ApolloMed record date, NMM was entitled to vote 1,666,666 shares of ApolloMed common stock (on an as-converted basis), or approximately 21.64% of the issued and outstanding shares of ApolloMed common stock (on an as-converted basis) on that date. ApolloMed currently expects that NMM will vote its shares of ApolloMed common stock in favor of the proposals although NMM is not obligated to do so.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the meeting, and for 10 days prior to the meeting, at ApolloMed's offices, 700 N. Brand Blvd., Suite 1400, Glendale, CA 91203, between the hours of 9:00 a.m. and 5:00 p.m., Pacific Standard Time.

#### Vote Required for Approval

Assuming a quorum is present, approval of the ApolloMed Merger Proposal, the Board Classification Proposal, and each of the directors in the Election of Directors Proposal requires the affirmative vote of (i) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM. Approval of each of the ApolloMed Compensation Proposal and approval of the ApolloMed Adjournment Proposal will require the affirmative vote of a majority of the shares of ApolloMed capital stock entitled to vote present in person or represented by proxy at the ApolloMed special meeting.



Each of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are all conditioned on each other. The ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal are not conditioned on any other proposal.

#### Abstentions, Failure to Vote and Broker Non-Votes

If you are an ApolloMed stockholder and mark “ABSTAIN” on your proxy with respect to any of the proposals, your proxy will be counted toward the vote total for such proposal and will have the same effect as an “AGAINST” vote. Abstentions will be considered present for the purpose of determining the presence of a quorum.

If you are an ApolloMed stockholder of record and fail to submit a proxy card or vote at the special meeting, your shares will not be counted toward the total vote and will have no effect on the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal but will be considered a vote “AGAINST” the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal. If you fail to submit a proxy card or vote at the special meeting, your shares will not be counted for purposes of determining a quorum.

Banks, brokers and other nominees that hold their customers’ shares in “street name” may not vote their customers’ shares on “non-routine” matters without instructions from their customers. As it is expected that each proposal is considered “non-routine,” such organizations do not have discretion to vote on any of the proposals. As a result, if you fail to provide your bank, broker or other nominee with any instructions regarding how to vote your shares of ApolloMed capital stock, your shares will be counted for purposes of determining a quorum but will be considered a vote “AGAINST” the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal. For the ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal, broker non-votes will not be counted toward the total vote and will have no effect.

## Manner of Submitting Proxy

Whether or not you plan to attend the ApolloMed special meeting in person, you should submit your proxy as soon as possible. If you own shares of ApolloMed common stock, Series A preferred stock or Series B preferred stock in your own name, you are an owner or holder of record. This means that you may use the enclosed proxy card or the Internet or telephone voting options to tell the persons named as proxies how to vote your shares of ApolloMed capital stock. You may vote your shares of ApolloMed capital stock held of record in any of the following ways:

*In Person* — To vote in person, come to the ApolloMed special meeting and you will be able to vote by ballot. To ensure that your shares of ApolloMed capital stock are voted at the ApolloMed special meeting, the ApolloMed board of directors recommends that you submit a proxy even if you plan to attend the ApolloMed special meeting.

*By Mail* — To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the enclosed return envelope. If you return your signed proxy card to ApolloMed before the ApolloMed special meeting, the persons named as proxies will vote your shares of ApolloMed capital stock as you direct.

*By Telephone* — To vote by telephone, dial the toll free telephone number located on the enclosed proxy card using a touch-tone phone and follow the recorded instructions. You will be asked to provide ApolloMed number and control number from the enclosed proxy card.

*By Internet* — To vote over the Internet, go to the web address identified on the enclosed proxy card to complete an electronic proxy card. You will be asked to provide ApolloMed number and control number from the enclosed proxy card.

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to vote their shares, and to confirm that their instructions have been recorded properly. Submitting a proxy will not affect your right to vote in person if you decide to attend the ApolloMed special meeting.

The ApolloMed board of directors has appointed Warren Hosseinion and Gary Augusta to serve as proxies for the ApolloMed special meeting.

If a proxy card is signed and returned without an indication as to how the shares of ApolloMed capital stock represented by the proxy are to be voted with regard to a particular proposal, the ApolloMed capital stock represented by the proxy will be voted “FOR” each such proposal. As of the date of this joint proxy statement/prospectus, ApolloMed has no knowledge of any business that will be presented for consideration at the ApolloMed special meeting and which would be required to be set forth in this joint proxy statement/prospectus other than the matters set forth in the accompanying Notice of Special Meeting of Stockholders of ApolloMed. In accordance with the ApolloMed Bylaws and Delaware law, business transacted at the ApolloMed special meeting will be limited to those matters set forth in such notice.

Your vote as an ApolloMed stockholder is very important. Please submit your proxy as soon as possible, whether or not you plan to attend the ApolloMed special meeting in person.

#### Shares Held in Street Name

If you are an ApolloMed stockholder and your shares are held in “street name” by a broker, bank or other nominee, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of ApolloMed capital stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted.

You may not vote shares held in “street name” by returning a proxy card directly to ApolloMed or by voting in person at the ApolloMed special meeting unless you provide a “legal proxy,” which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of ApolloMed capital stock on behalf of their customers may not give a proxy to ApolloMed to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are an ApolloMed stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares during the ApolloMed special meeting, it will have the same effect as described above under “— Abstentions and Broker Non-Votes.”

## Revocation of Proxies and Voting Instructions

If your shares of ApolloMed capital stock are registered in your own name, you may revoke your proxy in one of the following ways by:

Attending the ApolloMed special meeting and voting in person. Your attendance at the ApolloMed special meeting will not by itself revoke a proxy. You must vote your shares by ballot at the ApolloMed special meeting to revoke your proxy;

Voting again by telephone or over the Internet (only your latest telephone or Internet vote submitted prior to the ApolloMed special meeting will be counted);

Completing and submitting a new valid proxy card bearing a later date; or

Sending written notice of revocation to ApolloMed at Apollo Medical Holdings, Inc., Attn: Secretary, 700 N. Brand Blvd., Suite 1400, Glendale, California 91203, which notice must be received before noon, Pacific Standard Time, on December 5, 2017.

If your shares of ApolloMed capital stock are held in “street name”, your bank, broker or other nominee should provide instructions explaining how you may change or revoke your voting instructions.

## Tabulation of Votes

ApolloMed will have a representative of Broadridge Financial Solutions appointed as the inspector of election for the ApolloMed special meeting to tabulate the affirmative and negative votes, broker non-votes and abstentions.

## Solicitation of Proxies

The cost of solicitation of proxies from ApolloMed stockholders will be borne by ApolloMed. In addition to solicitation by use of the mail, proxies may be solicited by directors, officers and employees of ApolloMed in person or by telephone, telegram or other means of communication. These directors, officers and employees will not receive

additional compensation for their efforts but will be reimbursed for reasonable out-of-pocket expenses they incur in connection with the solicitation. ApolloMed will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in forwarding of solicitation materials to the beneficial owners of ApolloMed capital stock and collecting voting instructions.

#### Assistance

If you need assistance in completing your proxy card or have questions regarding the various voting options with respect to the ApolloMed special meeting, please contact:

Apollo Medical Holdings, Inc.

Attn: Secretary

700 N. Brand Blvd., Suite 1400,

Glendale, California 91203

(818) 396-8050

## PROPOSALS SUBMITTED TO APOLLOMED STOCKHOLDERS

### APOLLOMED PROPOSAL 1 — APPROVAL OF THE APOLLOMED MERGER PROPOSAL

As discussed in this joint proxy statement/prospectus, ApolloMed is asking its stockholders to adopt and approve the ApolloMed Merger Proposal, which includes an approval of the Merger Agreement and the Merger and the other transactions contemplated thereby, including the issuance of shares of ApolloMed common stock and warrants in connection therewith.

For a summary of and detailed information regarding this proposal, see the information about the Merger Agreement and the Merger elsewhere in this joint proxy statement/prospectus, including the information set forth in sections entitled “THE MERGER” beginning on page 105 and “THE MERGER AGREEMENT” beginning on page 144. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. You are urged to read carefully this joint proxy statement/prospectus and the Merger Agreement attached hereto in their entirety before voting on this proposal.

Under the terms of the Merger Agreement, Merger Sub will merge with and into NMM, with NMM becoming a wholly-owned subsidiary of ApolloMed. The Merger has been structured to qualify for federal income tax purposes as a tax-deferred reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986.

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. At the Effective Time, pre-Merger ApolloMed stockholders will continue to own and hold their existing shares of ApolloMed common stock. At the Effective Time, ApolloMed will hold back the Holdback Shares to secure certain indemnification rights of ApolloMed and its affiliates under the Merger Agreement. Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement, if any, will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional ApolloMed shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares).

The terms of, and reasons for and other aspects of the Merger Agreement, the Merger and the issuance of shares of ApolloMed common stock and warrants pursuant to the Merger Agreement are described in detail elsewhere in this joint proxy statement/prospectus.

#### Required Vote

Assuming a quorum is present, approval of the ApolloMed Merger Proposal requires the affirmative vote of (i) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM.

Each of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are all conditioned on each other. The Compensation Proposal and the ApolloMed Adjournment Proposal are not conditioned on any other proposal.

#### Recommendation of the ApolloMed Board of Directors

THE APOLLOMED BOARD OF DIRECTORS RECOMMENDS THAT APOLLOMED STOCKHOLDERS VOTE “FOR” THE APOLLOMED MERGER PROPOSAL

## APOLLOMED PROPOSAL 2 — APPROVAL OF THE BOARD CLASSIFICATION PROPOSAL

### General

The Board Classification Proposal will only be presented to the special meeting of ApolloMed if the ApolloMed Merger Proposal is approved.

After careful consideration, ApolloMed's board of directors consented to approve, and to recommend to its stockholders to approve, if the ApolloMed Merger Proposal is approved, a proposal to amend the ApolloMed Charter and ApolloMed Bylaws to classify ApolloMed's board of directors into three classes of directors.

ApolloMed currently has a declassified board, which means that pursuant to the ApolloMed Bylaws, ApolloMed's directors must stand for election each year at ApolloMed's annual stockholder meeting. If adopted, this proposal would approve the amendment to the ApolloMed Charter as set forth in Annex E and the ApolloMed Bylaws as set forth in Annex F to divide ApolloMed's directors into three classes, with the terms of office of one class expiring each year. Class I would hold office initially for a term expiring at the first annual meeting of stockholders after effectiveness of the Board Classification Proposal; Class II would hold office initially for a term expiring at the second annual meeting of stockholders after effectiveness of the Board Classification Proposal; and Class III would hold office initially for a term expiring at the third annual meeting of stockholders after effectiveness of the Board Classification Proposal. The board has identified both the size of each class and nominees who would initially serve in each of the classes. If the proposed amendment is approved, then it is intended that the following classifications would be applied, subject to the election of any director nominee at the meeting.

### Class I Directors

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Michael F. Eng

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Thomas Lam, M.D.

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David G. Schmidt

### Class II Directors



Mitchell W. Kitayama

Kenneth Sim, M.D.

Mark Fawcett

#### Class III Directors

Li Yu

Warren Hosseinion, M.D.

Gary Augusta

At each annual meeting of stockholders following the initial classification and election, the successors to the class of directors whose terms expire at each future meeting would be elected for a term of office to expire at the third succeeding annual meeting after their election and until their successors have been duly elected and qualified.

If the Board Classification Proposal is approved, it will become effective upon the filing of the amendment to the ApolloMed Charter with the State of Delaware in connection with the closing of the Merger.

#### Rationale for Classification

Classified boards provide protection against unwanted takeovers and proxy contests because they make it difficult for a substantial stockholder to gain control of the board of directors without the cooperation or approval of incumbent directors. Other than with respect to the Merger, the board is not aware of any planned or actual attempt to accumulate the common stock or to obtain control of ApolloMed but rather is recommending the Board Classification Proposal to ensure fair treatment of ApolloMed's stockholders in any future takeover attempt.

The board believes that the Board Classification Proposal will reduce the possibility that a third party could effect a sudden change in the majority control of the board of directors without the support of the incumbent directors. However, the Board Classification Proposal may have significant effects on the ability of stockholders of ApolloMed to effect an immediate change in the composition of the ApolloMed board and otherwise to exercise their voting power to affect the composition of the board. Accordingly, stockholders are urged to read carefully the following portions of this section of this proxy statement and the relevant annexes hereto, which set forth the full text of the Board Classification Proposal, before voting on this proposal.

The board also believes a classified board will help ensure some continuity of management of the business and affairs of ApolloMed by minimizing the potential turnover of directors in a particular year and making it more time-consuming for a potential acquirer, or a substantial stockholder or stockholders to gain control of the board or ApolloMed without the consent of the incumbent board, and provide the board with sufficient time to review any proposal from the potential acquirer or substantial stockholders. Specifically, the proposed classified board amendment will significantly extend the time required to effect a change in control of the board and may discourage hostile takeover bids. Currently, changes in control of the board can be made by stockholders holding a majority of the votes cast at a single annual meeting. If ApolloMed implements a classified board, it will take at least two annual meetings for a majority of stockholders to make a change in control of the board, because only a minority of the directors would be eligible for election at each meeting.

Vote Required for Approval.

Assuming a quorum is present, approval of the Board Classification Proposal requires the affirmative vote of (i) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM.

Each of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are all conditioned on each other. The ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal are not conditioned on any other proposal.

Recommendation of the ApolloMed Board of Directors

THE APOLLOMED BOARD OF DIRECTORS RECOMMENDS THAT THE APOLLOMED STOCKHOLDERS VOTE "FOR" THE BOARD CLASSIFICATION PROPOSAL



## APOLLOMED PROPOSAL 3 — APPROVAL OF EACH OF THE DIRECTORS IN THE ELECTION OF DIRECTORS PROPOSAL

### General

The Election of Directors Proposal will only be presented to the special meeting of ApolloMed if the ApolloMed Merger Proposal and Board Classification Proposal are approved.

As currently in effect, ApolloMed's Bylaws provide that the authorized number of directors shall be fixed from time to time by the ApolloMed board, provided that the authorized number of directors shall not be less than one. The ApolloMed board of directors currently consists of seven members. Pursuant to the Merger Agreement, the board has nominated nine individuals for election at the special meeting, of which five are currently serving on the board, and has set the number of directors at nine, with a three-class board.

There are no family relationships among any of the current directors, the nominees for directors and ApolloMed's executive officers.

ApolloMed is asking its stockholders to approve the election of nine nominees to the board of directors of ApolloMed, each of whom shall be designated a class and shall serve until the expiration of the term with respect to such designated class. If the election of the nine nominees is approved, such election will become effective upon the classification of the ApolloMed board in connection with closing of the Merger.

### Nominees for Election as Directors

The following are the nominees for election as directors to the ApolloMed board of directors and their designated classes:

#### Class I Directors

· Michael F. Eng (NMM designee)

· Thomas Lam, M.D. (NMM designee)

· David G. Schmidt (ApolloMed designee)

Class II Directors

· Mitchell W. Kitayama (NMM designee)

· Kenneth Sim, M.D. (NMM designee)

· Mark Fawcett (ApolloMed designee)

Class III Directors

· Li Yu (NMM designee)

· Warren Hosseinion, M.D. (ApolloMed designee)

· Gary Augusta (ApolloMed designee)

The biographies and other information regarding the above nominees are described in detail in the other sections in this joint proxy statement/prospectus.

Vote Required for Approval.

Assuming a quorum is present, approval of each of the directors in the Election of Directors Proposal requires the affirmative vote of (i) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, and (ii) a majority of the shares of ApolloMed common stock, Series A preferred stock and Series B preferred stock, voting together as one class on an as-converted basis, not owned by NMM.



Each of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are all conditioned on each other. The ApolloMed Compensation Proposal and the ApolloMed Adjournment Proposal are not conditioned on any other proposal.

Recommendation of the ApolloMed Board of Directors

THE APOLLOMED BOARD OF DIRECTORS RECOMMENDS THAT THE APOLLOMED STOCKHOLDERS VOTE “FOR” EACH OF THE DIRECTORS IN THE ELECTION OF DIRECTORS PROPOSAL

## APOLLOMED PROPOSAL 4 – APPROVAL OF THE APOLLOMED COMPENSATION PROPOSAL

The Dodd-Frank Act and Rule 14a-21(c) under the Exchange Act require that ApolloMed seek a non-binding advisory vote from ApolloMed’s stockholders to approve certain merger-related executive compensation, as disclosed in the section entitled “The Merger – Interests of ApolloMed’s Directors and Executive Officers in the Merger”, beginning on page 137, including the table entitled “Merger-Related Compensation for ApolloMed’s Named Executive Officers” and accompanying footnotes and narrative discussion. Accordingly, ApolloMed is asking its stockholders to vote in favor of the adoption of the following Resolution, on a non-binding advisory basis:

“RESOLVED, that the compensation that may be paid or become payable to ApolloMed’s named executive officers, as disclosed pursuant to Item 402(t) of Regulation S-K, including the compensation tables and any related information disclosed in this joint proxy statement/prospectus is hereby APPROVED”.

### Vote Required for Approval

The approval, by non-binding advisory vote, of the ApolloMed Compensation Proposal requires the affirmative vote of holders of a majority of the number of shares of ApolloMed common stock entitled to vote present or represented by proxy at the ApolloMed special meeting. Votes to “ABSTAIN” are counted for purposes of determining a quorum and will be considered a vote “AGAINST” the ApolloMed Compensation Proposal.

The vote on the ApolloMed Compensation Proposal is a vote separate and apart from the vote to adopt the Merger Agreement and other related proposals. Accordingly, a stockholder may vote to approve the ApolloMed Compensation Proposal and vote not to approve the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal (which are conditioned on each other), or vote to approve such proposals and vote not to approve the ApolloMed Compensation Proposal. Because the vote on the ApolloMed Compensation Proposal is advisory only, it will not be binding on ApolloMed or the combined company after the Merger. Accordingly, if the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal are adopted by ApolloMed’s stockholders and the Merger is completed, the Merger-related compensation may be paid to ApolloMed’s named executive officers to the extent payable in accordance with the terms of their compensation agreements and arrangements even if ApolloMed’s stockholders do not approve the ApolloMed Compensation Proposal.

### Recommendation of the ApolloMed Board of Directors



THE APOLLOMED BOARD OF DIRECTORS RECOMMENDS THAT APOLLOMED STOCKHOLDERS VOTE  
“FOR” THE APOLLOMED COMPENSATION PROPOSAL

## APOLLOMED PROPOSAL 5 — APPROVAL OF THE APOLLOMED ADJOURNMENT PROPOSAL

The ApolloMed Adjournment Proposal, if adopted, will allow ApolloMed's board of directors to adjourn the special meeting of stockholders to a later date or dates, if necessary or appropriate, to permit further solicitation of proxies in the event, based on the tabulated votes, there are not sufficient votes at the time of the special meeting to approve one or more of the proposals presented at the special meeting. In no event will ApolloMed's board of directors adjourn the special meeting without further notice, to a date that is more than 30 days after the date for which the special meeting was originally noticed or if a new record date is fixed for the adjourned meeting.

In the ApolloMed Adjournment Proposal, ApolloMed is asking its stockholders to authorize the holder of any proxy solicited by its board of directors to vote in favor of granting discretionary authority to ApolloMed's board of directors to adjourn the special meeting to another time and place for the purpose of soliciting additional proxies. If ApolloMed's stockholders approve the ApolloMed Adjournment Proposal, ApolloMed could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from ApolloMed stockholders who have previously voted. If ApolloMed adjourns the special meeting, it will not give notice of the time and place of the adjourned meeting other than by an announcement of such time and place at the special meeting.

### Vote Required for Approval

Assuming a quorum is present, approval of the ApolloMed Adjournment Proposal requires the affirmative vote of holders of a majority of the number of shares of ApolloMed stock entitled to vote present in person or represented by proxy at the ApolloMed special meeting. Adoption of the ApolloMed Adjournment Proposal is not conditioned upon the approval of any of the other proposals.

### Recommendation of the ApolloMed Board of Directors

**THE APOLLOMED BOARD OF DIRECTORS RECOMMENDS THAT APOLLOMED STOCKHOLDERS VOTE "FOR" THE APOLLOMED ADJOURNMENT PROPOSAL.**

## THE SPECIAL MEETING OF NMM SHAREHOLDERS

This section contains information for NMM's shareholders regarding this special meeting of NMM shareholders that has been called to consider the approval of the NMM Merger Proposal and the NMM Adjournment Proposal.

### General

NMM is furnishing this joint proxy statement/prospectus to the holders of NMM common stock of the record date in connection with the solicitation of proxies by the NMM board of directors for use at the NMM special meeting and any adjournment or postponement of its special meeting.

### Date, Time and Place

The NMM special meeting will be held on December 6, 2017, at 6:00 p.m., Pacific Standard Time, at 1668 S. Garfield Avenue, 3<sup>rd</sup> Floor, Alhambra, California 91801.

### Purpose of the NMM Special Meeting

At the NMM special meeting, NMM shareholders will be asked to consider and vote upon the following matters:

(1) The NMM Merger Proposal; and

(2) The NMM Adjournment Proposal.

### Recommendation of the NMM Board of Directors

The NMM board of directors has determined that it is advisable and in the best interest of NMM and its shareholders to enter into the Merger Agreement and the NMM board of directors has authorized and approved the terms of the Merger Agreement and the transactions contemplated thereby. Certain factors considered by the NMM board of directors in reaching its decision to adopt and approve the Merger Agreement and the Merger can be found in the section of this joint proxy statement/prospectus entitled “THE MERGER – NMM Reasons for the Merger” beginning on page 116.

The NMM board of directors recommends that NMM shareholders vote “FOR” the NMM Merger Proposal and “FOR” the NMM Adjournment Proposal.

#### NMM Record Date and Quorum

The NMM board of directors has fixed the close of business on November 17, 2017 as the record date for the NMM special meeting. Only holders of record of shares of NMM common stock on the NMM record date are entitled to vote at the NMM special meeting. Each share of NMM common stock entitles the holder to one vote at the NMM special meeting on each proposal or action to be considered at the NMM special meeting.

As of the NMM record date, there were 399,602,118 shares of NMM common stock outstanding and entitled to vote at the NMM special meeting held by approximately 258 holders of record. Each share of NMM common stock entitles the holder to one vote at the NMM special meeting on each proposal to be considered at the NMM special meeting.

The presence of holders of at least a majority of the outstanding shares of NMM common stock is required to constitute a quorum. Shareholders present in person or by proxy will be counted for purposes of determining whether a quorum is present.

In the event that a quorum is not present, or if there are insufficient votes to approve the principal terms of the Merger and the Merger Agreement at the time of the special meeting, it is expected that the special meeting will be adjourned or postponed to solicit additional votes. As of the record date for the special meeting, 199,801,060 shares of NMM’s common stock would be required to achieve a quorum.

Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. have each entered into an agreement with ApolloMed pursuant to which each has agreed to vote all of the shares of NMM common stock owned or controlled by them in favor of the Merger and the Merger Agreement. As of the close of business on November 17, 2017, the record date for the special meeting, Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. collectively owned, directly or indirectly, 106,548,833 shares of NMM common stock, which represented approximately 26.7% of the outstanding shares of NMM common stock.

A complete list of shareholders of record entitled to vote at the special meeting will be available for 10 days before the special meeting at NMM's principal executive office for inspection by shareholders during ordinary business hours for any purpose germane to the special meeting.

#### Vote Required for Approval.

Assuming a quorum is present, approval of the NMM Merger Proposal requires the affirmative vote of NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders. The NMM Adjournment Proposal requires the affirmative vote of a majority of the outstanding shares of NMM stock entitled to vote present in person or represented by proxy at the NMM special meeting.

The NMM Merger Proposal and the NMM Adjournment Proposal are not conditioned on each other. If the NMM Merger Proposal does not receive the requisite vote for approval, then ApolloMed and NMM will not consummate the Merger.

#### Dissenters' Rights

NMM shareholders are entitled to the right to seek appraisal of the fair value of their shares of NMM common stock under Chapter 13 of the California Corporations Code. See the section titled "THE MERGER – Dissenters' Rights" beginning on page 140 of this joint proxy statement/prospectus.

#### Abstentions and Failure to Vote

If you are a NMM shareholder and mark “ABSTAIN” on your proxy with respect to the NMM Merger Proposal and the NMM Adjournment Proposal, NMM will count the proxy with respect to the NMM Merger Proposal and NMM Adjournment Proposal as present for purposes of determining whether a quorum is present, but for purposes of approval an abstention will have the same effect as a vote “AGAINST” the NMM Merger Proposal and the NMM Adjournment Proposal.

If you fail to submit a proxy card or vote at the special meeting, your shares will not be counted for purposes of determining a quorum. If you are a NMM shareholder of record and fail to submit a proxy card or vote at the special meeting, your shares will not be counted toward the total vote and will have no effect on the NMM Adjournment Proposal but will be considered a vote “AGAINST” the NMM Merger Proposal.

