

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

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 20, 2013

**APOLLO MEDICAL HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

000-25809  
(Commission File  
Number)

**46-3837784**  
(I.R.S. Employer  
Identification Number)

700 N. Brand Blvd., Suite 220, Glendale, CA 91203  
(Address of principal executive offices) (zip code)

(818) 396-8050  
(Registrant's telephone number, including area code)

N/A  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement**

On December 20, 2013, Apollo Medical Holdings, Inc. (the “Company”) entered into a First Amendment to Credit Agreement (the “First Amendment”) with NNA of Nevada, Inc. as lender (the “Lender”) to amend various provisions of its secured revolving credit facility (the “Original Credit Agreement” and, as amended by the First Amendment, the “Credit Agreement”) with the Lender, dated October 15, 2013. The amendments include increasing the size of the facility from \$2.0 million under the Original Credit Agreement to \$4.0 million under the Credit Agreement and permitting the Company to pay or repay the Company’s 10% Notes pursuant to settlement agreements with the holders of the Notes, as more fully described below. The Company has drawn down the following amounts under the Credit Agreement: \$811,878 on October 15, 2013, \$500,000 on November 26, 2013, and \$1,000,000 on December 20, 2013, making a total drawn down by the Company of \$2,311,878 under the Credit Agreement as of December 20, 2013.

A copy of the First Amendment is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing description is qualified in its entirety by reference to the First Amendment.

On December 20, 2013, the Company entered into a Settlement Agreement and Release (collectively, the “Settlement Agreements”) with each of the holders of 10% Notes listed on Exhibit A to the First Amendment (each, a “Holder” and, collectively, the “Holders”), some or all of whom also hold other securities of the Company. Under the Settlement Agreements, the Company agreed to redeem for cash and/or convert into shares of the Company’s Common Stock the 10% Notes of the Holders, and the Holders released the Company from all claims, excluding those arising from the Holders’ ownership of or transactions relating to any securities of the Company other than the 10% Notes. Under the Settlement Agreements, in the aggregate, the Company redeemed and converted \$1,250,000 in original principal amount of the 10% Notes, plus accrued interest thereon, for total cash payments of \$728,792.79, and total issuances of 8,812,362 shares of the Company’s Common Stock (the “Conversion Shares”). The Holders are named, and the amount of cash and/or Conversion Shares received by each Holder is listed, on Exhibit A to the First Amendment.

A copy of the form of the Settlement Agreements is attached hereto as Exhibit 10.2 and is incorporated herein by reference. The foregoing description is qualified in its entirety by reference to the form of the Settlement Agreements.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant**

The information in Item 1.01 of this Report is incorporated herein by reference.

**Item 3.02. Unregistered Sales of Equity Securities**

The Company issued 8,812,362 shares of its Common Stock on conversion of specific 10% Notes of the Holders pursuant to the Settlement Agreements. The consideration received by the Company for the Conversion Shares was the conversion of the outstanding principal of and accrued interest on specific 10% Notes of the Holders as described on Exhibit A to the First Amendment. The Conversion Shares were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. Each of the purchasers of the Conversion Shares is an accredited investor, as defined in Rule 501 of Regulation D, and the issuance and sale of the Conversion Shares was conducted by negotiations with the Holders without any advertising or general solicitation.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

- 10.1 First Amendment to Credit Agreement, between Apollo Medical Holdings, Inc. and NNA of Nevada, Inc., dated December 20, 2013.
  - 10.2 Form of Settlement Agreement and Release, between Apollo Medical Holdings, Inc. and each of the Holders listed on Exhibit A to the First Amendment, effective December 20, 2013.
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**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**APOLLO MEDICAL HOLDINGS, INC.**

Dated: December 24, 2013

By: /s/ Warren Hosseinion

Name: Warren Hosseinion

Title: Chief Executive Officer

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## FIRST AMENDMENT TO CREDIT AGREEMENT

This **FIRST AMENDMENT TO CREDIT AGREEMENT** (this "Amendment"), dated as of December 20, 2013, is entered into among **APOLLO MEDICAL HOLDINGS, INC.**, a Delaware corporation ("Borrower"), **NNA OF NEVADA, INC.**, a Nevada corporation ("Lender"), and the "Subsidiary Guarantors".