#### Manner of Submitting Proxy

Whether or not you plan to attend the NMM special meeting in person, you should submit your proxy as soon as possible. If you own shares of NMM common stock in your own name, you are an owner or holder of record. This means that you may use the enclosed proxy card to tell the persons named as proxies how to vote your shares of NMM common stock. You may vote your shares of NMM common stock held of record in any of the following ways:

*In Person* — To vote in person, come to the NMM special meeting and you will be able to vote by ballot. To ensure that your shares of NMM capital stock are voted at the NMM special meeting, the NMM board of directors recommends that you submit a proxy even if you plan to attend the NMM special meeting.

*By Mail* — To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the enclosed return envelope. If you return your signed proxy card to NMM before the NMM special meeting, the persons named as proxies will vote your shares of NMM common stock as you direct.

Submitting a proxy will not affect your right to vote in person if you decide to attend the NMM special meeting.

The NMM board of directors has appointed Kenneth Sim and Thomas Lam to serve as proxies for the NMM special meeting.

If a proxy card is signed and returned without an indication as to how the shares of NMM common stock represented by the proxy are to be voted with regard to the proposal, the NMM common stock represented by the proxy will be voted “FOR” such proposal. As of the date of this joint proxy statement/prospectus, NMM has no knowledge of any business that will be presented for consideration at the NMM special meeting and which would be required to be set forth in this joint proxy statement/prospectus other than the matters set forth in the accompanying Notice of Special Meeting of Shareholders of NMM. In accordance with the NMM Bylaws and California law, business transacted at the NMM special meeting will be limited to those matters set forth in such notice.

Your vote as an NMM shareholder is very important. Please submit your proxy as soon as possible, whether or not you plan to attend the NMM special meeting in person.

#### Revocation of Proxies and Voting Instructions

If your shares of NMM common stock are registered in your own name, you may revoke your proxy in one of the following ways by:

Attending the NMM special meeting and voting in person. Your attendance at the NMM special meeting will not by itself revoke a proxy. You must vote your shares by ballot at the NMM special meeting to revoke your proxy;

Completing and submitting a new valid proxy card bearing a later date; or

Sending written notice of revocation to NMM at Network Medical Management, Inc., Attn: Secretary, 700 1668 S. Garfield Avenue, 3<sup>rd</sup> Floor, Alhambra, California 91801, which notice must be received before noon, Pacific Standard Time, on December 5, 2017.

#### Tabulation of Votes

NMM will appoint Sue Kin Lee as inspector of election for the NMM special meeting to tabulate the affirmative and negative votes and abstentions.

#### Solicitation of Proxies

The cost of solicitation of proxies from NMM shareholders will be borne by NMM. In addition to solicitation by use of the mail, proxies may be solicited by directors, officers and employees of NMM in person. These directors, officers and employees will not receive additional compensation for their efforts but will be reimbursed for reasonable out-of-pocket expenses they incur in connection with the solicitation. NMM will reimburse custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in forwarding of solicitation materials to the beneficial owners of NMM common stock and collecting voting instructions.



Assistance

If you need assistance in completing your proxy card or have questions regarding the various voting options with respect to the NMM special meeting, please contact:

Network Medical Management, Inc.

1668 S. Garfield Avenue, 3rd Floor

Alhambra, California 91801

Attention: Thomas Lam, M.D.

Chief Executive Officer

Telephone: (626) 282-0288

## PROPOSALS SUBMITTED TO NMM SHAREHOLDERS

### NMM PROPOSAL 1 – APPROVAL OF THE NMM MERGER PROPOSAL

As discussed in this joint proxy statement/prospectus, NMM is asking its shareholders to approve the NMM Merger Proposal, which includes an approval of the Merger, the Merger Agreement and the transactions contemplated thereby, including the issuance of shares of ApolloMed common stock and warrants in connection therewith.

For a summary of and detailed information regarding this proposal, see the information about the Merger Agreement and the issuance of shares of ApolloMed common stock and warrants in the Merger throughout this joint proxy statement/prospectus, including the information set forth in sections entitled “THE MERGER” beginning on page 105 and “THE MERGER AGREEMENT” beginning on page 144. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. You are urged to read carefully this joint proxy statement/prospectus and the Merger Agreement attached hereto in their entirety before voting on this proposal.

Under the terms of the Merger Agreement, Merger Sub will merge with and into NMM, with NMM becoming a wholly-owned subsidiary of ApolloMed. The Merger has been structured to qualify for federal income tax purposes as a tax-deferred reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986.

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share. At the Effective Time, ApolloMed will hold back the Holdback Shares to secure indemnification of ApolloMed and its affiliates under the Merger Agreement. Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares).

The terms of, reasons for and other aspects of the Merger Agreement, the Merger and the issuance of shares of ApolloMed common stock and warrants pursuant to the Merger Agreement are described in detail in the other sections in this joint proxy statement/prospectus.

#### Vote Required for Approval.

Assuming a quorum is present, approval of the NMM Merger Proposal requires the affirmative vote of NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders.

The NMM Merger Proposal and the NMM Adjournment Proposal are not conditioned on each other. If the NMM Merger Proposal does not receive the requisite vote for approval, then ApolloMed and NMM will not consummate the Merger.

#### Dissenters' Rights

NMM shareholders are entitled to the right to seek appraisal of the fair value of their shares of NMM common stock under Chapter 13 of the California Corporations Code. See the section titled "THE MERGER – Dissenters' Rights" beginning on page 140 of this joint proxy statement/prospectus.

#### Recommendation of the NMM Board of Directors

THE NMM BOARD OF DIRECTORS RECOMMENDS THAT NMM SHAREHOLDERS VOTE "FOR" THE NMM MERGER PROPOSAL.

## NMM PROPOSAL 2 — APPROVAL OF THE NMM ADJOURNMENT PROPOSAL

The NMM Adjournment Proposal, if adopted, will allow NMM's board of directors to adjourn the special meeting to a later date or dates, if necessary or appropriate, to permit further solicitation of proxies in the event, based on the tabulated votes, there are not sufficient votes at the time of the special meeting to approve one or more of the proposals presented at the special meeting. In no event will NMM's board of directors adjourn the special meeting without further notice, to a date that is more than 30 days after the date for which the special meeting was originally noticed or if a new record date is fixed for the adjourned meeting.

In the NMM Adjournment Proposal, NMM is asking its shareholders to authorize the holder of any proxy solicited by its board of directors to vote in favor of granting discretionary authority to NMM's board of directors to adjourn the special meeting to another time and place for the purpose of soliciting additional proxies. If NMM's shareholders approve the NMM Adjournment Proposal, NMM could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from NMM shareholders who have previously voted. If NMM adjourns the special meeting, it will not give notice of the time and place of the adjourned meeting other than by an announcement of such time and place at the special meeting.

### Vote Required for Approval

Assuming a quorum is present, approval of the NMM Adjournment Proposal requires the affirmative vote of holders of a majority of the number of shares of NMM stock entitled to vote present in person or represented by proxy at the NMM special meeting. Adoption of the NMM Adjournment Proposal is not conditioned upon the approval of any of the other proposals.

### Recommendation of the NMM Board of Directors

**THE NMM BOARD OF DIRECTORS RECOMMENDS THAT NMM SHAREHOLDERS VOTE "FOR" THE NMM ADJOURNMENT PROPOSAL.**

## THE MERGER

*The following discussion contains certain information about the Merger. The discussion is subject, and qualified in its entirety by reference, to the Merger Agreement and Amendments attached as Annex A to this joint proxy statement/prospectus. NMM and ApolloMed urge you to read carefully this entire joint proxy statement/prospectus, including the Merger Agreement and Amendments attached as Annex A for a more complete understanding of the Merger.*

### General

Each of the respective boards of directors of ApolloMed and NMM has approved the Merger Agreement and the transactions contemplated therein, including the Merger. Pursuant to the Merger Agreement, Merger Sub, a wholly owned subsidiary of ApolloMed, will merge with and into NMM, with NMM continuing as the surviving entity and a wholly owned subsidiary of ApolloMed. The Merger will be effective upon the filing of the Certificate of Merger with the Secretary of State of the State of California or at such later time as is agreed to by the parties and specified in the Certificate of Merger. The time at which the Merger becomes effective is referred to as the “Effective Time”.

At the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time. In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share.

For purposes of calculating the exchange ratio, (A) the aggregate number of shares of ApolloMed common stock held by the NMM shareholders immediately following the Effective Time will exclude (i) any shares of ApolloMed common stock owned by NMM shareholders immediately prior to the Effective Time, (ii) the Additional Shares and (iii) any ApolloMed common stock issuable to NMM shareholders pursuant to the exercise of the ApolloMed Warrants and/or the Warrant Consideration and (B) the total number of issued and outstanding shares of ApolloMed common stock immediately following the Effective Time shall exclude 499,000 shares of ApolloMed common stock issued or issuable to Alliance under the Alliance Note pursuant to the Securities Purchase Agreement between ApolloMed and Alliance dated as of March 30, 2017 (the “Securities Purchase Agreement”).

In connection with the Merger Agreement, it is contemplated that Warren Hosseinion, M.D., the sole shareholder of MMG, will sell to APC-LSMA (an entity in which Dr. Thomas Lam is the sole shareholder and the sole executive officer, but which is controlled and consolidated by APC) all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement.

The closing price of ApolloMed common stock on the OTC Pink on December 21, 2016, the last full trading day prior to the public announcement of the Merger, was \$3.99. The closing price of ApolloMed common stock on the OTC Pink on November 10, 2017, the last practicable full trading day prior to the date of this joint proxy /prospectus, was \$7.79.

## Background of the Merger

### ApolloMed Overview

Apollo Medical Holdings, Inc. was incorporated in the State of Delaware on November 1, 1985 under the name McKinnely Investment, Inc. On November 5, 1986 McKinnely Investment, Inc. changed its name to Acculine Industries, Incorporated and Acculine Industries, Incorporated changed its name to Siclone Industries, Incorporated on May 24, 1988. On July 3, 2008, Apollo Medical Holdings, Inc. merged into Siclone Industries, Incorporated and Siclone Industries, Incorporated, as the surviving entity from the merger, simultaneously changed its name to Apollo Medical Holdings Inc.

ApolloMed is a physician-centric, integrated population health management company working to provide coordinated outcomes-based medical care in a cost-effective manner. Led by a management team with over a decade of experience, ApolloMed has built a company and culture that is focused on physicians providing high-quality medical care, population health management and care coordination for patients, particularly senior patients and patients with multiple chronic conditions. ApolloMed believes it is well-positioned to take advantage of changes in the rapidly evolving U.S. healthcare industry, as there is a growing national movement towards more results-oriented healthcare centered on the triple aim of patient satisfaction, high-quality care and cost efficiency.

## NMM Overview

Network Medical Management, Inc. is a California corporation formed in 1994. NMM, together with its subsidiaries and affiliated physician groups, constitutes a patient- and physician-centric, integrated health care delivery and management services company focused on providing coordinated, outcomes-based medical care in a cost-effective manner. Through capitation agreements between NMM's affiliated physician groups and various health plans, NMM is responsible for coordinating the care for over 600,000 covered patients in southern and central California through a network of over 10 IPAs with approximately 4,000 contracted physicians. These covered patients are comprised of managed care members whose health coverage is provided through their employer or who have individually acquired health coverage directly from a health plan or as a result of their eligibility for Medicaid or Medicare benefits.

The patients of NMM's affiliated physician groups and IPAs benefit from an integrated approach to medical care that places the physician at the center of patient care. NMM manages the delivery of healthcare services to patients via a network of affiliated physician groups and other network primary care physicians, network hospitals, and affiliated group and network specialists. Together with case managers, registered nurses and other care coordinators, these medical professionals utilize a comprehensive data analysis engine, sophisticated risk management techniques and clinical protocols to provide high-quality, cost effective care to NMM's managed members. NMM monitors certain control metrics, such as the number of inpatient acute bed days per 1,000 patients and hospital readmission rates, as they are contributors to quality clinical outcomes and financial performance. Additionally, in an effort to identify changes or trends with respect to its commercial, senior and Medicaid payer classifications, NMM closely monitors the number of managed care members who have enrolled with a NMM affiliated physician group as such member's primary care physician.

NMM is headquartered in, and primarily operates from, Los Angeles County, California.

## Background of the Merger between ApolloMed and NMM

The management teams and boards of directors of each of ApolloMed and NMM have been actively monitoring and assessing developments in the population health management industry and are generally aware of the business activities of other major health management companies, especially those companies located in California. As a result, executives and board members from each of ApolloMed and NMM are generally familiar with the other company's business and operations.

In addition, in light of the economic and regulatory landscape and trends in the U.S. healthcare system and ApolloMed's need for additional financing to succeed, ApolloMed management has from time to time reviewed and

considered potential strategic alternatives to grow the company's business, including mergers and strategic combinations with other industry participants with a strong financial position. These strategic alternatives have been reviewed by the ApolloMed board periodically since ApolloMed became a publicly held company in June 2008 through a reverse merger. The ApolloMed board also has explored financing opportunities periodically to satisfy the company's requirements. In reviewing different strategic opportunities, the ApolloMed board has prioritized long-term value for stockholders and directed management to focus on identifying companies with complementary service capabilities and management expertise which, if combined with ApolloMed, could offer synergies, including increased operational scale, reduced risk and administrative costs, potential for introducing ApolloMed's core capabilities (including management of chronically ill, high-risk patients, hospitalist medicine, hospice/palliative care, home-health care and population health management consulting services) to another network of IPAs, addition of new expertise (such as NMM's management services and case management system), increased demand for "bundled" services, transitioning to a value-based reimbursement business model, and ApolloMed's NGACO program. The ApolloMed board and management also shared the view that any potential pursuit of a strategic combination should strengthen the combined company's balance sheet and enable a post-transaction uplisting to a major stock exchange (such as NASDAQ) and thus enhancing ApolloMed's ability to raise additional financing in the public markets. Since 2008, ApolloMed management has had multiple interactions with different parties, including NMM. Following is a chronological record of material events leading up to event of the Merger Agreement and announcement of the pending Merger.

On August 19, 2014, Mr. Gary Augusta, ApolloMed's current Executive Chairman, outlined to the ApolloMed board a plan to raise capital in the public equity markets through a mid-sized broker dealer ("Broker"). In August 2014, management entered into discussions with the Broker, who was formally engaged in November 2014.



In early 2015, to continue exploring alternatives, ApolloMed entered into non-disclosure agreements with certain private equity groups for ApolloMed management to exchange information and discuss potential strategic opportunities with them. These discussions did not lead to any concrete proposal.

On March 9, 2015, ApolloMed filed a registration statement on Form S-1 in connection with the proposed public offering. After review and pre-effective amendments, the S-1 was declared effective by the staff of the SEC on May 14, 2015.

In May 2015, ApolloMed management had a series of meetings with potential investors as part of an investor roadshow for a proposed underwritten public offering and on May 7, 2015, ApolloMed filed, and the SEC declared effective, a Form S-1 Registration Statement in connection therewith. On June 1, 2015, ApolloMed management updated the board of directors on progress of the public offering. In early June 2015, the Broker that had been engaged to manage the proposed ApolloMed public offering communicated to ApolloMed management that, to consummate the public offering, ApolloMed would need to increase the amount of previously-discussed warrant coverage, with freely tradable warrants having their own ticker symbol, to be offered in addition to its common stock. On June 9, 2015, ApolloMed management engaged in a discussion with the ApolloMed board regarding ApolloMed's financing efforts (including an overview by Mr. Augusta of the investor roadshow) and management determined that it was not in the best interests of ApolloMed's stockholders to complete the public offering on the basis proposed by Broker.

On July 27, 2015, after several discussions and a meeting in New York City with Warren Hosseinion, M.D., ApolloMed's Chief Executive Officer, Private Equity Firm A sent a proposal to Dr. Hosseinion to indicate its interest in investing in newly-issued capital stock of ApolloMed. As part of its proposal, Private Equity Firm A expected the securities to feature certain preemptive rights, negative controls and exit rights. Certain of the terms of Private Equity Firm A's proposal were determined to be unacceptable to ApolloMed.

On July 28, 2015, the ApolloMed board discussed various positive and negative aspects of both public and private capital structures, as well as NASDAQ uplisting requirements.

On August 12, 2015, Dr. Hosseinion held a meeting with Kenneth Sim, M.D. and Thomas Lam, M.D., NMM's current Chairman and Chief Executive Officer, respectively. At that meeting, Dr. Hosseinion, Dr. Sim and Dr. Lam first discussed a possible investment by NMM in ApolloMed, which could be a prelude to a possible business combination, as well as the potential advantages of a combined company, including increased and synergistic operational expertise, capabilities and scale, an experienced management team with complementary skills and the potential to access additional sources of capital.

On August 20, 2015, ApolloMed management discussed with the ApolloMed board of directors the option of pursuing private investment in ApolloMed, as well as the possibility of relaunching a public offering. A stock purchase agreement for use in connection with a private investment was prepared and circulated. The private offering was delayed and ultimately not pursued after preliminary outreach to select individual investors.

On August 24, 2015, Dr. Sim informed the NMM board of a possible business combination with ApolloMed. The NMM board approved Drs. Sim and Lam to continue to pursue a possible business combination with ApolloMed.

On September 13, 2015, Dr. Hosseinian made a presentation to the NMM board, setting forth a rationale for NMM investment in ApolloMed and to raise the possibility of forming a combined patient-centered, physician-centric integrated healthcare delivery company focused on cutting costs, improving care and preparing for challenges and opportunities presented by the future of U.S. healthcare.

On September 15, 2015, the ApolloMed board discussed various strategic alternatives (including possibly renewing efforts to complete a public offering) and discussed the status of management's discussions with Private Equity Firm A. ApolloMed management examined options for capital raises with the ApolloMed board and determined that, as Private Equity Firm A was seeking preferential rights akin to those granted by private companies in early-stage preferred stock financings, its proposal was not practically viable and was not in the best interest of ApolloMed and its stockholders. After a discussion with the ApolloMed board, ApolloMed management determined to continue discussions regarding the potential investment from NMM.

On September 17, 2015, Dr. Hosseinion made a presentation to the NMM executive board regarding ApolloMed's history, structures, financial picture, strategy and direction. A possible business combination and preliminary deal points were also discussed.

On September 18, 2015, NMM and ApolloMed signed a non-disclosure agreement with ApolloMed in order to exchange information and documents and to conduct due diligence on each other. Subsequently, the parties negotiated the key terms of an approximately \$10 million investment by NMM in ApolloMed in the form of units consisting of Series A preferred stock at a price of \$9.00 per share (which was consistent with the pricing of a prior investment that ApolloMed received from an investing unit of Fresenius Medical Care), and 100% warrant coverage. ApolloMed management discussed with the board of directors that the NMM investment could be used to pay off the Fresenius debt, and that NMM considered such a financing to be the first step toward a merger of the companies.

On September 21, 2015, the NMM board discussed the proposed business combination, including due diligence.

On October 12, 2015, the NMM board reviewed with management the key terms of the proposed \$10 million investment in ApolloMed by NMM.

On October 13, 2015, the ApolloMed board approved (i) the proposed \$10 million investment in ApolloMed by NMM, and (ii) the repayment of the NNA debt.

On October 14, 2015, ApolloMed and NMM entered into a Securities Purchase Agreement, pursuant to which NMM purchased investment units from ApolloMed consisting of 1,111,111 shares of ApolloMed's Series A Preferred Stock and warrants to purchase 1,111,111 shares of ApolloMed's common stock at an exercise price of \$9.00 per share, for an aggregate \$10,000,000. See "Related Party Transactions" beginning on page 198 for additional information.

On October 16, 2015, ApolloMed received a pay-off letter from NNA relating to its debt, and negotiations continued regarding the conversion of NNA securities into ApolloMed common stock, which was completed on November 17, 2015.

On October 19, 2015, the NMM board discussed the proposed business combination. NMM has been represented by Tin Kin Lee Law Offices for the proposed business combination.

Dr. Hosseinion discussed and met with NMM management and the parties reached a consensus that, before pursuing a potential business combination, the companies should first deepen their collaboration through ApolloMed providing services to entities affiliated with NMM, including hospitalist services for APC and management services for NMM's two MSSP ACOs.

On November 17, 2015, management briefed the ApolloMed board on ongoing capital raising possibilities and NASDAQ uplisting, and in subsequent meetings ApolloMed management continued to consider and explore capital-raising opportunities (including by public offering and NASDAQ uplisting).

In addition to exploring a possible business combination with NMM, ApolloMed management was also examining other strategic opportunities. On December 18, 2015, Dr. Hosseinion had a conference call with the Chief Executive Officer of Company X, a NASDAQ-listed healthcare company, to assess the parties' interest in exploring a potential business combination. To facilitate exchange of information and documents, on December 19, 2015, ApolloMed and Company X entered into a non-disclosure agreement. On January 1, 2016, Dr. Hosseinion met several members of Company X's senior management team at its offices. On January 12, 2016, Dr. Hosseinion and Mr. Augusta held a meeting with executives of Company X during the J.P. Morgan 34th Annual Healthcare Conference in San Francisco. To continue exploring this opportunity, on January 19, 2016, based on Company X's financial condition and the perceived value of Company X and ApolloMed, respectively, Dr. Hosseinion emailed a preliminary proposal to Company X. Under that proposal, if the potential business combination were consummated, ApolloMed's stockholders would acquire a substantial majority of the combined company. This offer was subsequently rejected. On June 2, 2016, Dr. Hosseinion had a follow-up meeting with executives of Company X. Afterwards, discussions with Company X were discontinued. ApolloMed management also held discussions at that time with Company Y regarding possible strategic and investment opportunities between the companies, which ultimately were discontinued.

On January 19, 2016, pursuant to ApolloMed's agreements with NMM and an investing unit of Fresenius, the ApolloMed board appointed Dr. Lam to the board after having appointed a few days earlier another director, Mr. Mark Fawcett, a senior executive with Fresenius.

On February 1, 2016, ApolloMed started to provide hospitalist services for APC, an affiliate of NMM, at seven hospitals.

Subsequently, Dr. Hosseinion and NMM began discussions about the possibility of a second round of financing to be provided by NMM, including the basic terms and conditions of such financing.

On February 18, 2016, ApolloMed management discussed with the ApolloMed board how to expand its relationship with NMM, including potentially through a further investment management had been discussing with NMM and continued exploration of a business combination transaction with NMM.

On February 22, 2016, Dr. Hosseinion presented to the NMM board regarding the possibility of NMM making an additional investment in ApolloMed as well as the possibility of a business combination between the two companies.

On February 25, 2016, Dr. Hosseinion and Mr. Augusta met with Drs. Sim and Lam to discuss further the terms and conditions of an additional investment in ApolloMed by NMM.

On March 17, 2016, management briefed the ApolloMed board on the terms of the proposed Series B investment by NMM and discussed that NMM communicated its desire to continue to explore a business combination transaction.

On March 19, 2016, Dr. Hosseinion made a presentation at a shareholder meeting of NMM, where he introduced ApolloMed's population health management platform and discussed CMS' NGACO initiative.

Subsequently, the parties negotiated the key terms of an approximately \$5 million investment in ApolloMed by NMM, including pricing at \$10.00 per share of preferred stock and 100% warrant coverage.

On March 28, 2016, the ApolloMed board authorized the investment transaction with NMM.

On March 30, 2016, ApolloMed and NMM entered into a Securities Purchase Agreement, pursuant to which NMM purchased investment units from ApolloMed consisting of 555,555 shares of ApolloMed's Series B Preferred Stock and warrants to purchase 555,555 shares of ApolloMed's common stock at an exercise price of \$10.00 per share, for an aggregate \$4,999,995. See "Related Party Transactions" beginning on page 198 for additional information.

Dr. Hosseinion, Dr. Sim and Dr. Lam met again on April 4, 2016 to discuss further a potential business combination. Later that day, Dr. Hosseinion emailed a detailed due diligence list to Dr. Sim. At the April 4, 2016 meeting, the three executives also agreed to form a joint venture that would apply to CMS to participate in CMS' NGACO Model in the name of the joint venture and include certain MSSP ACOs affiliated with NMM. The 50/50 joint venture, APAACO, was formed by ApolloMed and NMM on April 29, 2016. Beginning in May 2016, ApolloMed started to provide management services to two MSSP ACOs affiliated with NMM. See "INFORMATION ABOUT APOLLOMED – Business Description" beginning on page 219 for additional information.

On April 5, 2016, each of ApolloMed and NMM set up electronic data rooms for the other company and its representatives to access due diligence materials. Over the course of the succeeding months, each of the ApolloMed and NMM teams (including their respective legal counsel) performed the due diligence on the other company.

On April 21, 2016, management briefed the ApolloMed board on the overall merger process, including discussion of a proposed timeline, responsibilities and initial due diligence results.

On April 26, 2016, the ApolloMed board discussed various procedural and legal aspects of the proposed business combination. ApolloMed's outside general counsel advised the ApolloMed board on certain legal considerations for its review and consideration of the proposed business combination.

On May 13, 2016, the ApolloMed board, in the absence of Dr. Lam, followed up on prior discussions regarding the potential business combination with NMM. At the meeting, Dr. Hosseinion made a presentation about NMM to the ApolloMed board, including in relation to NMM's financial strength and performance. Dr. Hosseinion next outlined management's rationale for combining the two companies, including operational synergies leading to a value-based-reimbursement business model, an important industry trend, differentiated but complementary expertise allowing each to help the other's business and operations, and combined market and financial strengths for further expansion and capital raising. The ApolloMed board reviewed these benefits against compliance and other costs that could potentially increase as a result of the potential business combination. The ApolloMed board then reviewed with ApolloMed's outside general counsel, SEC Law Firm, the overall legal process and considerations in evaluating and approving the proposed business combination.

On May 19, 2016, the ApolloMed board met and, in the absence of Dr. Lam, Dr. Hosseinion and Mr. Augusta, made a presentation regarding additional information about NMM and the potential transaction and then the ApolloMed board further discussed the proposed business combination, including due diligence topics and the advisability of retaining an investment banking firm for the proposed business combination (as well as the potential firms to take on this role). ApolloMed's outside general counsel again advised the ApolloMed board on certain legal considerations for its review and consideration of the proposed business combination. The meeting was then adjourned to allow the ApolloMed board to visit NMM's offices and to reconvene there. At NMM's offices, Dr. Lam made a presentation to the ApolloMed board on NMM's business, operations and history, the two companies' competitive landscape and benefits created by the proposed business combination.

On June 25, 2016, Dr. Sim updated the NMM board on the status of the proposed business combination.

On July 21, 2016, in the absence of Dr. Lam, the ApolloMed board received from Mr. Augusta updates on the proposed business combination, including the continuing due diligence, the estimated closing schedule and the preliminary plan on post-merger integration. Mr. Augusta reported that after meeting with several financial advisory firms, management recommended BofA Merrill Lynch to serve as financial advisor for ApolloMed in connection with the transaction. After considering the advisory fee proposed by BofA Merrill Lynch and other key terms of the engagement and having a lengthy discussion with all questions being answered, the ApolloMed board authorized management to engage BofA Merrill Lynch.

On July 28, 2016, Dr. Hosseinion met with Dr. Sim and Dr. Lam to discuss the post-merger structure of the combined company and what percentages of the combined company would be owned by former shareholders of NMM and by existing stockholders of ApolloMed, respectively.

On August 15, 2016, Dr. Hosseinion and Mr. Augusta conferred with Dr. Sim and Dr. Lam in person to discuss on-going due diligence. At the meeting, they also exchanged views on the appropriate ownership split and share

exchange ratio.

On August 18, 2016, ApolloMed management updated the ApolloMed board, in the absence of Dr. Lam, on the progress of ApolloMed's due diligence review of NMM and management's prior discussions with NMM about the preliminary terms of the proposed business combination. The ApolloMed board reviewed the preliminary terms of the proposed business combination with management. On the same day, ApolloMed formally engaged McDermott Will & Emery LLP ("MWE") as its legal counsel for the proposed business combination. Subsequently, MWE began to draft the Merger Agreement and assist ApolloMed with legal due diligence.

On August 25 and 26, 2016, Dr. Hosseinion and Mr. Augusta attended NMM's board retreat in San Diego where they discussed and negotiated certain material terms of the proposed business combination with members of the NMM board, including a roughly 80% (for NMM's former shareholders) / 20% (for ApolloMed's existing stockholders) ownership split on a fully diluted basis for the combined company and the mechanism and timing for setting the final exchange ratio, the composition of the initial board of directors of the combined company, as well as a termination fee to the non-defaulting party if the business combination is not consummated. Dr. Hosseinion also presented updates on the NGACO program.

On September 14, 2016, ApolloMed held its 2016 annual stockholders meeting. At the ApolloMed board's meeting following the annual meeting (at which Dr. Lam was not present) representatives from BofA Merrill Lynch reviewed its preliminary financial analyses of the proposed transaction.

On October 1, 2016, Dr. Sim made a presentation to the NMM board regarding the proposed business combination and the mechanics of a reverse merger transaction.



On October 2, 2016, the NMM board reviewed the financials terms of the proposed transaction.

On October 7, 2016, MWE sent a preliminary version of the Merger Agreement to NMM's legal counsel. Over the course of the following weeks, the parties and their representatives exchanged various drafts of the Merger Agreement.

In parallel with pursuing the potential business combination with NMM, ApolloMed management was also actively seeking other strategic options in order to maximize stockholder value. On October 7, 2016, Dr. Hosseinion had a conference call with representatives from Private Equity Firm B, which had invested in healthcare services companies, and discussed its potential interest in a possible investment in ApolloMed. On October 22 and 23, 2016, Dr. Hosseinion had an email exchange with the Vice President of Corporate Development at Company Y, a publicly traded healthcare development and management company, to share information about the two companies and explore the possibility of any strategic transaction between them. On November 2, 2016, Mr. Augusta met with representatives from Private Equity Firm C, a global leading private equity firm in New York City to explore potential investment and acquisition opportunities. On November 7, 2016, Dr. Hosseinion had separate face-to-face discussions with representatives from private equity firms A and B in New York City, to seek potential growth capital investments. These discussions did not lead to any concrete proposal from Company Y or private equity firms A, B and C.

On November 17, 2016, Mr. Augusta provided a status update on the proposed business combination and the due diligence process, and Dr. Sim and Dr. Lam made a further presentation on NMM and its affiliated organizations to the ApolloMed board. Dr. Hosseinion and Mr. Augusta then discussed the two companies' financial performance and answered questions and comments from the ApolloMed board of directors.

On December 11, 2016, Dr. Hosseinion and Mr. Augusta discussed additional details of the Merger Agreement with NMM executives.

On December 12, 2016, a draft of the Merger Agreement was provided to the ApolloMed board. On the next day, the ApolloMed board received a revised draft of the Merger Agreement.

On December 14, 2016, Dr. Hosseinion and Dr. Sim had a telephonic discussion to negotiate certain key items under the Merger Agreement, including the break-up mechanism, the holdback shares, the minimum level of cash to be maintained by NMM at closing, and the final exchange ratio, as well as the terms of the \$5 million working capital loan to be provided to ApolloMed after closing.

On December 15, 2016, Dr. Hosseinion and Mr. Augusta provided the ApolloMed board, in the absence of Dr. Lam, an update on BofA Merrill Lynch's preliminary financial analyses of the proposed business combination. On the same day, ApolloMed formally engaged BofA Merrill Lynch as its financial advisor for the proposed business combination. On December 19, 2016, a further revised draft of the Merger Agreement and drafts of other transaction documents, including a voting agreement by and among ApolloMed and certain NMM shareholders (each, a "Voting Agreement" and together, the "Voting Agreements"), the Lock-Up Agreements to be entered into by all shareholders of NMM (other than any dissenting shareholders), a Consent and Waiver Agreement, the Working Capital Loan, the amendment to the ApolloMed Bylaws and the amendment to the ApolloMed Charter (collectively with the Merger Agreement, "Transaction Documents"), were provided to the ApolloMed board. See "AGREEMENTS RELATED TO THE MERGER" beginning on page 171 for additional information.

On December 20, 2016, the ApolloMed board of directors met for the purpose of considering the proposed business combination. At the meeting, representatives from BofA Merrill Lynch reviewed its preliminary financial analyses of the proposed business combination. The ApolloMed board then received updated reports on the proposed business combination including the status of negotiations with NMM on the Merger Agreement, and reviewed with representatives from MWE, outside legal counsel for the proposed business combination, directors' fiduciary duties and the best practices in connection with considering approval of the Merger Agreement and the underlying transaction and key provisions of the Merger Agreement. A representative from MWE further explained the general framework of the stock-for-stock consideration in the proposed business combination, certain key terms of the Merger Agreement, including transaction structure, closing conditions, transaction consideration (including the exchange ratio) and termination provisions, as well as corporate governance changes that would apply to the combined company following the closing of the Merger, including the future composition of the ApolloMed board and amendments to ApolloMed's Charter and Bylaws. The representative from MWE also discussed various aspects of the Transaction Documents and responded to questions posed by the ApolloMed board. The ApolloMed board then discussed issues related to the then-current versions of the Transaction Documents, including the provision stating that the exchange ratio would be calculated based on the number of shares of ApolloMed's common stock issued and outstanding at closing (which was not likely to be consistent with the exchange ratio assumption that ApolloMed was directing BofA Merrill Lynch to base its fairness opinion on because the number of shares of ApolloMed's common stock issued and outstanding at closing was likely to be different) as well as other recent revisions to the Merger Agreement.

The meeting was adjourned. After the meeting was reconvened later that evening, representatives from BofA Merrill Lynch reviewed its updated financial analyses and rendered its oral opinion, which was subsequently confirmed in writing on December 21, 2016, to the ApolloMed board that, as of the date of the meeting and based upon and subject to the various assumptions and limitations described in such opinion, including the assumption made at the direction of ApolloMed that the exchange ratio would be the assumed exchange ratio, the assumed exchange ratio was fair, from a financial point of view to ApolloMed. Following these presentations and the opportunity for further discussion among the directors about the transaction, after careful deliberation, the ApolloMed board determined that the proposed business combination, based on a 82% (for NMM's former shareholders) / 18% (for ApolloMed's existing stockholders) ownership split of the total issued and outstanding shares of ApolloMed's common stock at closing (after giving effect to the Merger and assuming there would be no dissenting NMM shareholders at closing), was fair to and in the best interests of ApolloMed and its stockholders, approved the Merger Agreement and other Transaction Documents, authorized ApolloMed management to finalize and execute the Merger Agreement and other Transaction Documents (substantially in the form presented to the ApolloMed board) and to consummate the transactions contemplated thereby, and resolved to recommend that ApolloMed stockholders adopt and approve the Transaction Documents and the transactions contemplated hereby, including the Merger.

In reaching its decision, the ApolloMed board placed substantial weight on the benefit of the proximity of the two companies' existing operations in post-merger integration and expansion, the prospect of bringing together two leading, complementary healthcare organizations to form one of the nation's largest integrated population health management companies, which would be well positioned for the ongoing transition of U.S. healthcare to value-based reimbursements (fee for value) from volume-based care.

On December 20, 2016, at a meeting of the NMM board held to evaluate the business combination, Vantage Point rendered to the NMM board an oral opinion, which was confirmed by delivery of a written opinion signed and dated December 21, 2016, to the effect that, as of the date of the opinion, and based upon and subject to the factors, assumptions and limitations set forth therein, the exchange ratio pursuant to the Merger Agreement was fair, from a financial point of view, to NMM and its shareholders. At the meeting, the NMM board determined that the proposed business combination was in the best interests of NMM and its shareholders and authorized NMM management to finalize and execute the Merger Agreement, substantially in the form presented to the NMM board.

In reaching its decision, the NMM board took into consideration, among other factors, that the Merger would allow NMM shareholders to monetize their investment in NMM through owning stock in a publicly-traded company and would enable the combined company to pursue and execute growth opportunities at an expedited pace.

On December 21, 2016, ApolloMed and NMM executed the Merger Agreement. The entry into the Merger was announced on December 22, 2016 in a joint press release issued by ApolloMed and NMM.

On January 3, 2017, NMM provided the \$5 million working capital loan to ApolloMed, which was evidenced by a promissory note requiring repayment on a quarterly basis from February 1, 2017 to the end of January 2019 (the “Original Note”).

On March 30, 2017, upon approval by their respective boards, ApolloMed and NMM executed an amendment to the Merger Agreement in connection with a third-party debt financing that ApolloMed entered into after execution of the Merger Agreement. In connection with such third-party debt financing, which included a guaranty to be provided by NMM, ApolloMed issued a convertible promissory note in consideration for an approximately \$5 million working capital loan. Pursuant to the Merger Agreement amendment, certain shares of ApolloMed’s common stock, including shares issuable to such lender upon conversion of the note, would not be taken into account for purposes of calculating the final exchange ratio at closing of the Merger. In consideration for excluding the shares issuable upon conversion of the note from the calculation of the shares of ApolloMed’s common stock to be issued to NMM shareholders at closing of the Merger and NMM’s guaranty, ApolloMed agreed to issue to NMM shareholders, at closing of the Merger, as part of the merger consideration, warrants to purchase 850,000 shares of ApolloMed’s common stock at an exercise price of \$11.00 per share.

The Merger had not closed by August 31, 2017, the date after which the Merger Agreement was terminable by either party under certain circumstances. Due to its financial condition, ApolloMed began seeking additional financing from NMM and an extension on the payment maturity date under its existing loan with NMM. In September 2017, the parties began discussing possible amendments to the Merger Agreement and a new convertible note to replace the existing five million dollar working capital loan between NMM and ApolloMed, evidenced by the Original Note. During the course of negotiations, ApolloMed received an unsolicited acquisition offer from a NASDAQ-listed company and both ApolloMed and NMM sought and received consent in connection with alternative acquisition proposals. The ApolloMed board met on various occasions throughout September to discuss the financial needs of ApolloMed, the status of negotiations with NMM and actions to be taken in connection with the unsolicited acquisition offer.

The ApolloMed board gave the unsolicited acquisition offer due consideration and discussed such proposal at some length. High level diligence was performed relating to the potential merger partner based on public filings and further ApolloMed board discussions ensued. After discussions and diligence review, the ApolloMed board decided the unsolicited acquisition proposal was not in the best interests of ApolloMed or its stockholders and decided to continue to pursue the business combination with NMM.

On October 15, 2017, a meeting of the ApolloMed board was held to evaluate the proposed (i) amendment to the Merger Agreement (“Amendment No. 2”), (ii) amendment to the existing Alliance Note (the “Alliance Note Amendment”) and (iii) restatement of the Original Note with NMM (the “Restated NMM Note”). At the meeting, the ApolloMed board determined that the proposed transactions were in the best interests of ApolloMed and its stockholders and authorized ApolloMed management to finalize and execute Amendment No. 2, the Restated NMM Note, the Alliance Note Amendment and related documentation.

In connection with the amendments to the Merger Agreement, neither ApolloMed nor NMM sought updated fairness opinions due to timing and cost considerations.

Pursuant to Amendment No. 2, the merger consideration was amended to provide that each outstanding share of NMM common stock will be converted into the right to receive such number of shares of ApolloMed common stock that would result in the NMM shareholders having a right to receive (i) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the consummation of the Merger (assuming there are no NMM dissenting shareholder interests as of the effective time of the Merger), plus (ii) an aggregate of 2,566,666 shares of ApolloMed common stock. In addition, Amendment No. 2 provides that each NMM shareholder will be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock exercisable at \$10.00 per share. Amendment No. 2 contains other changes, including provisions extending the End Date to March 31, 2018.

Amendment No. 2 also contemplates NMM to provide a new working capital loan in the amount of \$9,000,000, which is convertible into shares of common stock of ApolloMed at \$10 per share. Of the principal amount, (A) \$5,000,000 is required to be used to refinance the Original Note and (B) \$4,000,000 is to be used for working capital. The Restated NMM Note cancels and replaces the Original Note.

In addition, under the terms of the Restated NMM Note, in the event that ApolloMed fails to repay the Alliance Note in full when due, NMM agrees and undertakes to pay Alliance all amounts owed by ApolloMed to Alliance or enter into another agreement with Alliance. The Restated NMM Note has also been amended and restated to include (i) an extension of the maturity date to the earlier of (A) March 31, 2019 or (B) 12 months after the date the Merger Agreement is terminated, (ii) the increase in the principal amount of the Restated NMM Note to \$13,990,000 if ApolloMed fails to pay the Alliance Note and NMM either pays all amounts owed under the Alliance Note or enters into another agreement with Alliance (such that in either case the Alliance Note is cancelled) and (iii) a conversion feature allowing the Restated NMM Note to be converted into shares of ApolloMed common stock at \$10.00 per share with such conversion, if exercised in accordance with the terms of the Restated NMM Note, becoming effective on the maturity date.

## ApolloMed's Reasons for the Merger

In approving and authorizing the Merger Agreement and the Merger, the ApolloMed board of directors considered a number of factors. Although the following discussion sets forth the material factors considered by the ApolloMed board of directors in reaching its determination, it may not include all of the factors considered by the ApolloMed board. In light of the number and wide variety of factors considered in connection with its evaluation of the Merger Agreement and the Merger, the ApolloMed board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination. The ApolloMed board of directors viewed its position and determinations as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors.

In evaluating the Merger Agreement and the Merger, the ApolloMed board of directors consulted with ApolloMed's management and legal and financial advisors, reviewed a significant amount of information, and considered a number of factors, including, among others, the following factors that the ApolloMed board viewed as supportive of its decision, to approve the Merger Agreement and the Merger, as being advisable, fair and in the best interests of ApolloMed and the ApolloMed's stockholders:

- the likelihood of increased scale, including financial, clinical, network size and operational attributes, which would create near and long-term value for both ApolloMed stockholders and NMM shareholders;

- historical and current financial condition of ApolloMed and NMM and the ability to take on more strategic risk and have less stockholder risk;

- the combined company's increased management expertise following the Merger;

- historical and current financial market conditions;

- the highly strategic nature of the Merger, which would combine two physician-driven companies to create one of the nation's leading physician services organizations, offering end-to-end solutions;

- savings opportunity to migrate ApolloMed to value-based reimbursement;

- ApolloMed's liquidity position;

- the likelihood of establishing a leading position in the population health management setting;

- ApolloMed's historical stock prices and trading volumes;

- the capability to manage patient care and influence high-quality at lower costs across the continuum of care;

- the possibility of geographic expansion;

- the likelihood of growth opportunities from combining highly synergistic operational expertise and capabilities with highly complementary physician-centric cultures, management and clinical capabilities;

- the ability to leverage technology and data expenditures and platforms;

- historical and current information concerning NMM's business, operations and management and the results of the due diligence investigation of NMM conducted by ApolloMed's management and advisors;



- increased demand for “bundled” services, hospitalist and post-acute care services;

- the combined company’s steady EBITDA streams, which enhances the combined company’s ability to uplist to NASDAQ in connection with the Merger;

- the ability to raise additional capital;

- the potential for increased cash flow;

- ApolloMed’s ability to commence new CMS and payor programs while protecting against any reimbursement changes following the Merger;

- the likelihood of retaining key NMM employees to manage the combined company;

- the likelihood that the Merger will be consummated on a timely basis;

- the possibility that the combined entity would be able to take advantage of the potential benefits resulting from the combination of the ApolloMed public company infrastructure and experienced NMM management team and board and business know-how;

- the prospect of receiving a working capital loan in the principal amount of \$5,000,000 from NMM within five business days following the execution of the Merger Agreement pursuant to the terms of the Merger Agreement; and

- the opinion of BofA Merrill Lynch, dated December 21, 2016, to ApolloMed’s board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the exchange ratio to ApolloMed, assuming, at the direction of ApolloMed, that the exchange ratio would be 0.07002656301, as more fully described below in the section entitled “Opinion of ApolloMed’s Financial Advisor.”

The ApolloMed board of directors also carefully considered and discussed a number of risks, uncertainties, and other countervailing factors in its deliberations regarding entering into the Merger Agreement and consummating the Merger, including, among others, the following:

- the risk that the conditions to the Merger will not be satisfied;

the risks and substantial costs, including public company costs, and the difficulty of obtaining additional financing on terms favorable to ApolloMed or at all to cover such costs of ApolloMed remaining a stand-alone publicly traded company, instead of agreeing to a transaction with NMM;

the uncertainty of the trading price of ApolloMed common stock after announcing the Merger and after closing the Merger;

- the possibility that the anticipated benefits of the Merger may not be realized or may be lower than expected;
- the potential limitations on ApolloMed's operations due to pre-closing covenants in the Merger Agreement;
- the effect of the public announcement of the Merger on ApolloMed's operations, stock price, and employees;
- the disruption that may be caused by failure to complete the Merger;

the substantial fees and expenses incurred by ApolloMed in connection with the Merger, which will be incurred whether or not the Merger is completed; and

other risks described in the sections entitled "Risk Factors" and "Forward-Looking Statements" beginning on page 29 and 100, respectively, of this joint proxy statement/prospectus.

The ApolloMed board of directors believes that, overall, the potential benefits to ApolloMed stockholders of the Merger Agreement, the Merger and the other transactions contemplated thereby outweigh the risks and uncertainties.

Although this discussion of the information and factors considered by the ApolloMed board of directors is believed to include the material factors it considered, it is not intended to be exhaustive and may not include all of the factors considered by the ApolloMed board. The ApolloMed board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the Merger Agreement and the transactions contemplated thereby are fair to, advisable, and in the best interests of ApolloMed and its stockholders. The ApolloMed board of directors based its determination on the totality of the information presented to and factors considered by it. In addition, individual members of the ApolloMed board may have given differing weights to different factors.

#### NMM's Reasons for the Merger

In approving and authorizing the Merger Agreement and the Merger, the NMM board of directors considered a number of factors. Although the following discussion sets forth the material factors considered by the NMM board of directors in reaching its determination, it may not include all of the factors considered by the NMM board. In light of the number and wide variety of factors considered in connection with its evaluation of the Merger Agreement and the Merger, the NMM board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination. The NMM board of directors viewed its position and determinations as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors.

In evaluating the Merger Agreement and the Merger, the NMM board of directors consulted with NMM's management and legal and financial advisors, reviewed a significant amount of information, and considered a number of factors, including, among others, the following factors that the NMM board viewed as supportive of its decision, to approve the Merger Agreement and the Merger, as being advisable, fair and in the best interests of NMM and the NMM's shareholders:

- the Merger will allow NMM shareholders to monetize their investment in NMM, providing the NMM shareholders with the ability to obtain liquidity in the form of registered shares of ApolloMed common stock, subject to the restrictions set forth in the Merger Agreement;

- the inclusion of ApolloMed common stock in the merger consideration provides NMM shareholders the ability to participate in the future results of the combined company;

the expectation that the combined company will provide additional and significant sources of capital growth essential to execute NMM's vision of transforming the national healthcare delivery system;

NMM will be able to pursue growth opportunities more quickly and easily than it could as a private company, including: (1) market and geographic expansion and (2) enhanced business development capabilities;

the Merger presents an opportunity to partner with a mission and values driven organization that can augment NMM's values and culture;

the possible strategic alternatives to the Merger, including continuing as a standalone company, an initial public offering, private equity financing, or a sale or merger with other parties, were evaluated by the NMM board with the assistance of management, and the NMM board determined such alternatives were less favorable to NMM and the NMM shareholders than the Merger given the potential risks, rewards, and uncertainties associated with those alternatives;

NMM management will stay in place following the consummation of the Merger;

- the belief that the combined company will have an increased ability to attract and retain management and medical professionals;

- the expectation that the combined company will have a greater opportunity to impact healthcare public policy than NMM has on a standalone basis; and

- the likelihood that the Merger would be completed, based on, among other things:

- o the absence of significant required regulatory approvals, other than those relating to the HSR Act;

- o Apollo's obligation to pay NMM a \$1.5 million termination fee if the Merger Agreement is terminated under certain circumstances; and

- o the reputation and financial capacity of ApolloMed.

In the course of its deliberations, the NMM board also considered a variety of risks and other countervailing factors related to entering into the Merger Agreement, including, without limitation, the following:

- the fact that NMM will no longer be an independent company and the concern that it will not have autonomy in its decision-making;

- the risk that the Merger could compromise or diminish NMM's distinctive physician-owned, physician-led culture and business model, including the potential impact on current employees, affiliated physicians, and physician group and IPA consolidation opportunities;

- the potential negative consequences that could result from public visibility into NMM's financial statements;

- the fact that the number of shares of ApolloMed common stock offered as consideration is fixed and therefore the total merger consideration at the time of closing may have a greater or lesser value than at the time the Merger Agreement was signed;

- the risk that the Merger might not be completed in a timely manner or at all;

the risks and costs to NMM if the Merger does not close, including the diversion of management and employee attention and the potential effect on NMM's business and its relationships with payors and physicians;

the restrictions on the conduct of NMM's business prior to the completion of the Merger, which may delay or prevent NMM from undertaking business opportunities that may arise and certain other actions it might otherwise take with respect to its operations pending completion of the Merger;

the risk that, while the Merger is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if it is approved by the NMM shareholders; and

other risks described in the sections entitled "Risk Factors" and "Forward-Looking Statements" beginning on page 29 and 100, respectively, of this joint proxy statement/prospectus.

The NMM board of directors believes that, overall, the potential benefits to NMM shareholders of the Merger Agreement, the Merger and the other transactions contemplated thereby outweigh the risks and uncertainties.

Although this discussion of the information and factors considered by the NMM board of directors is believed to include the material factors it considered, it is not intended to be exhaustive and may not include all of the factors considered by the NMM board. The NMM board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the Merger Agreement and the transactions contemplated thereby are fair to, advisable, and in the best interests of NMM and its shareholders. The NMM board of directors based its determination on the totality of the information presented to and factors considered by it. In addition, individual members of the NMM board may have given differing weights to different factors.

## Opinion of ApolloMed's Financial Advisor

ApolloMed has retained BofA Merrill Lynch to act as ApolloMed's financial advisor in connection with the Merger. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. ApolloMed selected BofA Merrill Lynch to act as ApolloMed's financial advisor in connection with the Merger on the basis of BofA Merrill Lynch's experience in transactions similar to the Merger and its reputation in the investment community.