### RECITALS

A. Reference is made to the Credit Agreement, dated as of October 15, 2013, between the Borrower and the Lender (the "Credit Agreement"). Capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Credit Agreement.

B. Borrower and Subsidiary Guarantors have requested and Lender has agreed, on the terms and subject to the conditions set forth herein, to amend the Credit Agreement, as set forth herein.

### STATEMENT OF AGREEMENT

**NOW, THEREFORE**, in consideration of the mutual provisions, covenants and agreements herein contained, the parties hereto hereby agree as follows:

#### ARTICLE I AMENDMENTS TO CREDIT AGREEMENT

1.1 All references in the Credit Agreement to "\$2,000,000" shall be replaced with "\$4,000,000."

1.2 Section 2.8 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

The proceeds of the Revolving Loans shall be used by the Borrower to repay Borrower's \$500,000 senior secured note (the "Senior Secured Note"), to pay or repay the 10% Notes (as defined in **Schedule 4.19**), to refinance certain other Indebtedness of the Borrower, for working capital and for general Borrower purposes.

1.3 Section 6.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

6.1 Consolidated EBIT. Permit Consolidated EBIT as of the last day of each fiscal quarter shown below, for the fiscal quarter then ended, to be a greater negative amount than the amount set forth below:

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<u>Period</u>	<u>Minimum Consolidated EBIT</u>
3rd fiscal quarter ended October 2013	\$(900,000)
4th fiscal quarter ended January 2014	\$(1,227,111)
1st fiscal quarter ended April 2014	\$(1,696,958)

1.4 Section 7.10 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

- (a) (Except as provided in **Section 7.10(b)**, the Borrower will not, and will not permit or cause any of its Subsidiaries to, amend, modify or waive (i) any provision of any Subordinated Note or any private placement memorandum relating thereto, the effect of which would be (A) to increase the principal amount due thereunder or provide for any mandatory prepayments not already provided for by the terms thereof, (B) to increase the applicable interest rate or amount of any fees or costs due thereunder, (C) to amend any of the subordination provisions thereunder (including any of the definitions relating thereto), (D) to make any covenant or event of default therein more restrictive or add any new covenant or event of default, (E) to grant any security or collateral to secure payment thereof or (F) to effect any change in the rights or obligations of the Credit Parties thereunder or of the holders thereof that, in the reasonable determination of the Lender, would be adverse in any material respect to the rights or interests of the Lender, or (ii) any provision of its articles or certificate of incorporation or formation, bylaws, operating agreement or other applicable formation or organizational documents, as applicable, the terms of any class or series of its Capital Stock, or any agreement among the holders of its Capital Stock or any of them, in each case other than in a manner that could not reasonably be expected to adversely affect the Lender in any material respect (provided that the Borrower shall give the Lender notice of any such amendment, modification or change, together with certified copies thereof).
- (b) Notwithstanding anything to the contrary in this Agreement or any other Credit Document, the Borrower may pay or repay all or any part of the outstanding principal of and accrued and unpaid interest and any other amount payable on the 10% Notes pursuant to the terms or substantially similar terms as set forth on Exhibit A and pursuant to the forms of the Settlement Agreement and Releases (including the attachments thereto but excluding Exhibit A thereto) sent via electronic delivery to Lender's counsel on December 19, 2013.

**ARTICLE II**  
**CONDITIONS TO EFFECTIVENESS**

This Amendment, including without limitation the amendments set forth in Article I, shall become effective as of December 20, 2013 (such date being referred to as the "Effective Date") when each of the following conditions shall have been satisfied:

2.1 Lender, Borrower and all Subsidiary Guarantors shall have executed and delivered to each other counterparts of this Amendment;