On December 21, 2016, at a meeting of ApolloMed's board of directors held to evaluate the Merger, BofA Merrill Lynch delivered to ApolloMed's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated December 21, 2016 to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion (including the assumption, made at the direction of ApolloMed, of an exchange ratio would be 0.07002656301), the exchange ratio provided for in the Merger was fair, from a financial point of view, to ApolloMed.

The full text of BofA Merrill Lynch's written opinion to ApolloMed's board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex G to this document and is incorporated by reference herein in its entirety. The following summary of BofA Merrill Lynch's opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to ApolloMed's board of directors for the benefit and use of ApolloMed's board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the assumed exchange ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to ApolloMed or in which ApolloMed might engage or as to the underlying business decision of ApolloMed to proceed with or effect the Merger. BofA Merrill Lynch's opinion does not address any other aspect of the Merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed Merger or any related matter.

In connection with rendering its opinion, BofA Merrill Lynch:

- (i) reviewed certain publicly available business and financial information relating to ApolloMed;
- (ii) reviewed certain internal financial and operating information with respect to the business, operations and prospects of NMM furnished to or discussed with BofA Merrill Lynch by the management of NMM, including certain

financial forecasts relating to NMM prepared by the management of NMM, referred to herein as NMM management forecasts;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of ApolloMed (excluding the NGACO business and MMG IPA business) furnished to or discussed with (iii) BofA Merrill Lynch by the management of ApolloMed, including certain financial forecasts relating to ApolloMed (excluding the NGACO business and MMG IPA business) prepared by the management of ApolloMed, referred to herein as ApolloMed management forecasts;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of the NGACO business furnished to or discussed with BofA Merrill Lynch by the management of (iv) ApolloMed, including certain financial forecasts relating to the NGACO business prepared by the management of ApolloMed, referred to herein as NGACO forecasts;

(v) reviewed certain estimates as to the amount and timing of cost savings and revenue enhancements anticipated by the management of ApolloMed to result from the Merger, referred to herein as cost savings;



reviewed certain information, prepared by the management of ApolloMed, regarding the net operating losses held (vi) by ApolloMed and certain estimates regarding the utilization of such net operating losses for U.S. federal income tax purposes, referred to herein as the NOL utilization projections;

discussed the past and current business, operations, financial condition and prospects of NMM with members of (vii) senior managements of NMM and ApolloMed, and discussed the past and current business, operations, financial condition and prospects of ApolloMed with members of senior management of ApolloMed;

(viii) reviewed the potential pro forma financial impact of the Merger on the future financial performance of ApolloMed, including the potential effect on ApolloMed's estimated earnings per share;

(ix) compared certain financial information of NMM and ApolloMed with similar information of other companies BofA Merrill Lynch deemed relevant;

(x) reviewed a draft, dated December 20, 2016, of the Merger Agreement; and

(xi) performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the managements of ApolloMed and NMM that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect.

With respect to the NMM management forecasts, BofA Merrill Lynch was advised by NMM, and assumed, with ApolloMed's consent, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of NMM as to the future financial performance of NMM. With respect to the NMM management forecasts, BofA Merrill Lynch was advised by ApolloMed, and assumed, that the NMM Forecasts reflect the best currently available estimates and good faith judgments of the management of ApolloMed as to the future financial performance of NMM. With respect to the ApolloMed management forecasts, NGACO forecasts, cost savings and NOL utilization projections, BofA Merrill Lynch was advised by ApolloMed, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of ApolloMed as to the future financial performance of ApolloMed (excluding the NGACO business and MMG IPA business), the NGACO business and the other matters covered thereby. BofA Merrill Lynch relied, at the direction of ApolloMed, on the assessments of the management of ApolloMed as to ApolloMed's ability to achieve the cost savings and was advised by ApolloMed, and assumed, that the cost savings would be realized in the amounts and at the times projected. BofA Merrill Lynch relied, at the direction of ApolloMed, on the assessments of the management of ApolloMed as to the availability to ApolloMed of the net operating losses set out in the NOL

utilization projections and was advised by ApolloMed, and assumed, that the NOL utilization projections would be utilized in the amounts and at the times projected.

BofA Merrill Lynch did not make nor was provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of NMM or ApolloMed, nor did it make any physical inspection of the properties or assets of NMM or ApolloMed. BofA Merrill Lynch did not evaluate the solvency or fair value of NMM or ApolloMed under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of ApolloMed, that the Merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on ApolloMed, NMM or the contemplated benefits of the Merger. BofA Merrill Lynch also assumed, at the direction of ApolloMed, that the final executed Merger Agreement would not differ in any material respect from the draft Merger Agreement reviewed by BofA Merrill Lynch.

BofA Merrill Lynch expressed no opinion or view as to any terms or other aspects of the Merger (other than the exchange ratio to the extent expressly specified in its opinion), including, without limitation, the form or structure of the Merger or any ongoing obligations of the parties pursuant to the Merger Agreement. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, to ApolloMed of the assumed exchange ratio provided for in the Merger and no opinion or view was expressed with respect to any consideration received in connection with the Merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Merger, or class of such persons, relative to the assumed exchange ratio. Furthermore, no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to ApolloMed or in which ApolloMed might engage or as to the underlying business decision of ApolloMed to proceed with or effect the Merger. BofA Merrill Lynch did not express any opinion as to what the value of ApolloMed common stock actually would be when issued or the prices at which ApolloMed common stock would trade at any time, including following announcement or consummation of the Merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the Merger or any related matter. Except as described above, ApolloMed imposed no other limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by a fairness opinion review committee of BofA Merrill Lynch.

The discussion set forth below in the sections entitled "*Selected Publicly Traded Companies Analysis*", "*Discounted Cash Flow Analysis*", and "*Relative Valuation*" below represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to ApolloMed's board of directors in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.**

#### Selected Publicly Traded Companies Analysis

BofA Merrill Lynch reviewed the NMM management forecasts for NMM, the ApolloMed management forecasts for ApolloMed, the following four publicly traded companies in the physician services sector, and the following three publicly traded companies in the high growth healthcare services sector, that, in the professional judgment of BofA

Merrill Lynch, have businesses that for the purposes of this analysis may be considered similar to those of ApolloMed:

Physician Services Sector (“PSS”)

DaVita Inc.;

Envision Healthcare Corporation;

MEDNAX Inc; and

Team Health Holdings Inc.\*

\* All TeamHealth Inc. statistics are as of October 3, 2016, the last trading day prior to news reports that TeamHealth was considering a possible sale of the Company.

High Growth Healthcare Services Sector (“HG”)

American Renal Associates LLC;

Diplomat Pharmacy, Inc.; and

ExamWorks, Inc.\*

\* All ExamWorks statistics are as of April 26, 2016, the last trading day prior to an acquisition announcement.

For purposes of the analysis, BofA Merrill Lynch analyzed the following operational and trading statistics for ApolloMed, NMM and each of the selected publicly traded companies for comparison purposes (other than 2017E EV / EBITDA for which no statistics were analyzed for ApolloMed or NMM):

- estimated calendar year 2016 to estimated calendar year 2018 revenue compound annual growth rate (“CAGR”), referred to as 2016E – 2018E Revenue CAGR;
- estimated calendar year 2016 to estimated calendar year 2018 earnings before interest, taxes, depreciation and amortization (“EBITDA”) CAGR, referred to as 2016E – 2018E EBITDA CAGR;
- estimated calendar year 2017 EBITDA margin, referred to as 2017E EBITDA Margin;
- estimated calendar year 2016 to estimated calendar year 2018 estimated earnings per share CAGR, referred to as 2016E – 2018E EPS CAGR; and
- enterprise value (“EV”), calculated as the market value of equity based on closing stock prices on December 20, 2016 on a fully diluted basis, plus debt, less cash and equivalents, plus non-controlling interests, as a multiple of calendar year 2017 estimated EBITDA, referred to as 2017E EV / EBITDA.

	<b>High*</b>		<b>Low*</b>		<b>Median*</b>					
	<b>PSS</b>	<b>HG</b>	<b>PSS</b>	<b>HG</b>	<b>PSS</b>	<b>HG</b>	<b>ApolloMed</b>		<b>NMM</b>	
2016E – 2018E Revenue CAGR	9.7 %	15.7%	5.4 %	10.7%	8.0 %	14.6%	291.7	%	8.0	%
2016E – 2018E EBITDA CAGR	11.9%	15.9%	4.8 %	9.6 %	10.9%	14.4%	145.9	%	19.4	%
2017E EBITDA Margin	21.5 %	27.6%	10.9%	2.1 %	17.1 %	17.7%	2.9	%	14.4	%
2016E – 2018E EPS CAGR	15.9%	45.0%	7.5 %	9.3 %	12.0%	14.7%	151.9	%	22.5	%
2017E EV / EBITDA	10.4x	11.1x	8.4 x	8.7 x	8.9 x	9.0 x	-		-	

Notes: \* = excludes ApolloMed and NMM.

After taking into consideration the observed data for the selected publicly traded companies, ApolloMed and NMM, BofA Merrill Lynch then applied 2017E EV / EBITDA multiples of 8.0x to 9.0x derived from the selected publicly traded companies to calendar year 2017 estimated EBITDA for ApolloMed and NMM from the ApolloMed management forecasts and NGACO forecasts in respect of ApolloMed, and the NMM management forecasts in respect of NMM.

This analysis indicated the following approximate implied equity per share value reference range (rounded to the nearest \$0.05) for ApolloMed and implied equity value reference ranges for ApolloMed and NMM, as compared to the price of ApolloMed’s shares as of December 20, 2016:

	<b>Implied Per Share Equity Value Reference Range</b>	<b>Implied Equity Value Reference Range (mm)</b>	<b>Share Price as of December 20, 2016</b>
ApolloMed	\$4.75 - \$5.20	\$37.2 - \$41.5	\$3.99

NMM	-	\$280 - \$313	-
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No company used in this analysis is identical or directly comparable to NMM or ApolloMed. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which ApolloMed and NMM were compared.

#### Discounted Cash Flow Analysis

BofA Merrill Lynch performed a discounted cash flow analysis of ApolloMed and NMM to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that ApolloMed and NMM were forecasted to generate during the last quarter of 2016 through calendar year 2025 based on the ApolloMed management forecasts and NGACO forecasts in respect of ApolloMed, and the NMM management forecasts in respect of NMM.

BofA Merrill Lynch calculated terminal values for ApolloMed (excluding the NGACO business) by applying a perpetuity growth rate of 3.0% to 4.0% to ApolloMed's terminal year estimated unlevered, after-tax free cash flows (excluding the NGACO business). The unlevered free cash flows and range of terminal values were then discounted to present value as of September 30, 2016 using discount rates ranging from 17.50% to 19.00%, which were based on an estimate of ApolloMed's discount rate (excluding the NGACO business).

BofA Merrill Lynch also calculated terminal values for the NGACO business by applying a perpetuity growth rate of 3.0% to 4.0% to the NGACO business's terminal year estimated unlevered, after-tax free cash flows. The unlevered free cash flows and range of terminal values were then discounted to present value as of September 30, 2016 using discount rates ranging from 25.0% to 30.0%, which were based on an estimate of the NGACO business' discount rate.

BofA Merrill Lynch also calculated terminal values for NMM by applying a perpetuity growth rate of 3.0% to 4.0% to NMM's terminal year estimated unlevered, after-tax free cash flows. The unlevered free cash flows and range of terminal values were then discounted to present value as of September 30, 2016 using discount rates ranging from 8.50% to 9.50%, which were based on an estimate of NMM's discount rate.

This analysis indicated the following approximate implied per share equity value reference ranges for 50% of the NGACO business, ApolloMed (excluding the NGACO business) and ApolloMed and implied equity value reference ranges for 50% of the NGACO business, ApolloMed, NMM (excluding the NGACO business) and, as compared to the price of ApolloMed's shares as of December 20, 2016:

	<b>Implied Per Share Equity Value Reference Range</b>	<b>Implied Equity Value Reference Range (mm)</b>	<b>Share Price as of December 20, 2016</b>
50% of NGACO	\$3.86 - \$5.06	\$32 - \$43	-
ApolloMed (ex-50% NGACO)	\$3.73 - \$4.15	-	-
ApolloMed	\$7.60 - \$9.20	\$63.1 - \$77.9	\$3.99
NMM (ex-50% NGACO)	-	\$242 - \$336	-
NMM	-	\$274 - \$379	-

#### Relative Valuation

Based on implied equity value reference ranges for ApolloMed and NMM calculated as described above in the sections entitled "Selected Publicly Traded Companies Analysis" and "Discounted Cash Flow Analysis", BofA Merrill Lynch calculated implied exchange ratios resulting from one share of NMM being converted into shares of ApolloMed, with the top of the range being based on the highest NMM implied equity value and the lowest ApolloMed implied equity value and the bottom of the range based on the lowest NMM implied equity value and the highest ApolloMed implied equity value. These analyses indicated the following implied exchange ratio reference ranges, in each case as compared to the assumed exchange ratio of 0.07002656301 (rounded to 0.070x below):

**Implied exchange ratio reference ranges based on:**  
**Selected Publicly Traded Companies    Discounted Cash Flow Analysis    Assumed exchange ratio**

0.104x - 0.129x

0.054x – 0.092x

0.070x

*Contribution Analysis*

BofA Merrill Lynch calculated the relative contributions of ApolloMed and NMM to the combined company of projected revenue, projected EBITDA, and net income, in each case less non-controlling interests (“NCI”), for calendar years 2017 through 2019 using the ApolloMed management forecasts and NGACO forecasts in respect of ApolloMed, and the NMM management forecasts in respect of NMM. Associated implied equity ownership and exchange ratios were derived from the relative contributions taking into account the capital structure of ApolloMed and NMM. Pro forma ownership was derived from the assumption made at the direction of ApolloMed that the exchange ratio would be 0.07002656301 and the equity data provided by ApolloMed management. The analysis indicated the following individually calculated contribution percentages for revenue, EBITDA, and GAAP net income, for each of the calendar years 2017 through 2019, in each case as compared to the assumed exchange ratio of 0.07002656301 (rounded to 0.070x below):



		Contribution				Implied % Equity Ownership				Implied exchange ratio	Assumed exchange ratio		
		ApolloMed		NMM		ApolloMed		NMM					
Revenue less NCI	2017E	53	%	47	%	42	%	58	%	0.021	x	0.070	x
	2018E	52	%	48	%	42	%	58	%	0.021	x	0.070	x
	2019E	52	%	48	%	42	%	58	%	0.021	x	0.070	x
EBITDA less NCI	2017E	11	%	89	%	11	%	89	%	0.122	x	0.070	x
	2018E	24	%	76	%	22	%	78	%	0.055	x	0.070	x
	2019E	27	%	73	%	25	%	75	%	0.046	x	0.070	x
Net Income less NCI	2017E	10	%	90	%	10	%	90	%	0.138	x	0.070	x
	2018E	26	%	74	%	26	%	74	%	0.043	x	0.070	x
	2019E	31	%	69	%	31	%	69	%	0.034	x	0.070	x
Pro Forma Ownership		18	%	82	%	18	%	82	%	0.070	x	0.070	x

#### Pro Forma Accretion/Dilution Analysis

BofA Merrill Lynch reviewed the potential pro forma financial effect of the Merger on ApolloMed's calendar years 2017 through 2019 estimated EPS. Estimated financial data of NMM were based on the NMM management forecasts and estimated financial data of ApolloMed were based on the ApolloMed management forecasts and NGACO forecasts. Based on the assumed exchange ratio, this analysis indicated that the Merger could be accretive to ApolloMed's estimated EPS for calendar year 2017 by \$0.35 and dilutive to ApolloMed's estimated EPS for calendar year 2018 by \$0.10 and calendar year 2019 by \$0.33. The actual results achieved by the combined company may vary from projected results and the variations may be material.

#### Other Factors

In rendering its opinion, BofA Merrill Lynch also reviewed and considered other factors, including historical trading prices and trading volumes of ApolloMed common stock during the one-year period ended December 20, 2016.

#### Miscellaneous

As noted above, the discussion set forth above in the sections entitled "Selected Publicly Traded Companies Analysis", "Discounted Cash Flow Analysis", and "Relative Valuation" is a summary of the material financial analyses presented by BofA Merrill Lynch to ApolloMed's board of directors in connection with its opinion and is not a comprehensive description of all analyses undertaken by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and

relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of ApolloMed and NMM. The estimates of the future performance of ApolloMed and NMM in or underlying BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch's analyses. These analyses were prepared solely as part of BofA Merrill Lynch's analysis of the fairness, from a financial point of view, of the assumed exchange ratio and were provided to ApolloMed's board of directors in connection with the delivery of BofA Merrill Lynch's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch's view of the actual values of NMM or ApolloMed.

The type and amount of consideration payable in the Merger was determined through negotiations between ApolloMed and NMM, rather than by any financial advisor, and was approved by ApolloMed's board of directors. The decision to enter into the Merger Agreement was solely that of ApolloMed's board of directors. As described above, BofA Merrill Lynch's opinion and analyses were only one of many factors considered by ApolloMed's board of directors in its evaluation of the proposed Merger and should not be viewed as determinative of the views of ApolloMed's board of directors or management with respect to the Merger or the exchange ratio.

ApolloMed has agreed to pay BofA Merrill Lynch for its services in connection with the Merger a fee of \$750,000 that was payable on the rendering of the opinion, a fee of \$2,000,000 that is payable immediately prior to or upon closing of the Merger, and an additional fee in an amount up to \$500,000 as determined in the sole discretion of ApolloMed based on its good faith evaluation of the services provided by BofA Merrill Lynch under its engagement, payable immediately prior to or upon closing of the Merger. ApolloMed also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch, any of its affiliates, its and their respective directors, officers, employees and agents and each other person controlling BofA Merrill Lynch or any of its affiliates against specified liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of ApolloMed, NMM and certain of their respective affiliates (including Fresenius SE & Co KGaA and Fresenius Medical Care Corporation (each and together, "Fresenius")), affiliates of NNA of Nevada, Inc., a shareholder in ApolloMed.

BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to Fresenius and certain of its affiliates and have received or in the future may receive compensation for the rendering of these services, including having acted or acting as joint bookrunner, co-mandated arranger, administrative agent, and collateral agent for, and/or as a lender (including, in some cases, swing line lender and letter of credit lender) to Fresenius and/or certain of its affiliates and having provided or providing certain treasury, derivatives and foreign exchange trading services to Fresenius and certain of its affiliates. From December 1, 2014 through November 30, 2016, BofA Merrill Lynch and its affiliates derived aggregate revenues from Fresenius and its affiliates of approximately \$25 million for investment and corporate banking services.

Vantage Point Advisors

On December 20, 2016, at a meeting of the NMM board of directors held to evaluate the Merger, Vantage Point Advisors rendered to the NMM board of directors an oral opinion, which was confirmed by delivery of a written opinion signed and dated December 21, 2016, to the effect that, as of the date of the opinion, and based upon and subject to the factors, assumptions and limitations set forth therein, the Merger was fair, from a financial point of view, to NMM and its common shareholders.

**Vantage Point's opinion was directed to the NMM board of directors and only addressed the fairness, from a financial point of view, of the exchange ratio and did not address any other terms of the Merger. The following summary of Vantage Point's opinion is qualified in its entirety by reference to the full text of the written opinion, which is attached as Annex H to this joint proxy statement/prospectus, and sets forth the procedures followed, assumptions made, qualifications and limitations of the review undertaken and other matters considered by Vantage Point in preparing its opinion. Vantage Point has consented to the inclusion of its fairness opinion as Annex H to this joint proxy statement/prospectus. However, neither Vantage Point's opinion nor the summary of its opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to the NMM board of directors, NMM or any shareholder as to how to vote or act in connection with respect to the Merger or any related matter.**

In the course of Vantage Point's analyses for rendering its opinion, among other things, Vantage Point performed the following procedures:

· reviewed an execution copy of the Agreement received;

· reviewed NMM's financial statements, which included audited financial statements for the twelve month periods ended December 31, 2011 through December 31, 2014, unaudited financial statements for the twelve month period ended December 31, 2015 and its unaudited interim financial statements for the nine month periods ended September 30, 2015 and September 30, 2016 (collectively, the "Financial Statements");

· reviewed ApolloMed's financial statements as contained in its Form 10-K SEC filings for the 12-month periods ended January 31, 2012 through January 31, 2014, March 31, 2015 and March 31, 2016 and Form 10-Q SEC filings for the 6-month period ended September 30, 2016;

· reviewed NMM Shareholders' Agreement;

· reviewed an up-to-date list of the names of NMM's shareholders, including the total number of shares of capital stock of NMM outstanding as of the date hereof;

· reviewed NMM's board of directors meeting minutes from 2014 through the date hereof;

· reviewed the letter from the CMMI to APAACO dated August 1, 2016 regarding NGACO Model application;

· reviewed various corporate documents related to APAACO;

· reviewed NMM's schedule of all dividends paid to stockholders and bonuses paid to employees for the period beginning January 1, 2014 and ending November 21, 2016;

· read certain operating and financial information, including projections, provided to Vantage Point by management relating to the business prospects of NMM, ApolloMed and APAACO;

· met with certain members of NMM's and ApolloMed's senior and operating management to discuss NMM's operations, historical financial results and business prospects;

- visited certain of NMM's facilities in Alhambra, CA;

- visited certain of ApolloMed's facilities in Glendale, CA;

- read other appraisals involving common stock of NMM;

- evaluated the stock price history and press releases of ApolloMed;

analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations and financings we considered relevant in evaluating those of NMM and ApolloMed; and

- conducted such other studies, analyses, inquiries and investigations, as Vantage Point deemed appropriate.

In arriving at its opinion, Vantage Point assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the management of NMM that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the NMM forecasts, Vantage Point was advised by NMM, and assumed that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of NMM as to the future financial performance of NMM and the other matters covered thereby. Vantage Point did not make or was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of NMM, nor did it make any physical inspection of the properties or assets of NMM. Vantage Point did not evaluate the solvency or fair value of NMM under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. Vantage Point assumed, at the direction of NMM, that the Merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement.

Except as set forth in the opinion, Vantage Point expressed no view or opinion as to any terms or other aspects of the Merger. Vantage Point's opinion was limited to the fairness, from a financial point of view, of the exchange ratio and no opinion or view was expressed with respect to any consideration received in connection with the Merger by the holders of any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Merger, or class of such persons, relative to the exchange ratio. Furthermore, no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to NMM or in which NMM might engage or as to the underlying business decision of NMM to proceed with or effect the Merger. In addition, Vantage Point expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the Merger or any related matter.

Vantage Point's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Vantage Point as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and Vantage Point does not have any obligation to update, revise or reaffirm its opinion.

NMM agreed to pay Vantage Point for its services in connection with the Merger an aggregate fee of \$410,000. Vantage Point has received no other compensation from NMM or its affiliates during the last two years. NMM also agreed to reimburse Vantage Point for its reasonable expenses and to indemnify Vantage Point against certain liabilities arising out of its engagement. The fee payable to Vantage Point was not contingent on its issuance of a favorable fairness opinion.

NMM selected Vantage Point as a financial advisor in connection with the Merger because of its qualifications, expertise and reputation in valuation opinions related to mergers and acquisitions.

#### Financial Analyses by Vantage Point

The following is a summary of the material financial analyses delivered by Vantage Point to the NMM board of directors in connection with rendering the fairness opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Vantage Point, nor does the order of analyses described represent relative importance or weight given to those analyses by Vantage Point. Some of the summaries of the financial analyses include information presented in tabular format. In order to fully understand the financial analyses performed by Vantage Point, the tables must be read together with the full text of each summary and are alone not a complete description of Vantage Point's financial analyses. Considering the data set forth in the tables below without considering the narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Vantage Point's financial

analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 19, 2016, and is not necessarily indicative of current market conditions.

The preparation of fairness opinions is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Vantage Point's opinion. In arriving at its fairness determination, Vantage Point considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Vantage Point made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the analyses below as a comparison is directly comparable to NMM or the Merger.



Vantage Point prepared these analyses solely for purposes of, and the analyses were delivered to the NMM board of directors in connection with, the provision of its opinion to the NMM board of directors as to the fairness to such holders, from a financial point of view, of the exchange ratio to be received by the holders of NMM common stock pursuant to the Merger Agreement. These analyses do not purport to be appraisals nor do they necessarily reflect or purport to reflect the prices at which businesses or securities actually may be sold or the prices at which any securities have traded or may trade at any time in the future. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of NMM or its advisor, none of NMM, Vantage Point or any other person assumes responsibility if future results are materially different from those forecast.

The type and amount of consideration payable in the Merger was determined through arm's-length negotiations between NMM and ApolloMed and its counsel, rather than by Vantage Point, and was approved by the NMM board of directors. Vantage Point did not recommend any specific exchange ratio to the NMM board of directors or to NMM or that any given exchange ratio constituted the only appropriate consideration for the Merger. The decision to enter into the Merger Agreement was solely that of the NMM board of directors. The opinion of financial advisor was one of many factors taken into consideration by the NMM board of directors in its evaluation of the proposed Merger. Consequently, the analyses described below should not be viewed as determinative of the opinion of the NMM board of directors with respect to the exchange ratio or of whether the NMM board of directors would have been willing to determine that a different exchange ratio was fair.

In its analysis of the exchange ratio, Vantage Point performed an analysis of the equity attributable to NMM shareholders before and after giving effect to the transaction and considered the value of the following entities:

- 1) NMM
- 2) ApolloMed
- 3) The combined entity
- 4) The NGACO, which is a 50/50 joint venture between NMM and ApolloMed.

Valuation of NMM

*Discounted Cash Flow.* Vantage Point performed an illustrative discounted cash flow (“DCF”), analysis on NMM using the stand-alone forecast prepared by NMM management to determine a range of implied values of NMM common stock. Vantage Point relied on management’s projections for the years ending December 31, 2016 through December 31, 2019. Vantage Point added an additional year to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels. In estimating NMM’s value into perpetuity Vantage Point utilized the Gordon Growth Method (“GGM”) and the Exit Multiple Method. The GGM assumes the company will continue to grow and generate free cash flows at a consistent rate into perpetuity. The Exit Multiple Method assumes the company will be sold at the end of the projection period and value is estimated by applying an appropriate market multiple to a relevant metric such as EBITDA.

*Gordon Growth Method:* A sustainable growth rate of 3.0 percent was selected based on historical growth in gross domestic product and industry outlook. A concluded terminal period capitalization rate range of 11.0 percent to 13.0 percent was used, which was derived based on the discount rate range used in the analysis of 14.0 percent to 16.0 percent as reduced by the sustainable growth rate. The discount rate was derived using the weighted average cost of capital (“WACC”). The WACC estimates the weighted average of the cost of equity and the cost of debt. The weight of equity and weight of debt are determined by the target capital structure. The cost of equity was estimated as 18.9 percent and the after-tax cost of debt was estimated as 2.9 percent. The target capital structure was estimated to be 25.0 percent debt and 75.0 percent equity.

*Exit Multiple Method:* An EBITDA exit multiple range of 5.5 times to 6.5 times was applied to 2020 EBITDA of \$35.0 million (as determined by Vantage Point adding an additional forecast year to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels). The exit multiple was selected based on observations of market multiples in the Guideline Company Analysis and Market Transaction Analysis and expected financial performance.

Vantage Point also considered a tax amortization benefit for goodwill, depreciation and amortization, working capital requirements and capital expenditures as provided by management. Based on an income approach analysis, the business enterprise value range from operations was determined to be as follows: \$153.0 million to \$176.0 million. Adjustments were made by adding back cash of \$35.0 million, the value of preferred stock of ApolloMed held by NMM of \$17.1 million, the value of warrants in ApolloMed held by NMM of \$5.5 million, and the value of NMM's 50 percent interest in the NGACO of \$43.0 million to \$50.0 million, to arrive at an equity value range of: \$254.0 million to \$284.0 million.

*Guideline Company Analysis.* Vantage Point reviewed and compared certain financial information for NMM to corresponding financial information and multiples for 12 publicly traded corporations. The companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may in certain respects be considered similar to those of NMM. Industries considered included healthcare services, healthcare facilities, and managed healthcare:

.	AMN Healthcare Services, Inc.
.	Diversicare Healthcare Services, Inc.
.	Genesis Healthcare, Inc.
.	Kindred Healthcare, Inc.
.	LHC Group, Inc.
.	Pacific Health Care Organization, Inc.
.	Quorum Health Corporation
.	Select Medical Holdings Corporation
.	Surgical Care Affiliates, Inc.
.	Team Health Holdings, Inc.

The Ensign Group, Inc.

The Providence Service Corporation

It is noted none of the selected companies are directly comparable to NMM.

The following table summarizes the range of observed valuation multiples utilized in Vantage Point's guideline company analysis under the market approach.

	BEV / Revenue						BEV / EBITDA								
	Total LTM	FY LFY		Forward FY1		Forward FY2		LTM		LFY		Forward FY1		Forward FY2	
Minimum:	0.35x	0.35	x	0.54	x	0.57	x	4.98	x	1.92	x	4.20	x	4.30	x
Lower (First) Quartile:	0.65x	0.65	x	0.70	x	0.69	x	7.29	x	6.90	x	8.52	x	7.60	x
Median:	0.98x	0.96	x	0.97	x	0.93	x	10.29x		10.12x		10.30	x	9.32	x
Upper (Third) Quartile:	1.15x	1.34	x	1.16	x	1.09	x	10.77x		12.52x		12.01	x	13.94	x
Maximum:	2.94x	3.37	x	2.72	x	2.37	x	14.63x		16.22x		25.02	x	22.98	x

Notes: Business Enterprise Value ("BEV") equals Market Capitalization plus Book Value of Total Debt plus Book Value of Preferred Stock plus Book Value of Minority Interest minus Cash and Short Term Investments.

Trailing and forward revenue and EBITDA market multiples were calculated from the set of comparable guideline companies. The revenue and EBITDA multiples were used to obtain unadjusted business enterprise values in the range of \$207.0 to \$222.0 million. Adjustments were made by adding back cash of \$35.0 million, the value of preferred stock of ApolloMed held by NMM of \$18.0 million, the value of warrants in ApolloMed held by NMM of \$6.1 million, and the value of NMM's 50 percent interest in the NGACO of \$43.0 million to \$50.0 million, to arrive at an equity value range of: \$309.0 million to \$331.0 million.

Enterprise values derived from the selected companies analysis described below were calculated using the closing prices of the common stock of the selected companies listed below as of December 19, 2016. Estimates of EBITDA for the next two fiscal years, FY1 and FY2, for the selected companies listed below were based on consensus estimates.

*Market Transaction Analysis.* Vantage Point performed a market transaction analysis based on observed transactions involving the sale of entire companies, identifying thirty-one recent market transactions involving businesses reasonably similar to NMM. Industries considered included healthcare services, healthcare facilities, and managed healthcare.

Revenue and EBITDA market multiples were calculated from the set of selected comparable company transactions. The revenue and EBITDA multiples were used to obtain unadjusted business enterprise value in the range of \$208.0 million to \$224.0 million. Adjustments were made by adding back cash of \$35.0 million, the value of preferred stock of ApolloMed held by NMM of \$18.1 million, the value of warrants in ApolloMed held by NMM of \$6.1 million, and the value of NMM's 50 percent interest in the NGACO of \$43.0 million to \$50.0 million, to arrive at an equity value in the range of \$310.0 to \$333.0 million. The specific companies and data used to calculate the transaction values and resulting multiples are shown in the following table.

<b>Announcement Date</b>	<b>Target Company</b>	<b>Enterprise Value (EV)<sup>1</sup> (US\$ millions)</b>	<b>EV / Revenue</b>		<b>EV / EBITDA</b>	
Jun-15-2016	Envision Healthcare Holdings, Inc.	\$ 7,935.9	1.37	x	12.59	x
Aug-29-2016	USMD Holdings, Inc.	\$ 298.8	0.91	x	NMF	
Sep-23-2016	VEGA Medical Professionals LLC	\$ 24.0	1.54	x	30.00	x
Sep-16-2015	Alliance Healthcare Services, Inc.	\$ 774.3	1.73	x	6.48	x
Nov-17-2015	B. E. Smith, Inc.	\$ 160.0	1.60	x	N/A	
Dec-1-2015	Allied Healthcare International Inc.	\$ 28.6	0.07	x	N/A	
Jul-10-2015	IPC Healthcare, Inc.	\$ 1,545.8	2.17	x	21.97	x
Oct-13-2015	Recruitment Group PS	\$ 16.0	2.11	x	26.67	x
May-20-2015	Omnicare Inc.	\$ 11,308.9	1.74	x	15.04	x
Mar-22-2015	Concentra, Inc.	\$ 1,055.0	1.06	x	N/A	
May-14-2015	Healthcare Business Insights, LLC	\$ 30.0	3.00	x	N/A	
Mar-17-2015	Physicians Practice Plus Inc.	\$ 20.0	1.87	x	9.09	x
Jan-19-2015	VISTA Staffing Solutions, Inc.	\$ 123.0	0.92	x	N/A	
Nov-26-2014	Athas Health, LLC	\$ 39.3	1.38	x	20.59	x
Mar-13-2014	Conemaugh Health System, Inc.	\$ 121.3	0.24	x	N/A	
May-29-2014	Sheridan Healthcare, Inc.	\$ 2,344.6	2.46	x	19.06	x
Jun-2-2014	Medical Staffing Network Healthcare, LLC	\$ 47.1	0.21	x	N/A	
Jun-10-2014	Phoenix Physicians, LLC	\$ 166.9	1.83	x	15.63	x
May-16-2014	Health Advocate, Inc.	\$ 265.0	3.08	x	N/A	
Mar-31-2014	CDMI, LLC	\$ 365.3	8.56	x	10.10	x
Feb-27-2014	KnowledgePoint360 Group LLC	\$ 144.0	1.36	x	7.20	x
Dec-2-2013	Allied Healthcare Staffing Division	\$ 28.7	0.73	x	N/A	
Aug-19-2012	Coventry Health Care Inc.	\$ 5,795.5	0.43	x	6.33	x
May-20-2012	HealthCare Partners, LLC	\$ 4,693.0	1.96	x	8.91	x
Oct-24-2011	HealthSpring Inc.	\$ 3,140.4	0.63	x	6.20	x
Sep-18-2011	Midwest Health Plan, Inc.	\$ 70.0	0.28	x	N/A	
Aug-26-2010	Bravo Health, Inc.	\$ 545.0	0.45	x	6.74	x

Notes: NMF = not meaningful. N/A = not available. Enterprise Value equals Consideration plus Net Assumed Liabilities (total debt plus total preferred and minority interest minus total cash and short-term investments reported no more than one year before the consideration offer date).

A valuation analysis of a subject company is a consideration in evaluating the fairness of a transaction. The Market Transactions Analysis was one of several widely accepted methodologies used to support valuation ranges for NMM. This market-facing approach established a value range based on what the market recognizes in the same or similar industries having similar operating characteristics.

#### Valuation of ApolloMed

*Discounted Cash Flow.* Vantage Point performed an illustrative DCF analysis on ApolloMed using the stand-alone, probability-adjusted forecast prepared by ApolloMed management to determine a range of implied values of ApolloMed common stock. Vantage Point relied on ApolloMed management's projections for the years ending March 31, 2017 through March 31, 2019. Two additional years were added by Vantage Point to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels.

In estimating ApolloMed's value into perpetuity Vantage Point utilized the GGM and the Exit Multiple Method.

*Gordon Growth Method:* A sustainable growth rate of 3.0 percent was selected based on historical growth in gross domestic product and industry outlook. A concluded terminal period capitalization rate range of 15.5 percent to 17.5 percent was used, which was derived based on the discount rate range used in the analysis of 18.5 percent to 19.5 percent as reduced by the terminal growth rate. The discount rate was derived using the WACC, in which the cost of equity was estimated as 23.9 percent and the after-tax cost of debt was estimated as 2.9 percent. The target capital structure was estimated to be 25.0 percent debt and 75.0 percent equity.

*Exit Multiple Method:* An EBITDA exit multiple range of 4.5 to 5.5 times was applied to 2021 EBITDA of \$11.0 million (as determined by Vantage Point adding two additional forecast years to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels). The exit multiple was selected based on observations of market multiples in the Guideline Company Analysis and Market Transaction Analysis and expected financial performance.

Vantage Point also considered depreciation and amortization, working capital requirements and capital expenditures as provided by management. Based on an income approach analysis, the business enterprise value range from operations was determined to be as follows: \$36.0 million to \$41.0 million. Adjustments were made by adding back

cash, which was assumed to be zero, less the related party payable of \$201.0 thousand and plus the value of ApolloMed's 50 percent interest in the NGACO of \$43.0 million to \$50.0 million, to arrive at an equity value range of: \$79.0 million to \$91.0 million.

*Guideline Company Analysis.* Vantage Point reviewed and compared certain financial information for ApolloMed to corresponding financial information and multiples for 12 publicly traded corporations. The companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may in certain respects be considered similar to those of ApolloMed. Industries considered included healthcare services, healthcare facilities, and managed healthcare:

· AMN Healthcare Services, Inc.



.	Diversicare Healthcare Services, Inc.
.	Genesis Healthcare, Inc.
.	Kindred Healthcare, Inc.
.	LHC Group, Inc.
.	Pacific Health Care Organization, Inc.
.	Quorum Health Corporation
.	Select Medical Holdings Corporation
.	Surgical Care Affiliates, Inc.
.	Team Health Holdings, Inc.
.	The Ensign Group, Inc.
.	The Providence Service Corporation

It is noted none of the selected companies are directly comparable to ApolloMed.

The following table summarizes the range of observed valuation multiples utilized in Vantage Point's guideline company analysis under the market approach.

BEV / Revenue				BEV / EBITDA			
Total LTM	LFY	Forward FY1	Forward FY2	LTM	LFY	Forward FY1	Forward FY2

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Minimum:	0.35	x	0.35	x	0.54	x	0.57	x	4.98	x	1.92	x	4.20	x	4.30	x
Lower (First) Quartile:	0.65	x	0.65	x	0.70	x	0.69	x	7.29	x	6.90	x	8.52	x	7.60	x
Median:	0.98	x	0.96	x	0.97	x	0.93	x	10.29	x	10.12	x	10.30	x	9.32	x
Upper (Third) Quartile:	1.15	x	1.34	x	1.16	x	1.09	x	10.77	x	12.52	x	12.01	x	13.94	x
Maximum:	2.94	x	3.37	x	2.72	x	2.37	x	14.63	x	16.22	x	25.02	x	22.98	x

Notes: BEV equals Market Capitalization plus Book Value of Total Debt plus Book Value of Preferred Stock plus Book Value of Minority Interest minus Cash and Short Term Investments.

Trailing and forward revenue and EBITDA market multiples were calculated from the set of comparable guideline companies. The revenue and EBITDA (for FY2) multiples were used to obtain unadjusted business enterprise values in the range of \$40.0 to \$48.0 million. Adjustments were made by adding back cash which was assumed to be zero, less the related party payable of \$201.0 thousand and plus the value of ApolloMed's 50 percent interest in the ACO of \$43.0 million to \$50.0 million, to arrive at an equity value range of: \$83.0 million to \$98.0 million.

*Market Transaction Analysis.* Vantage Point performed a market transaction analysis based on observed transactions involving the sale of entire companies, identifying thirty-one recent market transactions involving businesses reasonably similar to ApolloMed. Industries considered included healthcare services, healthcare facilities, and managed healthcare.

Revenue and EBITDA market multiples were calculated from the set of selected comparable company transactions. The revenue and EBITDA multiples were used to obtain unadjusted business enterprise value in the range of \$40.0 million to \$49.0 million. Adjustments were made by adding back cash which was assumed to be zero, less the related party payable of \$201.0 thousand and plus the value of ApolloMed's 50 percent interest in the ACO of \$43.0 million to \$50.0 million, to arrive at an equity value range of: \$83.0 to \$99.0 million. The specific companies and data used to calculate the transaction values and resulting multiples are shown in the following table.

<b>Announcement Date</b>	<b>Target Company</b>	<b>Enterprise Value (EV)<sup>1</sup> (US\$ millions)</b>	<b>EV / Revenue</b>	<b>EV / EBITDA</b>	
Jun-15-2016	Envision Healthcare Holdings, Inc.	\$ 7,935.9	1.37	x	12.59 x
Aug-29-2016	USMD Holdings, Inc.	\$ 298.8	0.91	x	NMF
Sep-23-2016	VEGA Medical Professionals LLC	\$ 24.0	1.54	x	30.00 x
Sep-16-2015	Alliance Healthcare Services, Inc.	\$ 774.3	1.73	x	6.48 x
Nov-17-2015	B. E. Smith, Inc.	\$ 160.0	1.60	x	N/A
Dec-1-2015	Allied Healthcare International Inc.	\$ 28.6	0.07	x	N/A
Jul-10-2015	IPC Healthcare, Inc.	\$ 1,545.8	2.17	x	21.97 x
Oct-13-2015	Recruitment Group PS	\$ 16.0	2.11	x	26.67 x
May-20-2015	Omnicare Inc.	\$ 11,308.9	1.74	x	15.04 x
Mar-22-2015	Concentra, Inc.	\$ 1,055.0	1.06	x	N/A
May-14-2015	Healthcare Business Insights, LLC	\$ 30.0	3.00	x	N/A
Mar-17-2015	Physicians Practice Plus Inc.	\$ 20.0	1.87	x	9.09 x
Jan-19-2015	VISTA Staffing Solutions, Inc.	\$ 123.0	0.92	x	N/A
Nov-26-2014	Athas Health, LLC	\$ 39.3	1.38	x	20.59 x
Mar-13-2014	Conemaugh Health System, Inc.	\$ 121.3	0.24	x	N/A
May-29-2014	Sheridan Healthcare, Inc.	\$ 2,344.6	2.46	x	19.06 x
Jun-2-2014	Medical Staffing Network Healthcare, LLC	\$ 47.1	0.21	x	N/A
Jun-10-2014	Phoenix Physicians, LLC	\$ 166.9	1.83	x	15.63 x
May-16-2014	Health Advocate, Inc.	\$ 265.0	3.08	x	N/A
Mar-31-2014	CDMI, LLC	\$ 365.3	8.56	x	10.10 x
Feb-27-2014	KnowledgePoint360 Group LLC	\$ 144.0	1.36	x	7.20 x
Dec-2-2013	Allied Healthcare Staffing Division	\$ 28.7	0.73	x	N/A
Aug-19-2012	Coventry Health Care Inc.	\$ 5,795.5	0.43	x	6.33 x
May-20-2012	HealthCare Partners, LLC	\$ 4,693.0	1.96	x	8.91 x
Oct-24-2011	HealthSpring Inc.	\$ 3,140.4	0.63	x	6.20 x
Sep-18-2011	Midwest Health Plan, Inc.	\$ 70.0	0.28	x	N/A
Aug-26-2010	Bravo Health, Inc.	\$ 545.0	0.45	x	6.74 x

Notes: NMF = not meaningful. N/A = not available. Enterprise Value equals Consideration plus Net Assumed Liabilities (total debt plus total preferred and minority interest minus total cash and short-term investments reported no more than one year before the consideration offer date).

A valuation analysis of a subject company is a consideration in evaluating the fairness of a transaction. The Market Transactions Analysis was one of several widely accepted methodologies used to support valuation ranges for ApolloMed. This market-facing approach established a value range based on what the market recognizes in the same or similar industries having similar operating characteristics.

#### Public Stock Price

The public stock price does not appear to be a good indicator of value for ApolloMed for the following reasons:

- Lack of public information providing visibility into ApolloMed's future prospects, primarily the value associated with the ACO.

- Lack of trading liquidity.

- Small public float outside of ApolloMed insiders.

- No equity analyst coverage.

Valuation of the combined entity.

*Discounted Cash Flow.* Vantage Point performed an illustrative DCF analysis on the combined entity using the combined, probability-adjusted forecast prepared by NMM and ApolloMed management to determine a range of implied values. Vantage Point relied on combined management's projections for the years ending December 31, 2016 through December 31, 2019. One additional year was added by Vantage Point to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels.

In estimating the combined entity's value into perpetuity Vantage Point utilized the GGM and the Exit Multiple Method.

*Gordon Growth Method:* A sustainable growth rate of 3.0 percent was selected based on historical growth in gross domestic product and industry outlook. A concluded terminal period capitalization rate range of 11.0 to 13.0 percent was used, which was derived based on the discount rate range used in the analysis of 14.0 percent to 16.0 percent as reduced by the terminal growth rate. The discount rate was derived using the WACC in which the cost of equity was estimated as 18.9 percent and the after-tax cost of debt was estimated as 2.9 percent. The target capital structure was estimated to be 25.0 percent debt and 75.0 percent equity.

*Exit Multiple Method:* An EBITDA exit multiple range of 6.0 times to 7.0 times was applied to 2020 EBITDA of \$48.0 million. (as determined by Vantage Point adding an additional forecast year to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels). The exit multiple was selected based on observations of market multiples in the Guideline Company Analysis and Market Transaction Analysis and expected financial performance.

Vantage Point also considered a tax amortization benefit for goodwill, depreciation and amortization, working capital requirements and capital expenditures as provided by management. Based on an income approach analysis, the business enterprise value range from operations was determined to be as follows: \$226.0 million to \$274.0 million. Adjustments were made by adding the value of the ACO of \$86.0 million to \$100.0 million and cash of \$10.0 million in order to arrive at an implied combined equity value of \$322.0 million to \$384.0 million. The exchange ratio was then applied by adjusting for the immediate post-deal share ownership of 72.0 percent plus the present value of the share holdback (10.0 percent) of \$30.0 million to \$35.7 million. Adjustments were also made for a cash dividend of \$25.0 million, net value of the warrants held in ApolloMed of \$3.4 million, and less option dilution of \$6.3 million, to arrive at post deal consideration to NMM of: \$284.0 million to \$334.0 million.

#### Guideline Company Analysis.

The values calculated in the NMM and ApolloMed valuation sections were added to arrive at an enterprise value range \$247.0 to \$270.0 million. Adjustments were made for cash of \$10.0 million and the value of the ACO of \$86.0 million to \$100.0 million in order to arrive at an implied combined equity value of \$343.0 million to \$380.0 million. The exchange ratio was then applied by adjusting for the immediate post-deal share ownership of 72.0 percent plus the present value of the share holdback (10 percent) of \$32.0 million to \$35.0 million, cash dividend of \$25.0 million, net value of the warrants held in ApolloMed of \$3.7 million, and less option dilution of \$6.6 million, to arrive at post deal consideration to NMM of \$301.0 million to \$331.0 million.

*Market Transaction Analysis.* The values calculated in the NMM and ApolloMed valuation sections were added to arrive at an enterprise value range \$248.0 to \$273.0 million. Adjustments were made for cash of \$10.0 million and the value of the ACO of \$86.0 million to \$100.0 million in order to arrive at an implied combined equity value of \$344.0 million to \$383.0 million. The exchange ratio was then applied by adjusting for the immediate post-deal share ownership of 72.0 percent plus the present value of the share holdback (10 percent) of \$32.0 million to \$36.0 million, cash dividend of \$25.0 million, net value of the warrants held in ApolloMed of \$3.6 million, and less option dilution of \$6.6 million, to arrive at post deal consideration to NMM of \$302.0 million to \$333.0 million.

#### Valuation of The NGACO

*Discounted Cash Flow.* Vantage Point performed an illustrative DCF analysis on the NGACO using the stand-alone forecast prepared by NMM and ApolloMed management to determine a range of implied values. Vantage Point relied on NMM and ApolloMed management's projections for the years ending December 31, 2017 through December 31, 2019. Two additional years were added by Vantage Point to smooth the growth rate towards the sustainable growth rate and margins to sustainable levels.

In estimating the NGACO's value into perpetuity, Vantage Point utilized the GGM. A sustainable growth rate of 3.0 percent was selected based on historical gross domestic product growth and industry outlook. A concluded terminal period capitalization rate range of 17.0 percent to 19.0 percent was used, which was derived based on the discount rate range used in the analysis of 20.0 percent to 22.0 percent as reduced by the terminal growth rate. The discount rate was derived using the WACC, under which the cost of equity was estimated as 26.9 percent and the after-tax cost of debt was estimated as 2.9 percent. The target capital structure was estimated to be 25.0 percent debt and 75.0 percent equity.

Vantage Point also considered depreciation and amortization, working capital requirements and capital expenditures as provided by management. Based on an income approach analysis, the business enterprise value range from operations was determined to be as follows: \$86.0 million to \$100.0 million.

## Summary

The summary of NMM's equity value (before and after giving effect to the transaction), based on the valuation methodologies described above, is set forth below:

\$US millions	Before		After	
	Low	High	Low	High
Discounted Cash Flow	\$254.0	\$284.0	\$284.0	\$334.0
Guideline Company Analysis	\$309.0	\$331.0	\$301.0	\$331.0
Market Transaction Analysis	\$310.0	\$333.0	\$302.0	\$333.0

#### Restrictions on Sales of Shares of ApolloMed Common Stock Received in the Merger

The shares of ApolloMed common stock to be issued in connection with the Merger will be registered under the Securities Act and will be subject to Lock-Up Agreements between ApolloMed and each of the NMM shareholders. Please see the section “AGREEMENTS RELATED TO THE MERGER AGREEMENT — Lock Up Agreements” in this joint proxy statement/prospectus.

Additional restrictions will apply to any NMM shareholder who may be deemed to be an “affiliate” of ApolloMed for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of ApolloMed include individuals or entities that control, are controlled by, or are under common control with, ApolloMed and may include the executive officers, directors and significant stockholders of ApolloMed.