2.2 Borrower shall have delivered to Lender a certificate of the secretary or an assistant secretary of Borrower and each of its Subsidiaries as of the Effective Date, dated as of the date hereof and in form and substance reasonably satisfactory to the Lender, certifying (i) that attached thereto is a true and complete copy of the articles or certificate of incorporation, certificate of formation or other organizational document and all amendments thereto of such party, certified as of a recent date by the Secretary of State (or comparable Governmental Authority) of its jurisdiction of organization, and that the same has not been amended since the date of such certification, (ii) that attached thereto is a true and complete copy of the bylaws, operating agreement or similar governing document of such party, as then in effect and as in effect at all times from the date on which the resolutions referred to in clause (iii) below were adopted to and including the date of such certificate, (iii) that attached thereto is a true and complete copy of resolutions adopted by the board of directors (or similar governing body) of such party, authorizing the execution, delivery and performance of this Amendment, and (iv) as to the incumbency and genuineness of the signature of each officer of such party executing this Amendment, and attaching all such copies of the documents described above;

2.3 Borrower shall have delivered a certificate, signed by the president, the chief executive officer or the chief financial officer of Borrower, dated as of the Effective Date and in form and substance reasonably satisfactory to the Lender, certifying that (i) all representations and warranties of Borrower and its Subsidiaries contained in this Amendment, the Credit Agreement and the other Credit Documents are true, correct and complete as of the Effective Date, both immediately before and after giving effect to this Amendment (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty shall be true and correct as of such date), (ii) no Default or Event of Default has occurred and is continuing after giving effect to this Amendment, (iii) no Material Adverse Effect has occurred since January 31, 2013, and there exists no event, condition or state of facts that could reasonably be expected to result in a Material Adverse Effect; and

2.4 Borrower shall have paid to the Lender an upfront fee of \$20,000.00.

Upon effectiveness of this Amendment, Lender waives any Default or Event of Default that may have existed pursuant to Section 8.1(b) of the Credit Agreement because of Borrower's failure to satisfy Section 6.1 of the Credit Agreement, as in effect immediately prior to this Amendment, for the 3<sup>rd</sup> fiscal quarter ended October 2013. This waiver shall not be considered a waiver of any other provision in the Credit Agreement or any other Credit Document, including without limitation any other financial covenant for the 3<sup>rd</sup> fiscal quarter ended October 2013, or for any financial covenant ending on any other fiscal quarter, and Borrower must otherwise comply with the terms and conditions contained in the Credit Agreement, as amended by this Amendment, and the other Credit Documents.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES**

Borrower represents and warrants to Lender that (i) the representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects on and as of the Effective Date, both immediately before and after giving effect to this Amendment (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty shall be true and correct in all material respects as of such date), (ii) this Amendment has been duly authorized, executed and delivered by Borrower and constitutes the legal, valid and binding obligation of Borrower enforceable against it in accordance with its terms, and (iii) no Default or Event of Default shall have occurred and be continuing on the Effective Date after giving effect to this Amendment.

**ARTICLE IV  
ACKNOWLEDGEMENT AND CONFIRMATION OF BORROWER**

Borrower hereby confirms and agrees that, after giving effect to this Amendment, the Credit Agreement remains in full force and effect and enforceable against Borrower in accordance with its respective terms and shall not be discharged, diminished, limited or otherwise affected in any respect, and the amendments contained herein shall not, in any manner, be construed to constitute payment of, or impair, limit, cancel or extinguish, or constitute a novation in respect of, the Obligations of Borrower evidenced by or arising under the Credit Agreement, and the liens and security interests in the collateral described in the Security Documents, which shall not in any manner be impaired, limited, terminated, waived or released, but shall continue in full force and effect. Borrower represents and warrants to Lender that it has no knowledge of any claims, counterclaims, offsets, or defenses to or with respect to its obligations under the Credit Agreement, or if Borrower has any such claims, counterclaims, offsets, or defenses to the Credit Agreement, the same are hereby waived, relinquished, and released in consideration of the execution of this Amendment. This acknowledgement and confirmation of Borrower is made and delivered to induce Lender to enter into this Amendment, and Borrower acknowledges that Lender would not enter into this Amendment in the absence of the acknowledgement and confirmation contained herein.

**ARTICLE V  
MISCELLANEOUS**

5.1 Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York (including Sections 5-1401 and 5-1402 of the New York General Obligations Law, but excluding all other choice of law and conflicts of law rules).