#### U.S. Federal Income Tax Considerations

The Merger has been structured to qualify as a “reorganization” within the meaning of Section 368(a) of the Code and Treasury Regulations promulgated thereunder. As a result, NMM shareholders generally should not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their shares of NMM stock for shares of ApolloMed common stock and warrants in connection with the Merger. ApolloMed stockholders will not recognize gain or loss for U.S. federal income tax purposes as a result of the Merger. In the event and to the extent NMM distributes existing ApolloMed Warrants held thereby to NMM shareholders prior to consummation of the Merger, such distribution will constitute a dividend for U.S. federal income tax purposes to the extent of NMM’s current or accumulated earnings and profits as determined under U.S. federal income tax principles.

For a more complete discussion of the material U.S. federal income tax consequences of the Merger, see the section titled “CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER” beginning on page 203 of this joint proxy statement/prospectus.

#### Ownership of ApolloMed Following the Merger



Immediately following the Effective Time, ApolloMed and NMM anticipate that current NMM shareholders will own 83.3% of the total issued and outstanding shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145) and excluding the shares of ApolloMed common stock issuable upon exercise of the Warrant Consideration.

#### Board Composition and Management of ApolloMed after the Merger

At the Effective Time, the ApolloMed Charter and ApolloMed Bylaws will be amended to divide the board of directors into three classes, Class I, Class II and Class III, with three directors in each class.

NMM has selected, and ApolloMed has agreed to use reasonable efforts to elect, at or immediately following the Effective Time, Michael F. Eng as a Class I director, Mitchell W. Kitayama and Kenneth Sim M.D., as Class II directors and Li Yu as a Class III director, to the ApolloMed board of directors, subject to the approval of the ApolloMed stockholders. Except for Suresh Nihalani and Ted Schreck, the current directors of ApolloMed will serve as the remaining ApolloMed board members, subject to the approval of the ApolloMed stockholders, with Thomas Lam M.D. and David G. Schmidt designated as Class I directors, Mark Fawcett designated as a Class II director and Warren Hosseinion M.D. and Gary Augusta designated as Class III directors.

Under the terms of the Merger Agreement, ApolloMed will appoint Kenneth Sim M.D. to serve as Executive Chairman, Albert Young, M.D., to serve as Co-Chief Medical Officer, Thomas Lam, M.D., to serve as Co-Chief Executive Officer and Hing Ang to serve as Chief Operating Officer of ApolloMed at the Effective Time. Gary Augusta, current Executive Chairman of ApolloMed, will be President, Warren Hosseinion M.D. will be Co-Chief Executive Officer, Mihir Shah will continue as Chief Financial Officer and Adrian Vazquez M.D. will be Co-Chief Medical Officer of ApolloMed.

It is anticipated that Suresh Nihalani and Ted Schreck will resign as directors of ApolloMed effective as of the Effective Time.

Information about the individuals who will be directors and executive officers of ApolloMed, including biographical information, executive compensation and stock ownership, can be found in the sections titled “MANAGEMENT OF THE COMBINED COMPANY” beginning on page 172 “PRINCIPAL STOCKHOLDERS OF APOLLOMED AND THE COMBINED COMPANY” beginning on page 195 and “PRINCIPAL SHAREHOLDERS OF NMM AND THE COMBINED COMPANY” beginning on page 197 of this joint proxy statement/prospectus.

#### Interests of ApolloMed’s Directors and Executive Officers in the Merger

In considering the recommendation of ApolloMed’s board of directors to approve and adopt the ApolloMed Merger Proposal, as stockholders of ApolloMed, officers and directors owning shares of ApolloMed will be treated as other stockholders of ApolloMed and will experience the same stock appreciation, if any, as a result of the Merger. However, ApolloMed stockholders should be aware that certain of ApolloMed’s directors and executive officers have interests in the Merger that may be different from, or in addition to, the interests of ApolloMed stockholders generally. ApolloMed’s board of directors was aware of these interests and considered them, among other matters, in approving and declaring advisable the Merger Agreement and the transactions contemplated by the Merger Agreement. These interests are described below.

#### Continuing Service of Directors and Executive Officers of ApolloMed

ApolloMed’s current directors Warren Hosseinion M.D., who is also ApolloMed’s Chief Executive Officer, Gary Augusta, who is also ApolloMed’s Executive Chairman, Mark Fawcett, Thomas Lam, M.D. and David Schmidt are expected to continue to serve as directors of the combined company. Suresh Nihalani and Ted Schreck will resign as directors of ApolloMed immediately prior to the Effective Time from his position, effective immediately after the Effective Time.

In addition, Warren Hosseinion, M.D. is expected to serve as Co-Chief Executive Officer of the combined company together with Thomas Lam M.D. Gary Augusta is expected to serve as President of the combined company, Mihir Shah, ApolloMed's Chief Financial Officer is expected to continue in the same role and Adrian Vazquez M.D., ApolloMed's Chief Medical Officer is expected to serve as Co-Chief Medical Officer of the combined company with Albert Young M.D.

#### Ownership Interest

As of November 10, 2017, the latest practicable date before the printing of this joint proxy statement/prospectus, the directors and executive officers of ApolloMed beneficially owned 61.5% of the outstanding shares of ApolloMed common stock. See "Principal Stockholders of ApolloMed" for more information.

#### Employment Agreements

On December 20, 2016, AMM, a wholly-owned subsidiary of ApolloMed, entered into new employment agreements with each of Warren Hosseinion M.D., Adrian Vazquez M.D., Gary Augusta and Mihir Shah. Each of the new employment agreements have an initial term of three years with automatic renewals and are expected to remain in place following the Merger. The new employment agreements were approved by the Compensation Committee of the board of directors of ApolloMed and replace the employment agreements previously entered into with (i) Dr. Hosseinion and Dr. Vazquez on March 28, 2014, as amended on January 12, 2016 and as amended and restated on June 29, 2016, and (ii) Mr. Shah on July 21, 2016. Mr. Augusta's consulting agreement through Flacane Advisers, Inc. has been terminated. Please see the section titled "MANAGEMENT OF THE COMBINED COMPANY – ApolloMed Executive Compensation" beginning on page 184 of this joint proxy statement/prospectus for further information about the new employment agreements.

## Merger-Related Compensation

In accordance with Item 402(t) of the SEC’s Regulation S-K, the table below presents the estimated amounts of compensation for each “named executive officer” of ApolloMed that may be paid or become payable to ApolloMed’s named executive officers. The plans or arrangements pursuant to which such payments would be made consist of ApolloMed’s employment agreements with each of the named executive officers, ApolloMed’s stock plans and the respective equity and performance awards specifying the terms and conditions of each such award.

The potential payments in the table below are based on the following assumptions:

The “effective time” of the Merger is December 31, 2017, which is the assumed date of the Closing solely for purposes of this Merger-related compensation disclosure;

immediately following the effective time of the Merger, each of ApolloMed’s named executive officers was terminated without “Cause” or resigned for “Good Reason” (as defined in such executive officer’s employment agreement);

the stock price is \$7.07 per share of ApolloMed common stock, which is the average closing price over the first 5 business days following the public announcement of the Merger.

The amounts shown are estimates based on multiple assumptions and do not reflect certain compensation actions that could occur before the Effective Time of the Merger. As a result, the actual amounts received by a named executive officer may differ materially from the amounts shown in the following table.

The following table sets forth the information regarding compensation that may be paid or become payable to ApolloMed’s named executive officers.

### **Merger-Related Compensation for ApolloMed’s Named Executive Officers**

Name	Cash\$(1)	Equity\$(2)(3)	Total(\$)
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Warren Hosseinion	919,308	-	919,308
Gary Augusta	642,000	-	642,000
Adrian Vazquez	919,251	-	919,251
Mihir Shah	735,820	99,944	835,764

(1) Amounts in this column represent the cash payments for severance and benefits continuation to be paid to each executive upon a termination of employment without Cause or a termination for Good Reason. The lump-sum severance amount equals two times the executive's most recent base salary (but determined prior to any action involving base salary that would constitute Good Reason). The benefits continuation amount equals the cost of coverage for the executive's group medical, dental and vision programs for a period of 12 months at the time of termination. These amounts are subject to the executive's execution of a release agreement.

(2) Amounts in this column reflect the aggregate amount attributable to the accelerated vesting of all outstanding unvested stock options upon the change in control held by the executive officers pursuant to the terms of the named executive officers' option award agreements. The named executive officers hold other vested options, which are set forth on page 184 below. All options held by the named executive officers will be assumed in connection with the change in control.

Amounts in this column do not reflect options to purchase shares of common stock of ApolloMed that were (3) granted to each executive officer on April 6, 2017. Such options grants have since been deemed void and will be cancelled without payment prior to the Effective Time.

#### Additional Narrative Description of Arrangements

No named executive officer is entitled to a tax gross-up for golden parachute excise taxes in connection with the Merger. Each employment agreement provides that if the compensation and benefits payable under such agreement would constitute a “parachute payment” under Section 280G of the Code, then the employment agreement or award agreements, as the case may be, (would provide either the full amount or a lesser amount such that no portion is subject to Section 280G, whichever provides the higher after-tax amount, including the potential taxes under Section 4999.) The table above does not reflect any potential cutbacks under this provision.

Please see the section titled “MANAGEMENT OF THE COMBINED COMPANY – ApolloMed Executive Compensation” beginning on page 184 of this joint proxy statement/prospectus for further information about the new employment agreements.

#### Sale of MMG

The Merger Agreement contemplates that Warren Hosseinion M.D., the sole shareholder of MMG, will sell to APC-LSMA all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement. It is anticipated that MMG and AMM will terminate the existing Management Services Agreement between them (the “MMG Management Agreement”) and APC-LSMA will pay AMM \$400,000 as a termination payment on or before the Effective Time. APC-LSMA is owned 100% by Dr. Lam and in turn is consolidated by APC, which is deemed to control APC-LSMA.

#### Indemnification and Liability Insurance

In connection with the Merger, ApolloMed will continue to indemnify its current directors and officers to the maximum extent permitted in accordance with applicable law, the ApolloMed Charter and the ApolloMed Bylaws, and any contractual arrangements. ApolloMed intends to maintain its current directors’ and officers’ insurance policy through the Merger, and obtain runoff coverage for at least an additional 2 years after the Merger. ApolloMed is authorized in its absolute discretion to obtain and maintain insurance as may be necessary, appropriate, or advisable to cover such indemnification obligations.

## Interests of NMM's Directors and Executive Officers in the Merger

In considering the recommendation of the NMM board of directors that NMM stockholders vote to approve all of the presented proposals, NMM stockholders should be aware that some of NMM's directors and officers have interests in the Merger and have arrangements that are different from, or in addition to, those of NMM stockholders generally. These interests and arrangements may create potential conflicts of interest. NMM's board of directors was aware of these interests and considered these interests, among other matters, in adopting and approving the Merger Agreement and the transactions contemplated thereby, including the Merger, and in recommending that NMM stockholders approve the NMM Merger Proposal and the NMM Adjournment Proposal.

When NMM's shareholders consider the recommendation of NMM's board of directors in favor of approval of the NMM Merger Proposal and the NMM Adjournment Proposal, NMM's shareholders should keep in mind that NMM's directors and officers have interests in such proposals that are different from, or in addition to or in conflict with, the interests of its shareholders. These interests include:

certain directors and officers of NMM are expected to continue to serve as directors and officers of the combined company;

the Merger Agreement contemplates that Warren Hosseinion, M.D., the sole shareholder of MMG, will sell to APC-LSMA (an entity in which Dr. Thomas Lam is the sole shareholder and the sole executive officer, but which is controlled and consolidated by APC) all the issued and outstanding shares of capital stock of MMG for \$100 under the Maverick Stock Purchase Agreement; and

the continued indemnification of current directors and officers of NMM and the continuation of directors' and officers' liability insurance after the Merger.

#### Regulatory Approvals Required for the Merger

Completion of the Merger is subject to prior receipt of all approvals required to be obtained from applicable governmental and regulatory authorities.

Under the HSR Act, the Merger may not be completed until the expiration of a 30 calendar day waiting period, which began when ApolloMed and NMM each filed a Premerger Notification and Report Form under the HSR Act with the FTC and the Antitrust Division on June 7, 2017. The required waiting period with respect to the Merger expired at 11:59 p.m., New York City time, on or July 7, 2017. The parties to the Merger Agreement are required to use their respective reasonable best efforts to consummate the offer and the Merger, including by taking all reasonable actions necessary to obtain any antitrust or other regulatory approvals. At any time before or after the Effective Time, and notwithstanding that the Merger may have been consummated, the FTC, the Antitrust Division or any state could take such action under the applicable antitrust or competition laws as it deems necessary or desirable. This action could include seeking to enjoin the completion of the Merger or seeking the divestiture of substantial assets of ApolloMed or NMM. Private parties may also institute legal actions under the antitrust laws under some circumstances. Although ApolloMed and NMM believe that the Merger is legal under applicable antitrust laws, a challenge to the Merger on antitrust grounds may be made, and if a challenge is made, it may be successful.

Under the terms of the Merger Agreement, neither ApolloMed nor NMM is required to hold separate (including by trust or otherwise) or divest any of their respective businesses or assets, or enter into any consent decree or other agreement that would restrict either ApolloMed or NMM in the conduct of its business. No additional stockholder approval is expected to be required or sought for any decision by ApolloMed or NMM, after their respective stockholder meetings, to agree to any terms and conditions necessary to resolve any regulatory objections to the Merger, and stockholder approval will not be sought unless additional stockholder approval is required to approve the terms and conditions under applicable law.



ApolloMed must also comply with the applicable federal and state securities laws in connection with the issuance of shares of ApolloMed common stock in the Merger and the filing with the SEC of the registration statement of which this joint proxy statement/prospectus forms a part.

The foregoing is a summary of the material regulatory requirements for the Merger, satisfaction or waiver of certain of which requirements is a condition to the completion of the Merger. There can be no guarantee as to if and when any of the consents or approvals required for the Merger will be obtained or as to the conditions that such consents and approvals may contain.

#### Dissenters' Rights

Under the DGCL, ApolloMed stockholders are not entitled to appraisal rights in connection with the Merger.

NMM shareholders have the right to dissent from the Merger and assert dissenters' rights, provided the requirements of the California Corporations Code are followed. Any NMM shareholder electing to exercise dissenters' rights must strictly comply with the provisions of Chapter 13 of the California Corporations Code.

Pursuant to the terms of the Merger Agreement, prior to the closing of the Merger, NMM has agreed to repurchase and cancel all NMM common stock (including any other securities exercisable for or convertible into NMM common stock, or rights to acquire NMM common stock) that are held by dissenting shareholders or by other shareholders who have exercised their dissenters' rights in accordance with Chapter 13 of the California Corporations Code.

**The following is intended to be a summary of the material provisions of the California statutory procedures required to be followed by shareholders in order to demand and perfect dissenters' rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Chapter 13 of the California Corporations Code. The full text of these dissenters' provisions is reproduced in its entirety in Annex I to this joint proxy statement/prospectus. If a NMM shareholder wishes to consider exercising dissenters' rights, they should carefully review the text of Chapter 13 of the California Corporations Code, since failure to timely and properly comply with the requirements of Chapter of the California Corporations Code will result in the loss of dissenters' rights under California law.**

Chapter 13 of the California Corporations Code provides NMM shareholders who do not vote "FOR" approval of the Merger Agreement with the right, subject to compliance with the requirements summarized below, to dissent and demand the payment of, and to be paid in cash for, the fair market value of the shares of NMM common stock owned by such NMM shareholders as of the record date for NMM's special meeting to consider and vote upon the NMM Merger Proposal. The fair market value of shares of NMM common stock is determined as of December 22, 2016, which was the day of, and immediately prior to, the first public announcement of the terms of the Merger.

#### Not Vote "FOR" the Merger Agreement

Any NMM shareholder who desires to exercise dissenters' rights must not have voted his, her or its shares of NMM common stock "FOR" approval of the NMM Merger Proposal. If a NMM shareholder returns a proxy without voting instructions or with instructions to vote "FOR" approval of the NMM Merger Proposal, or votes in person at the NMM special meeting "FOR" approval of the NMM Merger Proposal, his, her or its shares of NMM common stock will be counted as votes in favor of the NMM Merger Proposal and such shareholder will lose any dissenters' rights. Thus, if a NMM shareholder wishes to dissent and executes and returns a proxy, the proxy must specify that their shares of NMM common stock are to be voted "AGAINST" or "ABSTAIN" with respect to approval of the NMM Merger Proposal.

#### Notice of Approval

If NMM's shareholders approve the Merger Agreement, NMM is required within 10 days after the approval to send to those NMM shareholders who did not vote "FOR" approval of the NMM Merger Proposal a written notice of NMM

shareholder approval, accompanied by a copy of Sections 1300, 1302, 1303 and 1304 of the California Corporations Code, a statement of the price determined by NMM to represent the fair market value of the dissenting shares immediately prior to the public announcement of the term of the Merger Agreement on December 22, 2016 and a brief description of the procedure to be followed if the NMM shareholder desires to exercise the shareholder's dissenters' right under the California Corporations Code. The statement of price determined by NMM to represent the fair market value of dissenting shares, as set forth in the notice of approval, will constitute an offer by NMM to purchase the dissenting shares at the stated price if the Merger is completed and the dissenting shares do not otherwise lose their status as such. Within 30 days after the date of the mailing of the notice of NMM shareholder approval, a dissenting NMM shareholder must submit to NMM, or NMM's transfer agent, for endorsement as dissenting shares, the stock certificates, if issued, representing their shares of NMM common stock as to which such NMM shareholder is exercising dissenter's rights. If the dissenting shares are uncertificated, then the NMM shareholder must, within 30 days after the date of the mailing of the notice of NMM shareholder approval, provide written notice of the number of shares of NMM common stock which the shareholder demands that NMM purchase.

#### Written Demand for Payment

To preserve dissenters' rights, an NMM shareholder must make a written demand for the purchase of their shares of NMM common stock and payment to them of the fair market value of their shares of NMM common stock within 30 days after the date on which notice of NMM shareholder approval (as described immediately above) of the Merger Agreement is mailed. Simply failing to vote for, or voting against, the NMM Merger Proposal does not constitute a proper written demand under the California Corporations Code. To comply with the requirements under the California Corporations Code, the written demand must:

- be received by NMM not later than 30 days after the date on which the notice of approval is mailed;

specify the shareholder's name and mailing address and the number of shares of NMM common stock held of record which the shareholder demands that NMM purchase;

state that the NMM shareholder is demanding purchase of their shares of NMM common stock and payment of the fair market value of such shares; and

- state the price that the NMM shareholder claims to be the fair market value of such shareholder's shares of NMM common stock as of December 22, 2016, which statement of fair market value constitutes an offer by the NMM shareholder to sell such NMM shareholder's shares of NMM common stock to NMM at that price.

Any written demands for payment from NMM shareholders should be sent to NMM at Network Management, Inc., 1668 S. Garfield Avenue, 3<sup>rd</sup> Floor, Alhambra, California 91801, Attention: Corporate Secretary. Shares of NMM common stock held by shareholders have perfected their dissenters' rights in accordance with Chapter 13 of the California Corporations Code and have not withdrawn their demands or otherwise lost their dissenters' rights are referred to in this summary as "dissenting shares."

#### Payment of Agreed-Upon Price

If NMM and a dissenting NMM shareholder agree that the shareholder's shares of NMM common stock are dissenting shares and agree upon the price of the dissenting shares, the dissenting NMM shareholder is entitled to receive the agreed price with interest at the legal rate on judgments from the date of that agreement. Payment for the dissenting shares must be made within 30 days after the later of the date of that agreement or the date on which all statutory and contractual conditions to the Merger are satisfied. Payments are also conditioned on the surrender of the certificates, if issued, representing the dissenting shares within 30 days after the date of the mailing of the notice of NMM shareholder approval.

#### Determination of Dissenting Shares or Fair Market Value

If NMM denies that the dissenting NMM shareholder's shares of NMM common stock are dissenting shares, or NMM and the NMM shareholder fail to agree upon the fair market value of the dissenting shares, then, within six months after the notice of NMM shareholder approval of the Merger is sent by NMM, any NMM shareholder demanding purchase of their shares of NMM common stock as dissenting shares or any interested corporation may file a complaint in the superior court in the proper county praying the court to determine whether the shares of NMM

common stock are dissenting shares or the fair market value of the dissenting shares, or both, or may intervene in any action pending on such a complaint. If a complaint is not filed or intervention in a pending action is not made within the specified six-month period, the dissenters' rights are lost. If the fair market value of the dissenting shares is at issue, the court will determine, or will appoint one or more impartial appraisers to determine, such fair market value.

#### Maintenance of Dissenting Share Status

Except as expressly limited by Chapter 13 of the California Corporations Code, holders of dissenting shares continue to have all the rights and privileges incident to their shares of NMM common stock until the fair market value of their shares of NMM common stock is agreed upon or determined. A holder of dissenting shares may not withdraw a demand for payment unless NMM consents to the withdrawal.

Dissenting shares lose their status as dissenting shares, and dissenting NMM shareholders cease to be entitled to require NMM to purchase their shares of NMM common stock, upon the happening of any of the following:

- the Merger is abandoned;
- their shares of NMM common stock are transferred before their submission for the required endorsement;

the dissenting NMM shareholder and NMM do not agree on the status of the dissenting NMM shareholder's shares of NMM common stock as dissenting shares or do not agree on the purchase price, but neither NMM nor the shareholder files a complaint or intervenes in a pending action within six months after the date on which NMM mails a notice that NMM's shareholders have approved the Merger; or

with the consent of NMM, the dissenting NMM shareholder withdraws its demand for purchase of the dissenting shares.

NMM shareholders should be aware that the fair value of any shares of NMM common stock as determined under Section 1300 of the California Corporations Code could be more, the same, or less than the Merger consideration. Investment banker opinions as to the fairness from a financial point of view of the consideration payable in a transaction such as the Merger are not an opinion as to, and do not in any way address, fair value under Section 1300 of the California Corporations Code.

The failure of a NMM shareholder to comply strictly with the California Corporations Code requirements will result in a loss of dissenters' rights. A copy of the relevant statutory provisions is attached as Annex I. NMM shareholders are urged to refer to Annex I for a complete statement concerning dissenters' rights. The foregoing summary of such rights is qualified in its entirety by reference to Annex I.

#### Accounting Treatment

Although ApolloMed is the legal acquirer and will issue shares of its common stock to effect the Merger with NMM, if the business combination is completed it will be accounted for as an acquisition of ApolloMed by NMM using the "acquisition" method of accounting. NMM will record net tangible and identifiable intangible assets acquired and liabilities assumed from ApolloMed at their respective fair values at the date of the completion of the Merger. Any excess of the purchase price, which will equal the fair value of the aggregate amount of ApolloMed common stock issued pursuant to the Merger Agreement on the date of the completion of the Merger plus any cash paid in lieu of fractional shares, over the net fair value of such assets and liabilities will be recorded as goodwill.

The financial condition and results of operations of NMM after completion of the Merger will reflect ApolloMed's results but will not be restated retroactively to reflect the historical financial condition or results of operations of ApolloMed. The earnings of NMM following the completion of the Merger will reflect the effect of acquisition accounting adjustments, including changes in the carrying values of assets and liabilities and on depreciation and amortization expense. Intangible assets with indefinite useful lives and goodwill will not be amortized but will be tested for impairment at least annually, and all assets including goodwill will be tested for impairment when certain indicators are present. If in the future NMM determines that tangible or intangible assets (including goodwill) are impaired, NMM would record an impairment charge at that time.

## **NASDAQ Market Listing**

ApolloMed's common stock is currently quoted on OTC Pink and traded under the symbol "AMEH." ApolloMed has applied for listing of its common stock on the NASDAQ Global Market effective as of the closing of the Merger.

## THE MERGER AGREEMENT

*The following summary describes material provisions of the Merger Agreement. The provisions of the Merger Agreement are complicated and not easily summarized. This summary may not contain all of the information about the Merger Agreement that is important to you. This summary is qualified in its entirety by reference to the full text of the Merger Agreement, which is attached to this joint proxy statement/prospectus as Annex A and is incorporated by reference into this joint proxy statement/prospectus. You should read the Merger Agreement carefully and in its entirety, as it is the base legal document governing the Merger and the other transactions contemplated thereby.*

*The Merger Agreement has been included to provide you with information regarding its terms and the transactions described in this joint proxy statement/prospectus. Neither ApolloMed nor NMM intends that the Merger Agreement will be a source of business or operational information about ApolloMed or NMM. The representations, warranties and covenants made in the Merger Agreement by ApolloMed, Merger Sub and NMM were made solely to the parties to, and solely for the purposes of, the Merger Agreement and as of specific dates and were qualified and subject to important limitations agreed to by ApolloMed, Merger Sub and NMM in negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right to not complete the Merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that are not reflected in the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreement. You should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts relating to ApolloMed, Merger Sub and NMM or any of their respective subsidiaries or affiliates.*

### Form, Effective Time and Closing of Merger

The Merger Agreement provides that, at the Effective Time, Merger Sub, a wholly owned subsidiary of ApolloMed, will merge with and into NMM. Upon completion of the Merger, the separate corporate existence of Merger Sub will cease, and NMM will continue as the surviving entity and as a wholly owned subsidiary of ApolloMed.

If consummated, the Merger will be made effective at the time of filing of the Certificate of Merger with the Secretary of State of the State of California or at such later time as agreed to by the parties in writing and specified in the Certificate of Merger. The Merger Agreement provides that the closing of the Merger shall take place on the second



business day after all of the closing conditions set forth in the Merger Agreement have been satisfied or waived or at such other date and time as may be mutually agreed upon by the parties in writing (the “Closing”).

#### Directors and Officers of Combined Company

#### Board of Directors

The Merger Agreement provides that the ApolloMed board of directors immediately after the Effective Time will consist of nine directors divided into three classes, designated as follows:

#### Class I Directors

- Michael F. Eng (NMM designee)
- Thomas Lam, M.D. (NMM designee)
- David G. Schmidt (ApolloMed designee)

Class II Directors

- Mitchell W. Kitayama (NMM designee)
- Kenneth Sim, M.D. (NMM designee)
- Mark Fawcett (ApolloMed designee)

Class III Directors

- Li Yu (NMM designee)
- Warren Hosseinion, M.D. (ApolloMed designee)
- Gary Augusta (ApolloMed designee)

Management

The Merger Agreement further provides that immediately following the Effective Time, the following individuals will be appointed by the ApolloMed board of directors:

<b>Officer Name:</b>	<b>Position:</b>
Kenneth Sim, M.D.	Executive Chairman
Thomas Lam, M.D.	Co-Chief Executive Officer
Warren Hosseinion, M.D.	Co-Chief Executive Officer
Gary Augusta	President
Hing Ang	Chief Operating Officer

Mihir Shah	Chief Financial Officer
Adrian Vazquez, M.D.	Co-Chief Medical Officer
Albert Young, M.D.	Co-Chief Medical Officer

#### Effects of Merger; Merger Consideration

Under the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive (A) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time, calculated in accordance with the Merger Agreement (see “THE MERGER AGREEMENT – Effects of Merger; Merger Consideration” beginning on page 145), plus (B) an aggregate of 2,566,666 shares of ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time (the “Additional Shares”). In addition, each NMM shareholder shall be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock, exercisable at \$11.00 per share and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock, exercisable at \$10.00 per share (collectively, the “Warrant Consideration”). For purposes of calculating the exchange ratio, (A) the aggregate number of shares of ApolloMed common stock held by the NMM shareholders immediately following the Effective Time will exclude (i) any shares of ApolloMed common stock owned by NMM shareholders immediately prior to the Effective Time, (ii) the Additional Shares and (iii) any shares of ApolloMed common stock issuable to NMM shareholders pursuant to the exercise of the ApolloMed Warrants and/or Warrant Consideration, and (B) the total number of issued and outstanding shares of ApolloMed common stock immediately following the Effective Time shall exclude 499,000 shares of ApolloMed common stock issued or issuable under the Alliance Note pursuant to the Securities Purchase Agreement.

The aggregate consideration to be paid by ApolloMed to the NMM shareholders in the Merger is an amount equal to the total of (i) 90% of the aggregate number of shares of ApolloMed common stock the NMM shareholders are entitled to receive in accordance with the exchange ratio and the Additional Shares (the “Closing Share Payment”), plus (ii) the remainder, if any, from the Holdback Shares, which will comprise 10% of the aggregate number of shares of ApolloMed common stock the NMM shareholders are entitled to receive in accordance with the exchange ratio and the Additional Shares, plus (iii) warrants to purchase a pro-rata portion of an aggregate of (A) 850,000 shares of ApolloMed common stock at an aggregate price of \$11.00 per share and (B) 900,000 shares of ApolloMed common stock at an aggregate price of \$10.00 per share.

#### Exchange Procedures

In order for NMM shareholders to receive the applicable merger consideration under the Merger Agreement, NMM shareholders must do the following:

Execute the signature page of a letter of transmittal and provide the shareholder’s wire instructions and address (to be used to distribute cash to the NMM shareholder in lieu of fractional shares of ApolloMed common stock due to the NMM shareholder, if any), and deliver the executed letter of transmittal to the exchange agent. A form of the letter of transmittal is attached as Exhibit E of the Merger Agreement.

Complete the description of the NMM shareholder’s common stock as attached to the letter of transmittal and deliver the completed description to the exchange agent as set forth therein.

Execute the Substitute W-9 attached to the letter of transmittal and deliver the executed Substitute W-9 to the exchange agent.

Execute and deliver the Release and Agreement to Terms of Merger Agreement attached to the letter of transmittal.

Execute and deliver the Lock-Up Agreements.

Execute and deliver the Noncompetition and Nonsolicitation Agreement attached to the letter of transmittal.

Deliver certificate(s) representing shares of NMM common stock to the exchange agent as set forth in the letter of transmittal, unless any of such certificate(s) are held by NMM or any of its representatives, in which case such certificate(s) shall be delivered to the exchange agent on the NMM shareholder’s behalf.

## Dissenting Shares

ApolloMed stockholders will not have any appraisal rights under Delaware law in connection with the matters to be voted on at the ApolloMed special meeting at which approval of the Merger will be considered.

NMM shareholders have the right to dissent from the Merger and assert dissenters' rights, provided the requirements of the California Corporations Code are followed. Any NMM shareholder electing to exercise dissenters' rights must strictly comply with the provisions of Chapter 13 of the California Corporations Code.

To preserve dissenters' rights, an NMM shareholder must make a written demand for the purchase of their shares of NMM common stock and payment to them of the fair market value of their shares of NMM common stock within 30 days after the date on which notice of NMM shareholder approval of the Merger Agreement is mailed. Simply failing to vote for, or voting against, the NMM Merger Proposal does not constitute a proper written demand under the California Corporations Code.

The failure of a NMM shareholder to comply strictly with the California Corporations Code requirements will result in a loss of dissenters' rights. A copy of the relevant statutory provisions is attached as Annex I. See the section titled "THE MERGER – Dissenters' Rights" beginning on page 140 of this joint proxy statement/prospectus.

## Representations and Warranties

The Merger Agreement contains representations and warranties made by ApolloMed and Merger Sub solely to NMM and by NMM solely to ApolloMed and Merger Sub. The representations and warranties described below and included in the Merger Agreement were made only for purposes of the Merger Agreement and as of specific dates, are solely for the benefit of NMM, Merger Sub and ApolloMed, as applicable, may be subject to limitations, qualifications or exceptions agreed upon by the parties, including those included in confidential disclosures made for the purposes of, among other things, allocating contractual risk between NMM and ApolloMed rather than establishing matters as facts, and may be subject to standards of materiality that differ from those generally applicable to shareholders and reports and documents filed with the SEC. You should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition relating to NMM, Merger Sub, ApolloMed or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in public disclosures by ApolloMed. The representations and warranties and other provisions of the Merger Agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this joint proxy statement/prospectus.

ApolloMed and Merger Sub have made representation and warranties to NMM, including those related to the following matters:

- Authority of ApolloMed; No Conflicts;
- Organization and Power and Authority of ApolloMed;
- Organization and Power and Authority of Merger Sub;
- Financial Statements; Accounts Receivable;
- Absence of Certain Changes;

· Material Contracts;

· Litigation;

· Business Employees and Employee Relations;

· Employee Benefit Plans;

· Taxes;

· Solvency;

· Brokers and Finders;

· Sufficiency of Assets;

· Equity Interests;

· Legal and Regulatory Compliance;

- Permits and Licenses;
- Condition of Assets;
- Financing Statements; Indebtedness;
- Real Property;
- Related Party Transactions;
- Insurance;
- Intangible Personal Property;
- Environmental;
- Books and Records;
- Disclosure;
- No Disqualification Event; and
- SEC Reports; Financial Statements.

NMM has made representations and warranties to ApolloMed and Merger Sub in the Merger Agreement, including representations and warranties relating to the following matters:

- Authority of NMM; No Conflicts;
- Organization; Power and Authority;



.	Financial Statements; Accounts Receivable;
.	Absence of Certain Changes;
.	Material Contracts;
.	Litigation;
.	Business Employees and Employee Relations;
.	Employee Benefit Plans;
.	Taxes;
.	Solvency;
.	Brokers and Finders;
.	Sufficiency of Assets;
.	Equity Interests;
.	Legal and Regulatory Compliance;
.	Permits and Licenses;
.	Conditions of Assets;

Financing Statements; Indebtedness;

Real Property;

Related-Party Transactions;

Insurance;

Intangible Personal Property; Software;

Environmental;

Books and Records;

Disclosure; and

Accredited Investor.

Certain representations and warranties in the Merger Agreement are qualified as to “materiality”, “knowledge” or “material adverse effect.” For purposes of the Merger Agreement, a “material adverse effect” means any change, effect, fact, event, occurrence, state of facts or development that, individually or together with any other changes, effects, facts, events, occurrences, states of facts or developments, materially and adversely affects, or could reasonably be expected to materially and adversely affect (a) the consolidated financial condition, results of operations, assets, liabilities, income, business or prospects of NMM or (b) the ability of the applicable party to perform its obligations under this Agreement or (c) ApolloMed’s ability to operate the surviving entity; provided, however, that Material Adverse Effect shall exclude any adverse changes or conditions as and to the extent such changes or conditions relate to or result from (i) general economic conditions or other conditions generally affecting the industry in which NMM’s business competes; or (ii) public or industry knowledge of the transactions contemplated by this Agreement (including, without limitation, any action or inaction by NMM’s business employees and vendors) except if such conditions in either clause (i) or clause (ii) above have a disproportionate impact on NMM’s business.

## Covenants and Agreements

### Conduct of Business Prior the Completion of the Merger

From the date the Merger Agreement was executed (the “Execution Date”) until the Closing, each of ApolloMed, NMM and Merger Sub have agreed to (i) conduct their respective businesses in the ordinary course of their normal, day-to-day operations consistent with their respective past practices and customs, (ii) preserve substantially intact their respective business organizations, and (iii) preserve their present relationships and goodwill with customers, suppliers, and other persons with which they have material business relations. These general obligations include a detailed set of business activities that may not be undertaken during the period between the Execution Date and Closing without the prior written consent of the other party, which consent may not be unreasonably withheld, conditioned or delayed.

#### No Solicitation

The Merger Agreement contains provisions that restrict each of ApolloMed and NMM from encouraging, soliciting or initiating discussions or negotiations with, or engaging in negotiations or discussions with, or providing non-public information to any person concerning, a merger, consolidation, sale of substantially all assets or other similar transaction involving their respective businesses, assets or equity, in each case that would result in the acquisition in any manner of more than 15% of the voting power or fair market value of the business, assets, or deposits of such party.

#### Agreement Not to Change Recommendation

NMM's board of directors will not withdraw their approval of the Merger Agreement or approve or endorse any Acquisition Proposal or take any such actions to further such a proposal, including not entering into any letter of intent or other definitive agreement which is reasonably likely to lead to any such competitor acquisition.

#### Reasonable Best Efforts

Each party will use its reasonable best efforts to take all actions necessary, proper or advisable in order to consummate the Merger and the other transactions contemplated by the Merger Agreement. Each party will use reasonable best efforts and will cooperate with the other party in the preparation and filing, of all filings required to consummate the transactions contemplated by the Merger Agreement and to obtain regulatory approvals as necessary.

#### Notice of Certain Events

Each of ApolloMed and NMM have agreed to promptly notify the other party of, and deliver to such other party copies of all documentation relating to (i) obtaining third party consents, (ii) the occurrence of a breach of any representation or warranty in the Merger Agreement, (iii) the commencement of any legal action that relates to either party's business or the consummation of the Merger, (iv) shareholder communication, (v) material third party contracts, (vi) communications with any governmental authority in connection with the Merger, and (vii) material operating and financial reports prepared for either party's management.

#### Confidentiality, Press Releases and Public Announcements

NMM and ApolloMed previously entered into a Nondisclosure Agreement which was incorporated by reference into the Merger Agreement and shall continue in full force and effect until the Closing. Each of the parties agreed that the use of confidential information will be used solely for the purposes of evaluating the party that disclosed such information.

NMM and ApolloMed will consult with each other before issuing, and provide each other the opportunity to review, comment upon and concur with, and use commercially reasonable efforts to agree on, any press release or other public

statements with respect to the transactions contemplated by the Merger Agreement.

### Third Party Consents and Approvals

Each of NMM, ApolloMed and the Shareholders' Representative agreed to use its commercially reasonable efforts to take such actions as are necessary or advisable to consummate, as promptly as practicable, the Merger and the other transactions contemplated by this Agreement, including (i) obtaining all necessary consents, authorizations and approvals from any governmental authority, including, without limitation, Notification and Report Forms and related material required to be filed with the FTC and the Antitrust Division under the HSR Act with respect to the transactions contemplated hereby or other third party, and (ii) the execution and delivery of any additional instruments necessary to consummate the Merger.

ApolloMed believes that the Merger does not raise antitrust or other significant regulatory concerns and that both parties will be able to obtain all requisite regulatory approvals prior to the Closing. ApolloMed must comply with the applicable federal and state securities laws in connection with the issuance of shares of ApolloMed common stock in the Merger and the filing with the SEC of the registration statement of which this joint proxy statement/prospectus forms a part.

### Proxy/Registration Statement

ApolloMed, NMM and Merger Sub agreed to cooperate with each other in the preparation of, and filing of, this joint proxy statement/prospectus and the registration statement of which this document is a part as soon as practicable after the effectiveness of the Merger Agreement.

### NMM Shareholder Approval

As soon as practicable following the date the proxy clearance is obtained and, if applicable, the date the registration statement is effective, NMM shall give notice (the “NMM Shareholder Meeting Notice”) to the NMM shareholders for the purpose of approving the Merger Agreement and the other transactions contemplated by the Merger Agreement, together with any other matters required to be approved or adopted by the NMM shareholders in order to carry out the intentions of the Merger Agreement. In furtherance of that obligation, NMM will take, all action necessary to duly call, give notice of, convene and hold a special meeting of the holders of NMM common stock, to be held no later than 30 calendar days following the date NMM sends the NMM Shareholder Meeting Notice, to consider and vote upon the adoption of the Merger Agreement and approval of the other transactions contemplated by the Merger Agreement as well as any other such matters.

### ApolloMed Shareholder Approval

As soon as practicable following the date the proxy clearance is obtained and, if applicable, the date the registration statement is effective, ApolloMed shall give notice (the “ApolloMed Shareholder Meeting Notice”) to the ApolloMed shareholders for the purpose of approving the Merger Agreement and the other transactions contemplated by the Merger Agreement, together with any other matters required to be approved or adopted by the ApolloMed shareholders in order to carry out the intentions of the Merger Agreement. In furtherance of that obligation, ApolloMed will take, all action necessary to duly call, give notice of, convene and hold a special meeting of the holders of ApolloMed common stock, to be held no later than 30 calendar days following the date ApolloMed sends the ApolloMed Shareholder Meeting Notice, to consider and vote upon (i) the Merger, including the issuance of ApolloMed shares that will comprise the merger consideration, and the other transactions contemplated by the Merger Agreement, (ii) the division of the board of directors of ApolloMed into three classes and the amendments to the ApolloMed Charter and ApolloMed Bylaws to effect such board classification, (iii) the election to the board of directors of ApolloMed of the persons designated by NMM and ApolloMed as set forth above, and (iv) any other action required to be approved by the shareholders of ApolloMed in connection with the Merger Agreement, the Merger or any other such matters.

### NMM Financial Statements

NMM agreed to provide ApolloMed certain financial statements of NMM and its subsidiaries in accordance with GAAP.

### Distribution of NMM Distributable Cash and ApolloMed Warrants

ApolloMed, NMM and Merger Sub agreed that prior to the Closing, (i) NMM may at any time or from time to time in NMM's sole discretion distribute all or any portion of NMM's cash and cash equivalents to its shareholders so long as (x) NMM retains sufficient cash and cash equivalents to conduct its business in the ordinary course of business and (y) NMM is able to satisfy the covenant to maintain the minimum level of cash and cash equivalents set forth in the Merger Agreement and (ii) immediately prior to the Closing NMM may make an in-kind distribution to its shareholders of the ApolloMed Warrants such that the ApolloMed Warrants shall not be exercised prior to the Effective Time.

#### Working Capital Loan

NMM and ApolloMed agreed that NMM would provide a working capital loan to ApolloMed in the principal amount of \$9,000,000, which is evidenced by a convertible promissory note. Of the principal amount, (A) \$5,000,000 was previously disbursed to ApolloMed pursuant to a \$5,000,000 working capital loan evidenced by the Original Note and (B) \$4,000,000 is to be used for working capital.

#### *Minimum NMM Cash*

NMM covenants and agrees to maintain a minimum amount of cash immediately prior to the Effective Time of not less than \$10,000,000.

## Indemnification; Holdback Shares

The Merger Agreement provides that the representations and warranties contained therein will survive for a period of two years after the Closing, during which the parties may seek indemnification for any breaches of the Merger Agreement.

The Merger Agreement requires that at the Effective Time, ApolloMed will hold back 10% of the total number of shares of ApolloMed common stock issuable to NMM shareholders in the Merger to secure indemnification obligations of NMM. The Holdback Shares will be held for a period of up to 24 months after the closing of the Merger, during which ApolloMed may seek indemnification for any breach of, or noncompliance with, any provision of the Merger Agreement by NMM. At the end of first year following the closing of the Merger, 50% of the Holdback Shares will be released to the pre-Merger NMM shareholders, subject to any reduction for any indemnification claims and at the end of the second year following the closing of the Merger, the remainder of the Holdback Shares will be released to the pre-Merger NMM shareholders, subject to any reduction for any indemnification claims. Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as the Holdback Shares).

## Conditions to Completion of the Merger

Currently, ApolloMed and NMM expect to complete the Merger during the fourth quarter of 2017. As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, each party's obligation to complete the Merger depends on a number of conditions being satisfied or, where legally permissible, waived, including the following:

The approval of the Merger Agreement by the NMM shareholders holding at least 95% of the outstanding shares of NMM common stock and representing at least 95% in number of the NMM shareholders;

The approval of the ApolloMed stockholders of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal;

The effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and the absence of any stop order or related proceeding initiated or threatened by the SEC and not concluded or withdrawn; and



The absence of any legal restraint or governmental order that would prevent or prohibit the completion of the Merger and the other transactions contemplated by the Merger Agreement.

The obligation of ApolloMed and Merger Sub to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

NMM's representations and warranties being true in all respects to the extent not qualified by material or mutual adverse effect to the extent qualified by materiality or material adverse effect and being true in all material respects (to the extent not qualified by materiality or material adverse effect) as of the date of the date of the Merger Agreement and the Closing except for those otherwise qualified as to a specified date;

The performance, in all material respects, by NMM and the Shareholders' Representative, of its covenants and agreements required to be performed or complied with before or on the Closing;

Delivery to ApolloMed at or before the Closing of all required approvals, consents, authorizations and waivers from NMM and all other closing deliverables from NMM, including, but not limited to, delivery by all NMM shareholders of executed Lock-Up Agreements;

No action commenced or threatened in writing by a governmental authority, in effect, that would restrain or prevent the Closing or transactions contemplated by the Merger Agreement or seeks damages in connection with such transactions;

The absence of any material adverse effect on NMM and no event will have occurred or circumstance will exist that, individually or in combination with any other events or circumstances, would reasonably be expected to have a material adverse effect on NMM; and

NMM's repurchase and cancellation of all shares of NMM common stock that will not be voted in favor of the Merger or the other transactions contemplated by the Merger Agreement such that there shall be no NMM shareholders who have exercised their dissenters' rights in respect of the Merger or any other dissenting shareholders; and

Satisfaction or waiver of all conditions precedent to APC-LSMA's purchase of all of the issued and outstanding capital stock of MMG.

The obligation of NMM to complete the Merger is subject to the satisfaction or waiver of the following additional conditions:

The representations and warranties of ApolloMed and Merger Sub being true in all respects, to the extent qualified by materiality or material adverse effect, and others will be true in all material respects as of the date of the Merger Agreement and the Closing, except for those otherwise qualified as to a specified date;

The performance, in all material respects, by ApolloMed and Merger Sub of their covenants and agreements required to be performed or complied with before or on the Closing;

Receipt by, and delivery to, NMM at or before the Closing of all required approvals, consents and waivers from ApolloMed and Merger Sub and all closing deliverables and payments from ApolloMed;

No action commenced or threatened in writing by a governmental authority, in effect, that would restrain or prevent the Closing or transactions contemplated by the Merger Agreement or seeks damages in connection with such transactions;

The absence of any material adverse effect on ApolloMed and absence of any event that, individually or in combination with any other events or circumstances, would reasonably be expected to have a material adverse effect on ApolloMed; and

Satisfaction or waiver of all conditions precedent to APC-LSMA's purchase of all of the issued and outstanding capital stock of MMG.

Neither ApolloMed nor NMM can be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed.

#### Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the Closing by mutual written consent of the parties. The Merger Agreement may also generally be terminated by either party, prior to Closing, in the following circumstances:

If the Merger and other transactions contemplated by the Merger Agreement have not been consummated on or before March 31, 2018 (the “End Date”);

Any law, order or legal restraint (a) makes the consummation of the Merger and the other transactions contemplated by the Merger Agreement illegal or otherwise prohibited or (b) enjoins a party from consummating the Merger and the other transactions contemplated by the Merger Agreement and such injunction, other legal restraint or order shall have become final and non-appealable;

If either party (i) withdraws its approval, recommendation or declaration of advisability of the Merger, the Merger Agreement or the consummation of the transactions contemplated thereunder, (ii) adopts, approves or declares advisable the adoption of any offer, proposal for merger, acquisition of assets or other business combination that would result in the acquisition of more than fifteen percent (15%) of the voting power in, or more than fifteen percent (15%) of the fair market value of the business, assets or deposits of such party (an “Acquisition Proposal”); or (iii) agree or propose to take any such actions (each such action, an “Adverse Recommended Change”);

If ApolloMed fails to obtain the requisite approval of the ApolloMed Merger Proposal, the Board Classification Proposal and each of the directors in the Election of Directors Proposal at its special meeting of stockholders or any adjournment or postponement thereof;

If NMM fails to obtain the requisite approval of the NMM Merger Proposal at its special meeting of shareholders or any adjournment or postponement thereof;

If there is a material breach by either party of the non-solicitation provisions or shareholder provisions in the Merger Agreement;

If there has been a material breach by either party of any representation, warranty, covenant or agreement contained in Merger Agreement that has prevented or would prevent the satisfaction of any condition to the obligations of such party at the closing and such breach has not been waived or cured within 10 business days after written of written notice by the other party;

If more than five percent (5%) of the outstanding shares of NMM common stock have validly exercised their dissenters’ rights in accordance with the Dissenters’ Rights Rules (and not withdrawn such exercise or otherwise become ineligible to effect such exercise) in respect of the Merger;

If a material adverse effect with respect to NMM, ApolloMed or Merger Sub has occurred and cannot be cured by the applicable party within 10 business days after receipt of written notice thereof from the applicable party; or

If ApolloMed or NMM does not accept updated disclosure schedules provided by the other party pursuant to the Merger Agreement.

#### Effect of Termination

In the event that the Merger Agreement is terminated pursuant to the above, the Merger Agreement will become void and of no effect without further obligation or liability of any party (except for certain parties' obligations of confidentiality and non-use with respect to the other Party's confidential information pursuant to the Nondisclosure Agreement) and no party will be entitled to any monetary damages, injunctive relief or any indemnification; provided, that no party will be relieved from liability resulting from a knowing and intentional breach prior to such termination of any of its representations, warranties, covenants or agreements set forth in the Merger Agreement or any other transaction contemplated thereunder. Notwithstanding anything to the contrary contained in the Merger Agreement, the obligations in Sections 3.7 (Confidentiality), 9.2 (Effects of Termination) and 9.3 (Fees and Expenses) and Article XII (General Provisions) and Article XIII (Definitions) of the Merger Agreement shall remain in full force and effect.

#### Termination Fees; Expenses in Connection with the Termination

Notwithstanding the above, ApolloMed and NMM are each subject to a \$1,500,000 termination fee in certain circumstances where the Merger Agreement is terminated and it enters into any definitive agreement with respect to, or consummates, any Acquisition Proposal within twelve months of the date of any such termination.

#### Miscellaneous Provisions

##### Expenses

Except with respect to costs and expenses of all filing and other fees in connection with any filing under the HSR Act, each of which shall be borne equally by ApolloMed and NMM, all fees and expenses incurred in connection with the Merger Agreement, the Merger and the other transactions contemplated hereby shall be paid by the party incurring such fees or expenses, whether or not the Merger is consummated.

Each party will pay all costs and expenses incurred by it incident to its negotiation and preparation of the Merger Agreement and to its performance and compliance with all agreements and conditions contained in the Merger Agreement on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel, accountants, advisors and consultants. Notwithstanding anything to the contrary contained in the Merger Agreement, all transfer, documentary, sales, use, stamp, registration and other similar taxes, and all conveyance fees, recording charges and other similar charges and fees (including any penalties and interest) incurred in connection with the transactions contemplated by the Merger Agreement shall be paid by the Shareholders' Representative, acting on behalf of the NMM shareholders.