5.2 Full Force and Effect. Except as expressly amended hereby, the Credit Agreement and the other Credit Documents, including the Security Documents and the Guaranty, shall continue in full force and effect in accordance with the provisions thereof on the date hereof, and each Credit Party ratifies and reaffirms the grant of security interests and liens granted and ratifies and reaffirms the guarantee of obligations (including in relation to the Credit Agreement as amended hereby) by such Credit Party in favor of the Lender. As used in the Credit Agreement or any other Credit Document, "hereinafter," "hereto," "hereof," and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement or such other Credit Document after giving effect to this Amendment. Any reference to the Credit Agreement or any of the other Credit Documents herein or in any other Credit Documents shall refer to the Credit Agreement and Credit Documents as amended hereby. This Amendment is limited as specified and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Credit Agreement, the Credit Agreement or any other Credit Document except as expressly set forth herein. This Amendment shall constitute a Credit Document under the terms of the Credit Agreement.

5.3 Severability. To the extent any provision of this Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in any such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

5.4 Successors and Assigns. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto.

5.5 Construction. The headings of the various sections and subsections of this Amendment have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

5.6 Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

[remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first above written.

**BORROWER:**

**APOLLO MEDICAL HOLDINGS, INC.**

By: /s/ Warren Hosseinion  
Name: Warren Hosseinion MD  
Title: CEO

**LENDER:**

**NNA OF NEVADA, INC.**

By: /s/ Mark Fawcett  
Name: Mark Fawcett  
Title: Vice President & Treasurer

[signatures continue on next page]

Signature Page to First Amendment to Credit Agreement (1 of 2)

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**SUBSIDIARY GUARANTORS:**

**APOLLO MEDICAL MANAGEMENT, INC.**

By: /s/ Warren Hosseinion  
Name: Warren Hosseinion MD  
Title: CEO

**APOLLOMED ACCOUNTABLE CARE ORGANIZATION, INC.**

By: /s/ Warren Hosseinion  
Name: Warren Hosseinion MD  
Title: CEO

**PULMONARY CRITICAL CARE MANAGEMENT, INC.**

By: /s/ Warren Hosseinion  
Name: Warren Hosseinion MD  
Title: CEO

**VERDUGO MEDICAL MANAGEMENT, INC.**

By: /s/ Warren Hosseinion  
Name: Warren Hosseinion MD  
Title: CEO

## Exhibit A

	Exhibit A				Cash Redemption			Exhibit B		Accrued Interest as Shares	Share Conversion Number of Principal Shares	Accrued Interest Shares	Total Shares to be Issued
	Face Value	Number of Notes	Number of Notes	0.0	Total Redemption Price	Total Accrued Interest	Total Cash Payment	Number of Notes	4.0				
Enebyberg Revisionsbyra	\$ 100,000	4.0	0.0	\$ 0	\$ 0.00	\$ 0.00	4.0	Y	870,700	33,132	903,832		
Kristian Stensjo	\$ 100,000	4.0	2.0	\$ 130,605	\$ 1,902.78	\$ 132,507.78	2.0	Y	435,350	16,566	451,916		
Tommy Maartensson	\$ 250,000	10.0	1.0	\$ 65,303	\$ 951.39	\$ 66,253.89	9.0	Y	1,959,075	74,547	2,033,622		
Henrik Gumaelius	\$ 75,000	3.0	1.0	\$ 65,303	\$ 951.39	\$ 66,253.89	2.0	Y	435,350	16,566	451,916		
Jan Erik Palmquist	\$ 100,000	4.0	0.0	\$ 0	\$ 0.00	\$ 0.00	4.0	Y	870,700	33,132	903,832		
Peter Gustafsson	\$ 35,000	1.4		\$ 0	\$ 0.00	\$ 0.00	1.4	Y	304,745	11,596	316,341		
PK Solutions AB	\$ 240,000	9.6	3.0	\$ 195,908	\$ 2,854.17	\$ 198,761.67	6.6	Y	1,436,655	54,668	1,491,323		
Ferghal O'Regan	\$ 100,000	4.0	1.0	\$ 65,303	\$ 951.39	\$ 66,253.89	3.0	Y	653,025	24,849	677,874		
Garolf AB	\$ 100,000	4.0	1.0	\$ 65,303	\$ 951.39	\$ 66,253.89	3.0	Y	653,025	24,849	677,874		
Heather W. Baines & Lloyd McAdams AB Living Trust dated 8/1/2001	\$ 150,000	6.0	2.0	\$ 130,605	\$ 1,902.78	\$ 132,507.78	4.0	Y	870,700	33,132	903,832		
	\$ 1,250,000		\$ 275,000	\$ 718,328	\$ 10,465	\$ 728,792.79	\$ 975,000		8,489,325	323,037	8,812,362		

## SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (the “**Agreement**”) is made and entered into as of the date set forth on the signature page hereto (the “**Effective Date**”), by and between Apollo Medical Holdings, Inc., a Delaware corporation (the “**Company**”), and the holder of the Note (as defined below) set forth on the signature page hereto (the “**Holder**”).

A. The Holder is the registered holder of a 10% Senior Subordinated Callable Convertible Promissory Note dated October 16, 2009 in the original principal amount set forth on Exhibit A to this Agreement (the “**Original Note**”) issued by the Company in its offering of units (the “**Units**”) consisting of notes substantially similar to the Original Note and warrants to purchase common stock of the Company (“**Common Stock**”). The Company’s offering of Units was made pursuant to a Confidential Private Placement Memorandum dated September 23, 2009 (the “**Memorandum**”), a copy of which was provided to the Holder prior to its purchase of Units. The Original Note was subsequently amended by an Amendment to Senior Subordinated Convertible Promissory Note of Apollo Medical Holdings, Inc., dated October 29, 2012, between the Company and the Holder (the “**Amendment**” and, together with the Original Note, the “**Note**”).

B. On or about October 18, 2013, the Company delivered to the Holder a notice of redemption of the Note pursuant to the terms set forth in the Memorandum. The redemption notice stated that the Company was exercising its right to redeem the Note on December 17, 2013 at a redemption price of 102% of the principal amount of the Note plus accrued and unpaid interest to, but excluding, the date of redemption.

C. Although the Memorandum contains terms giving the Company the right to redeem the Note, the Note does not contain any right of redemption, and the Holder disputes the Company’s right to redeem the Note.

D. The Company and Holder have agreed to settle and resolve all such claims, differences and disagreements regarding the redemption of the Note to avoid further expense, inconvenience and distraction.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, representations, warranties, provisions and covenants herein contained, the parties hereto, each intending to be bound hereby, agree as follows:

1. Redemption and/or Conversion of Note. The parties to this Agreement agree as follows:

(a) Subject to the terms and conditions of this Agreement, in consideration for the Holder’s execution and delivery hereof, the Company agrees, on the Effective Date, to redeem all or part of the principal and accrued interest of the Note for cash and/or to convert all or part of the principal and accrued interest of the Note into shares of Common Stock, in each case in the respective amounts set forth on Exhibit A hereto. The Holder irrevocably and unconditionally elects to redeem and/or convert the Note on the Effective Date as set forth on Exhibit A hereto and otherwise in accordance with the terms and conditions of this Agreement.

(b) On or before the Effective Date, the Holder shall deliver to the Company (i) the original Note, or (ii) if the Note is not in the Holder’s possession or control, an original Affidavit of Loss and Indemnity Agreement in the form provided by the Company.

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(c) On the Effective Date, the Company shall, as applicable, deliver to the Holder the redemption amount and/or instruct its transfer agent to prepare a stock certificate evidencing the Holder's record ownership of the shares of Common Stock into which the Note is converted as set forth on Exhibit A hereto.

## 2. Release.

(a) Release by Holder. The Holder hereby absolutely, forever and fully, generally and specifically, unconditionally and irrevocably releases, acquits, and forever discharges the Company and each of its agents, employees, independent contractors, representatives, partners, managers, members, owners, shareholders, officers, directors, attorneys, insurers, affiliates, assigns, predecessors and successors (collectively, the "**Company Releasees**"), of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses and compensation of every kind ("**Claims**"), including, but not limited to, attorneys fees and costs of any kind or nature, known or unknown, which the Holder heretofore had, owned, held or claimed to have, own or hold against any of the Company Releasees, or at any time now or in the future have, own, hold or claim to have, own or hold against any of the Company Releasees; provided, however, this Agreement does not discharge any obligations or any breach of any representations or warranties of the Company under or contained in this Agreement or any Claims arising from or relating to the Holder's ownership of or transactions relating to any securities of the Company other than the Note.