##### Amendment, Modification or Waiver

The Merger Agreement may not be amended except by a written amendment signed by all of the parties thereto.

##### Governing Law; Exclusive Jurisdiction

All disputes, claims or controversies arising out of or relating to the Merger Agreement or the transactions contemplated by the Merger Agreement shall be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

#### Merger Agreement Amendments

On March 30, 2017, ApolloMed entered into a Securities Purchase Agreement with Alliance pursuant to which Alliance loaned ApolloMed \$4,990,000 and ApolloMed issued the Alliance Note to Alliance. In connection with the financing, Alliance requested NMM to guaranty repayment of the Alliance Note if it is not converted into shares of ApolloMed common stock in accordance therewith.

The Alliance Note bears interest at a rate of 6% per annum. The Alliance Note was amended on October 16, 2017 to extend the maturity date such that the entire outstanding principal and all accrued and unpaid interest thereon, is due and payable by ApolloMed to Alliance on the earlier of (i) March 31, 2018 or (ii) the date on which the Merger Agreement is terminated, whichever occurs first (the "Alliance Maturity Date"). If the Merger has not been consummated on or before the Alliance Maturity Date, then the outstanding principal balance and interest will be due 45 days after the Alliance Maturity Date. On the business day following closing of the Merger on or before the Maturity Date, the original principal amount of the Alliance Note, together with all accrued and unpaid interest thereon, will automatically be converted into shares of ApolloMed common stock, at a conversion price of \$10.00 per share, subject to adjustment for stock splits, stock dividends, reclassifications and other similar recapitalization transactions that occur after the date of the Alliance Note. The conversion price was determined in negotiations between ApolloMed and Alliance based on a premium to the sales price of the ApolloMed common stock on the OTC. The Alliance Note may not be prepaid, in whole or in part, by ApolloMed nor converted into shares of ApolloMed common stock voluntarily by Alliance.

In connection with the Alliance Note, the parties to the Merger Agreement entered into an Amendment to Agreement and Plan of Merger as of March 30, 2017 (the “Merger Agreement Amendment”). Pursuant to the Merger Agreement Amendment, the shares of ApolloMed common stock issuable upon conversion of the Alliance Note would be excluded from the exchange ratio calculation of the shares of ApolloMed common stock to be issued to NMM shareholders at closing of the Merger. Additionally, as consideration for excluding the shares of ApolloMed common stock issuable upon conversion of the Alliance Note from the calculation of the exchange ratio and NMM’s issuing the guaranty, ApolloMed agreed to issue to NMM shareholders at closing of the Merger, as part of the merger consideration, warrants to purchase an aggregate of 850,000 shares of ApolloMed’s common stock with an exercise price of \$11.00 per share.

The Merger Agreement Amendment contains other technical and conforming changes, including provisions for the deposit of the merger consideration at or prior to the Effective Time of the Merger, the preparation and delivery before the closing of the Merger of a spreadsheet regarding calculation of the merger consideration and the addition of certain defined terms.

Effective as of October 17, 2017, the parties to the Merger Agreement executed a second amendment to the Merger Agreement (“Amendment No. 2”). Pursuant to Amendment No. 2, the merger consideration was amended to provide that each outstanding share of NMM common stock will be converted into the right to receive such number of shares of ApolloMed common stock that would result in the NMM shareholders having a right to receive (i) an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the consummation of the Merger (assuming there are no NMM dissenting shareholder interests as of the effective time of the Merger) and (ii) an aggregate of 2,566,666 shares of ApolloMed common stock. In addition, Amendment No. 2 provides that each NMM shareholder will be entitled to receive such shareholder’s pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of ApolloMed common stock exercisable at \$11.00 per share, and (ii) warrants to purchase an aggregate of 900,000 shares of ApolloMed common stock exercisable at \$10.00 per share. Amendment No. 2 contains other conforming changes, including provisions authorizing the issuance of shares of NMM common stock and options (which options must be exercised or cancelled prior to the closing) and extending the End Date to March 31, 2018.

Amendment No. 2 also contemplates NMM to provide a new working capital loan in the amount of nine million dollars evidenced by a promissory note, which is convertible into shares of common stock of ApolloMed at \$10 per share (the “Restated NMM Note”). Of the principal amount, (A) \$5,000,000 is required to be used to refinance a \$5,000,000 working capital loan that was previously loaned by NMM to the Company pursuant to a Promissory Note dated January 3, 2017 (the “Original Note”) and (B) \$4,000,000 is to be used for working capital. The Restated NMM Note cancels and replaces the Original Note and with the effect that the entire outstanding principal balance of the Original Note, all accrued and unpaid interest thereon, and any applicable fees, costs and charges rolls into and becomes payable pursuant to the terms of the Restated NMM Note.



## AGREEMENTS RELATED TO THE MERGER

### Voting Agreements

Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. have each entered into an agreement with ApolloMed pursuant to which each has agreed to vote all of the shares of NMM common stock owned or controlled by them in favor of the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement. As of the close of business on November 17, 2017, the record date for the special meeting, Eddie Lam, M.D., Thomas Lam, M.D., Su Kin Lee, M.D., Kenneth Sim, M.D., Theresa Tseng, M.D., Yang Chern Tseng, M.D., and Albert Young, M.D. collectively owned, directly or indirectly, 106,548,833 shares of NMM common stock, which represented approximately 26.7% of the outstanding shares of NMM common stock. These stock holders also granted ApolloMed an irrevocable proxy and power of attorney to cause their shares of NMM common stock to be counted as present at the NMM shareholders meeting and to execute consents in respect of such NMM shares in accordance with the Voting Agreements.

Under the Voting Agreements, subject to certain exceptions, the security holders also agreed not to sell or transfer NMM common stock held by them until the earliest of the date of termination of the Merger Agreement or the Effective Time of the Merger. The Voting Agreement exceptions permit the holders to transfer shares of NMM common stock (i) to such holder's family member or a family trust or a charitable organization so long as such transferee agrees in writing to be bound by the terms and provisions of such Voting Agreement, (ii) in connection with the exercise of stock options for NMM common stock but only to the extent of such holder's exercise price and income or other tax liability with respect to such exercise and only to the extent permitted under the Merger Agreement and (iii) that were acquired upon the exercise of stock options expiring after the date of the Voting Agreement and prior to the Effective Time.

### Consent and Waiver Agreement

Concurrently with the execution of the Merger Agreement and as a condition to ApolloMed's and Merger Sub's willingness to consummate the transactions contemplated by the Merger Agreement, NMM has agreed to relinquish its redemption rights relating to the Series A preferred stock it owns in ApolloMed pursuant to the terms and conditions of a Consent and Waiver Agreement dated as of December 21, 2016 by and between ApolloMed and NMM (the "Consent and Waiver Agreement"). Under the terms of the Consent and Waiver Agreement, NMM agrees to waive its right to redeem its 1,111,111 shares of ApolloMed's Series A preferred stock pursuant to Section 6 of ApolloMed's amended and restated certificate of designation. Additionally, NMM consents to and approves an amendment to ApolloMed's amended and restated certificate of designation removing the redemption provision of Section 6.

## Lock-Up Agreements

Prior to or concurrently with the completion of the Merger and as a condition to the obligation of ApolloMed and Merger Sub to consummate the transactions contemplated thereby, each shareholder of NMM, other than dissenting shareholders, is required to enter into a Lock-Up Agreement with ApolloMed. Under the terms of the Lock-Up Agreement, each NMM shareholder will agree not to, without the prior written consent of ApolloMed and except in limited circumstances (i) offer, pledge, sell, contract to sell, sell any option or contract purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of Covered Securities (as defined in the Lock-Up Agreement) or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Covered Securities (as defined in the Lock-Up Agreement).

The lock-up restrictions terminate with respect to one-third of the shares of ApolloMed common stock issued in connection with the Merger immediately following each of (i) the 18<sup>th</sup> month anniversary of the Effective Time of the Merger, (ii) the 30<sup>th</sup> month anniversary of the Effective Time of the Merger and (iii) the 42<sup>nd</sup> month anniversary of the Effective Time of the Merger.

## Maverick Stock Purchase Agreement

In connection with the Merger Agreement, Warren Hosseinion, M.D., the sole shareholder of MMG, will sell to APC-LSMA (an entity in which Dr. Thomas Lam is the sole shareholder and the sole executive officer, but which is controlled and consolidated by APC) all the issued and outstanding shares of capital stock of MMG for a purchase price of \$100 pursuant to the Maverick Stock Purchase Agreement. At the closing under the Maverick Stock Purchase Agreement, MMG and Warren Hosseinion will cause AMM to execute and deliver to APC-LSMA a Termination of Amended and Restated Management Services Agreement, Intercompany Loan Agreement, Subordination Agreement and Physician Shareholder Agreement (the “Termination Agreement”), which Termination Agreement is to become effective at the Effective Time. As a termination payment, APC-LSMA will pay AMM \$400,000 at closing.

The Maverick Stock Purchase Agreement has various representations and warranties for APC-LSMA and for Dr. Hosseinion and MMG. The pre-closing covenants require MMG maintain its ordinary business practices and grant representatives of APC-LSMA reasonable access to the properties, books and records of MMG. Dr. Hosseinion’s liability under the Maverick Stock Purchase Agreement is limited to the purchase price of \$100. As a condition to closing, all of the conditions precedent to the closing of the Merger under Article VI of the Merger Agreement must be satisfied or waived by the applicable party. The Maverick Stock Purchase Agreement may be terminated by mutual written consent at any time prior to the closing or by either party if the other party is in material breach of the agreement. The form of Maverick Stock Purchase Agreement is an exhibit to this joint proxy statement/prospectus and the disclosure in this section is based upon such Maverick Stock Purchase Agreement.



## MARKET PRICE AND DIVIDEND INFORMATION

As of November 10, 2017, there were approximately 351 stockholders of record holding 6,033,495 shares of ApolloMed's common stock. This number does not include an indeterminate number of stockholders whose shares are held by brokers in street name. The holders of ApolloMed's common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of ApolloMed's common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to ApolloMed's common stock.

ApolloMed's common stock is currently quoted on OTC Pink and traded under the symbol "AMEH." On December 21, 2016, the last full trading day before the announcement of the Merger, the last reported sale price of ApolloMed common stock was \$3.99 per share, and, on November 10, 2017, the latest practicable date prior to the date of this joint proxy statement/prospectus, the last reported sale price of ApolloMed common stock was \$7.79 per share. ApolloMed has applied for listing of its common stock on the NASDAQ Global Market effective as of the closing of the Merger. NMM is a privately held company, and there is no established public trading market for its securities.

The following table sets forth the range of the high and low bid prices of ApolloMed's common stock for the periods indicated. The quotations below reflect inter-dealer prices, without retail markup, markdown or commissions and may not necessarily represent actual transactions.

	<b>High</b>	<b>Low</b>
Fiscal Year ending March 31, 2018		
First Quarter	\$11.00	\$8.25
Second Quarter	10.00	8.00
Third Quarter (through October 24, 2017)	9.75	8.00

	<b>High</b>	<b>Low</b>
Fiscal Year ended March 31, 2017		
First Quarter	\$7.50	\$3.75
Second Quarter	6.00	3.55
Third Quarter	9.00	1.41
Fourth Quarter	10.25	7.50

	<b>High</b>	<b>Low</b>
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Fiscal Year ended March 31, 2016

First Quarter	\$9.75	\$3.75
Second Quarter	10.00	6.00
Third Quarter	7.25	4.75
Fourth Quarter	6.00	4.00

#### Dividends

To date ApolloMed has not paid any cash dividends on its common stock and does not contemplate the payment of cash dividends in the foreseeable future. ApolloMed's future dividend policy will depend on its earnings, capital requirements, financial condition and other factors considered relevant to ApolloMed's ability to pay dividends.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On December 21, 2016, Apollo Medical Holdings, Inc., a Delaware corporation (“ApolloMed”), Network Medical Management, Inc., a California corporation (“NMM”), Apollo Acquisition Corp., a California corporation and a wholly owned subsidiary of ApolloMed (“Merger Sub”), and Kenneth Sim (the “Shareholders’ Representative”) entered into an agreement and plan of merger (as amended on March 30, 2017 and October 17, 2017, the “Merger Agreement”) that provides for, among other things, the merger of Merger Sub with and into NMM, with NMM continuing as the surviving entity and a wholly owned subsidiary of ApolloMed, on the terms and conditions set forth in the Merger Agreement (the “Merger”). The boards of directors of each of ApolloMed and NMM have approved the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. If consummated, the Merger will be made effective at the time of filing a certificate of merger (the “Certificate of Merger”) with the Secretary of State of the State of California or at such later time as agreed to by the parties in writing and specified in the Certificate of Merger (the “Effective Time”).

Pursuant to the Merger Agreement, at the Effective Time, each issued and outstanding share of NMM common stock will be converted into the right to receive (i) such number of fully paid and nonassessable ApolloMed shares of common stock that results in the NMM shareholders having a right to receive an aggregate number of shares of ApolloMed common stock that represents 82% of the total issued and outstanding shares of ApolloMed common stock immediately following the Effective Time, assuming there are no NMM dissenting shareholder interests as of the Effective Time (the “exchange ratio”), plus (ii) an aggregate of 2,566,666 ApolloMed common stock, assuming there are no NMM dissenting shareholder interests as of the Effective Time, and (iii) warrants to purchase a pro-rata portion of an aggregate of 850,000 shares of common stock of ApolloMed, exercisable at \$11.00 per share and warrants to purchase an aggregate of 900,000 shares of common stock of ApolloMed at \$10.00 per share. At the Effective Time, pre-Merger ApolloMed stockholders will continue to own and hold their existing shares of ApolloMed common stock. At the Effective Time, ApolloMed will hold back 10% of the total number of shares of ApolloMed common stock issuable to pre-Merger NMM shareholders in the Merger to secure indemnification of ApolloMed and its affiliates under the Merger Agreement. Separately, indemnification of pre-Merger NMM shareholders under the Merger Agreement will be made by the issuance by ApolloMed to pre-Merger NMM shareholders of new additional shares of common stock (capped at the same number of shares of ApolloMed common stock as are subject to the holdback for the indemnification of ApolloMed).

For purposes of calculating the exchange ratio, (A) the aggregate number of shares of ApolloMed common stock held by the NMM shareholders immediately following the Effective Time will exclude (i) any shares of ApolloMed common stock owned by NMM shareholders immediately prior to the Effective Time, (ii) the Series A warrant and Series B warrant issued by ApolloMed to NMM to purchase ApolloMed common stock (the “ApolloMed Warrants”) and (iii) any shares of ApolloMed common stock issued or issuable to NMM shareholders pursuant to the exercise of the ApolloMed Warrants, and (B) the total number of issued and outstanding shares of ApolloMed common stock immediately following the Effective Time shall exclude 499,000 shares of ApolloMed common stock issued or issuable under a Convertible Promissory Note to Alliance Apex, LLC (“Alliance”) for \$4.99 million pursuant to the Securities Purchase Agreement between ApolloMed and Alliance dated as of March 30, 2017.

The following unaudited pro forma condensed combined balance sheet as of June 30, 2017 and the unaudited pro forma condensed combined statement of operations for the three months ended June 30, 2017 and the fiscal year ended March 31, 2017, which give effect to the proposed Merger of Merger Sub with and into NMM, are presented herein. The proposed Merger will be accounted for as a “reverse merger” business combination under the acquisition method of accounting with NMM treated as the accounting acquirer. NMM was determined to be the accounting acquirer based upon the terms of the Merger and other factors, such as relative voting rights and the composition of the combined company’s board of directors and senior management. The unaudited pro forma condensed combined balance sheet combines the unaudited condensed balance sheets of ApolloMed and NMM as of June 30, 2017 and gives effect to the Merger as if it had been completed on June 30, 2017. In addition, because NMM has a fiscal year end of December 31 and ApolloMed has a fiscal year end of March 31, the unaudited pro forma condensed combined statement of operations for the three months ended June 30, 2017 combine the historical condensed statement of operations of ApolloMed for its three months ended June 30, 2017 and the historical condensed statement of operations of NMM for its three months ended March 31, 2017 giving pro forma effect to the Merger as if it had been completed on April 1, 2017 and January 1, 2017, respectively.; and for the fiscal year ended March 31, 2017 combine the historical condensed statement of operations of ApolloMed for its fiscal year ended March 31, 2017 and the historical condensed statement of operations of NMM for its fiscal year ended December 31, 2016, giving pro forma effect to the Merger as if it had been completed on April 1, 2016 and January 1, 2016, respectively. The historical financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the Merger, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined company.

The unaudited pro forma condensed combined financial statements presented are based on the assumptions and adjustments described in the accompanying notes. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes and do not purport to represent what the financial position or results of operations would actually have been if the Merger occurred as of the dates indicated or what such financial position or results will be for any future periods for the combined company. The unaudited pro forma condensed combined financial statements are based upon the respective historical consolidated financial statements of ApolloMed and NMM as outline above, and should be read in conjunction with the:

- accompanying notes to the unaudited pro forma condensed combined financial statements;
- the historical audited consolidated financial statements of ApolloMed as of and for the fiscal years ended March 31, 2017 and 2016 included in this joint proxy statement/prospectus;
- the historical unaudited condensed consolidated financial statements of ApolloMed as of and for the three months ended June 30, 2017 and 2016 included in this joint proxy statement/prospectus;
- the historical audited consolidated financial statements of NMM as of and for the fiscal years ended December 31, 2016, 2015 and 2014 included in this joint proxy statement/prospectus;
- the historical unaudited condensed consolidated financial statements of NMM as of and for the three and six months ended June 30, 2017 and 2016 included in this joint proxy statement/prospectus; and
- management's discussion and analysis of financial condition and results of operations for both ApolloMed and NMM and "Risk Factors" included in this joint proxy statement/prospectus.

The application of the acquisition method of accounting is dependent upon certain valuations and other studies that have yet to be completed or have not progressed to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed, and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements. Upon consummation of the Merger, final valuations and studies will be performed. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future financial position and results of operations. Fair values determined as of the assumed acquisition dates are based on the most recently available information. To the extent there are significant changes to ApolloMed's or NMM's business, or as new information becomes available, the assumptions and estimates herein could change significantly.

Because NMM will be treated as the accounting acquirer, NMM's assets and liabilities will be recorded at their precombination carrying amounts and the historical operations that are reflected in the financial statements will be those of NMM. ApolloMed's assets and liabilities will be measured and recognized at their fair values as of the date of the Merger, and consolidated with the assets, liabilities and results of operations of NMM after the consummation of the Merger.



The unaudited pro forma condensed combined statements of operations include certain acquisition accounting adjustments. The unaudited pro forma condensed combined statements of operations do not include the impact of any revenue, cost or other operating synergies that may result from the Merger or any related restructuring costs. The unaudited pro forma condensed combined statements of operations do not reflect certain amounts resulting from the Merger that were determined to be of a nonrecurring nature.

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****As of June 30, 2017**

	Historical		Pro forma adjustments for Merger		Pro forma adjustments for Purchase Accounting	Pro Forma Combined
	ApolloMed	NMM				
Assets						
Cash and cash equivalents	\$31,206,495	\$65,787,183	\$ (8,465,197 )	5(i)		\$88,528,481
			4,000,000	5(f)		
			(4,000,000)	5(f)		
Restricted cash	-	-	-		-	-
Fiduciary cash	-	1,047,828	-		-	1,047,828
Investment in marketable securities	-	1,053,108	-		-	1,053,108
Accounts receivable, net	5,423,618	2,814,363	-		-	8,237,981
Other receivables	806,148	5,624,622	(438,307 )	5(m)	-	5,935,067
			(57,396 )	5(g)		
Loan receivable	-	-	-		-	-
Prepaid expenses and other current assets	282,732	1,889,268	-		-	2,172,000
Total current assets	37,718,993	78,216,372	(8,960,900 )		-	106,974,465
Property and equipment, net	1,167,680	10,583,715	-		-	11,751,395
Loans receivable	-	10,000,000	(5,000,000 )	5(f)	-	5,000,000
			9,043,146	5(f)		
			(9,043,146 )	5(f)		
Investments in other entities - equity method	-	24,688,225	-		-	24,688,225
Investments in other entities - cost method	-	10,550,002	(10,550,002 )	5(b)	-	-
Derivative asset - warrants	-	5,466,665	(5,466,665 )	5(k)	-	-
Restricted cash	745,117	-	-		-	745,117
	1,822,542	99,396,732	-		(1,822,542 )	116,941,732
					4(e)	

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Intangible assets,  
net

				17,545,000	4(a)	
Goodwill	1,622,483	103,407,351	-	(1,622,483	)4(f)	162,399,418
				58,992,067	3	
Deferred tax assets	-	-	-	2,432,950	4(b)	2,432,950
Other assets	221,979	1,472,430	-	-		1,694,409
Total Assets	\$43,298,794	\$343,781,492	\$(29,977,567 )	\$75,524,992		\$432,627,711

Liabilities,  
mezzanine equity  
and stockholders'  
equity

Accounts payable and accrued liabilities	\$16,212,983	\$6,274,556	\$(57,396 )	5(g)	\$-	\$24,991,836
			(438,307	5(m)		
			500,000	6	2,500,000	6
Capitation and incentives payables	-	11,600,000	-		-	11,600,000
Fiduciary accounts payable	-	1,047,828	-		-	1,047,828
Income taxes payable	-	6,672,106	-		-	6,672,106
Medical liabilities	19,718,135	18,519,670	-		-	38,237,805
Convertible note payable, net	4,882,667	-	(5,142,000 )	5(c)	259,333	4(i) -
			9,043,146	5(f)		
			(9,043,146	5(f)		
Capital Lease	-	47,793	-		-	47,793
Line of credit	25,000	-	-		-	25,000
Total current liabilities	40,838,785	44,161,953	(5,137,703 )		2,759,333	82,622,368
Note payable - related party	5,000,000	-	(5,000,000 )	5(f)	-	-
Stock liability for unissued shares	-	2,422,675	-		-	2,422,675
Deferred rent liability	715,462	-	-		(715,462	)4(c) -
Deferred tax liability	83,667	42,512,506	-		(83,667	)4(c) 42,512,506
Total liabilities	\$46,637,914	\$89,097,134	\$(10,137,703 )		\$1,960,204	\$127,557,549
Commitments and Contingencies						
Mezzanine equity						
Noncontrolling interest	-	160,407,386	-		10,238,000	4(k) 170,645,386
Network Medical Management, Inc.	-	86,894,870	(86,894,870 )	5(j)	-	-

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redeemable common stock							
Additional paid-in capital	-	1,322,246	(1,322,246 )	5(j)	-		-
Total Network Medical Management, Inc.	-	88,217,116	(88,217,116 )		-		-
redeemable common stock							
Stockholders' equity							
Series A Preferred stock	7,077,778	-	-		(7,077,778 )	4(j)	-
Series B Preferred stock	3,884,745	-	-		(3,884,745 )	4(j)	-
Common stock	6,033	-	-		-	3	36,586
			500	5(c)	-		
			30,053	5(a) 5(j)	-		
Additional paid-in capital	26,555,514	-	-		(26,555,514 )	4(d)	119,158,201
			-		66,378,635	3	
			4,997,700	5(c)	-		
					(10,238,000 )	4(k)	
			(18,197,000 )	5(b)			
			88,187,063	5(j)			
			(8,465,197 )	5(i)			
			(3,505,000 )	5(l)			
Retained earnings (accumulated deficit)	(41,266,193 )	5,571,093	-		41,266,193	4(d)	10,900,226
			(500,000 )	6			
			7,646,998	5(b)			
			(43,146 )	5(f)			
			43,146	5(f)			
			143,800	5(c)			
			33,335	5(k)			
			3,505,000	5(l)			
			(5,500,000 )	5(k)			
Noncontrolling interest	403,003	488,763	-		3,437,997	4(g)	4,329,763
Total stockholders' equity	(3,339,120 )	6,059,856	68,377,252		63,326,788		134,424,776
Total liabilities, mezzanine equity and stockholders' equity	\$43,298,794	\$343,781,492	\$(29,977,567 )		\$75,524,992		\$432,627,711
Book value per share	\$(0.55 )	\$0.02					\$3.67

*The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.*

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****For the three months ended June 30, 2017**

	Historical Apollo Q1 2018 FS	NMM Q1 2017 FS			
	ApolloMed	NMM	Pro forma adjustments for Merger	Pro forma adjustments for purchase accounting	Pro Forma Combined
Net revenues	\$41,575,480	\$85,336,062	\$(1,162,122 ) 5(h)	\$ -	\$125,749,420
Cost and expenses:					
Cost of services	40,239,642	59,542,572	(1,162,122 ) 5(h)	-	98,620,092
General and administrative	4,889,184	5,276,575	-	-	10,165,759
			-	-	
Depreciation and amortization	155,267	4,836,351	-	(81,725 ) 4(h)	5,335,005
			-	425,112 4(a)	
Impairment of goodwill and other	-	-	-		