(b) Section 1542. The Holder acknowledges that in the event that at any time after the Effective Date any injury, loss or damage is sustained in connection with any matter released in this Section 2 or any matter set forth elsewhere in this Agreement which is not now known or suspected, or in the event that the loss or damage now known has consequences or results not known or suspected, this Agreement shall nevertheless constitute a full and final release as to the parties and matters herein released, and this release shall apply to and include all such unknown or unsuspected consequences or results. The Holder has read and has been carefully advised by its attorneys of the contents of Section 1542 of the California Civil Code which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

The Holder has read and has been carefully advised by its attorneys of the contents of Section 1542. The Holder hereby expressly, unconditionally and irrevocably waives any and all rights and benefits under said Section 1542.

3. Assumption of Risk. The Holder does hereby expressly assume the risk of any mistake of fact, or that the true facts might be other or different from facts now known or believed to exist. The Holder acknowledges and agrees that it is aware that it may hereafter discover claims in relation to the matters referred to in this Agreement, presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the Holder's intention, by executing this Agreement, to fully, finally and forever settle and release all such matters, and all claims related thereto. In furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release of such matters, notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto by the Holder.

4. Advice of Counsel/Investigation of All Facts/Voluntary Settlement. The Holder has had the opportunity to seek the advice of legal counsel prior to the Effective Date. The Holder represents and warrants that it has read and understood this Agreement. The Holder hereby executes this Agreement voluntarily and with full knowledge of its significance, and with the express intention of effecting the extinguishment of any and all obligations and claims arising out of or connected with the matters specified herein. The Holder has investigated the facts pertaining to the settlement and this Agreement and all matters pertaining thereto as deemed necessary by such party. The Holder has entered into this Agreement in the total absence of any fraud, mistake, duress, coercion, or undue influence and after careful thought and reflection upon this Agreement and the documents referred to herein; and accordingly, by signing this document and the documents referred to herein, the Holder signifies that it has been read with full understanding, agreement and acceptance. This Agreement is entered into with the intent of effectuating the extinguishment of the claims released hereunder.

5. Covenant Not to Sue. The Holder covenants and agrees never to commence, prosecute, join, aid or participate in any way (except as may be required by subpoena or court order), or cause to be commenced or prosecuted against any Company Releasee, any action or legal proceeding based in whole or in part upon the matters released in this Agreement. This Agreement may be pleaded as a full and complete defense to any action or other proceeding, and/or as a basis for abatement of, or injunction against, such action or other proceeding.

6. Representations and Warranties. The Holder represents and warrants to the Company:

(a) Ownership of the Note. The Note is owned of record and beneficially by the Holder, and is free and clear of all liens, security interests, encumbrances, restrictions, pledges and claims of every kind.

(b) Authority; Enforceability. The Holder has the full right, power and authority (and, if an individual, is older than the age of majority, is of sound mind and is competent) to enter into this Agreement, all other agreements and documents executed in connection with this Agreement, and all documents and agreements necessary to give effect to the provisions of this Agreement, and to perform its obligations hereunder. The execution and delivery of this Agreement by the Holder and the performance of its obligations hereunder have been duly authorized by the Holder's Board of Directors, trustees or other governing body, and all other actions and proceedings required to be taken by or on behalf of the Holder to enter into this Agreement have been duly and properly taken. This Agreement has been duly and validly executed and delivered by the Holder and, subject to the due authorization, execution and delivery by the Company, constitute the legal, valid and binding obligations of the Holder, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by general principles of equity.

(c) No Violation, Approval or Consent Required. The execution and delivery by the Holder of this Agreement, and the performance by the Holder of its obligations hereunder, does not require notice to, or consent or approval of, any governmental agency or other third party, and will not, after the giving of notice or lapse of time or otherwise:

(i) violate or result in the breach of any of the terms or conditions of, or constitute a default, or allow for the acceleration or termination of, or in any manner release any party from any obligation, or result in any lien, claim or encumbrance on the Note, under any mortgage, deed, lease, note, bond, indenture, agreement, license or other instrument or obligation of any kind or nature to which the Holder is a party, or by which the Holder is or may be bound or affected;

(ii) violate or result in the breach of any of the terms or conditions of, or constitute a default, under any of the Holder's formation or organizational documents or agreements; or

(iii) violate any law, rule or regulation, or any order, writ, injunction or decree of any court, administrative agency or governmental authority, or require the approval, consent or permission of any governmental or regulatory authority.

(d) Sophisticated Investor. The Holder (a) is a sophisticated individual or entity familiar with transactions similar to those contemplated by this Agreement, (b) has adequate information concerning the business and financial condition of the Company to make an informed decision regarding the redemption and/or conversion of the Note, (c) has independently and without reliance upon the Company, and based on such information and the advice of such advisors as the Holder has deemed appropriate, made its own analysis and decision to enter into this Agreement. The Holder acknowledges that none of the Company or its affiliates is acting as a fiduciary or financial or investment adviser to the Holder, and has not given the Holder any investment advice, opinion or other information on whether the redemption or conversion of the Note is prudent. The Holder acknowledges that the Company currently may have, and later may come into possession of, information with respect to the Company that is not known to the Holder and that may be material to a decision to redeem or convert the Note ("**Holder Excluded Information**"), (y) the Holder has determined to redeem and/or convert the Note notwithstanding its lack of knowledge of the Holder Excluded Information and (z) the Company shall have no liability to the Holder, and the Holder waives and releases any claims that it might have against the Company whether under applicable securities laws or otherwise, with respect to the nondisclosure of the Holder Excluded Information in connection with the redemption and/or conversion of the Note and the transactions contemplated by this Agreement. The Holder understands that the Company will rely on the accuracy and truth of the foregoing representations, and the Holder hereby consents to such reliance.

(e) Restricted Securities. The Holder reaffirms its representations and warranties set forth in Section 6 of the Note, which are incorporated herein by this reference, and each of such representations and warranties are true and correct as if made on the Effective Date.



7. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and assigns without any restrictions.

8. Enforceability. If any provision of this Agreement, as applied to any party or to any circumstance, shall be found by a court to be void, invalid or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of any such provision in any other circumstance, or the validity or enforceability of this Agreement.

9. Further Assurances. Each party (and his or its counsel) shall execute and deliver such other and further instruments, documents and papers, and shall perform any and all acts necessary to give full force and effect to all of the terms and provisions of this Agreement.

10. Attorneys' Fees and Costs. Should any party to this Agreement retain counsel for the purpose of enforcing any provision of this Agreement, including without limitation for the purpose of instituting any action or proceeding to enforce any provision of this Agreement, or for damages by reason of any breach of any provision of this Agreement, or for a declaration of such party's rights or obligations under this Agreement, or for any other judicial remedy, then the prevailing party shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing party for all reasonable costs and expenses incurred, including without limitation attorneys' fees and costs for services rendered to the prevailing party and any attorneys' fees and costs incurred in enforcing or collecting any judgment entered or in connection with any bankruptcy proceeding. Notwithstanding the foregoing, all attorneys' fees and costs incurred by any party in connection with the negotiation and documentation of this Agreement shall be borne by such party. Any litigation or arbitration between the parties shall occur exclusively in the County of Los Angeles, California.

11. Governing Law. This Agreement shall be construed in accordance with the laws of the State of California applicable to contracts entered into and fully to be performed therein.

12. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Each of the parties agrees that each of the other parties may rely upon the facsimile or PDF signature of any party on this Agreement as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement as fully as if this Agreement contained the original ink signature of the party or parties supplying a facsimile or PDF signature.

13. Integration. This Agreement constitutes a single, integrated written contract expressing the entire agreement of the parties hereto relating to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth in this Agreement, and all prior discussions, negotiations and agreements, whether written or oral have been, and are, merged and integrated into, and are superseded by, this Agreement.

14. Neutral Interpretation. In any action to construe the terms of this Agreement, this Agreement shall be considered the product of negotiation by and among the parties hereto. No clause or provision shall be interpreted more strongly in favor of one party or the other, based upon the source of the draftsmanship, but shall be interpreted in a neutral manner.

15. Notices. Any notice, request, demand, instruction or other communication given hereunder by any party must be in writing and will be validly and timely given or made to another party if (i) served personally, (ii) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, (iii) delivered by overnight courier, or (iv) sent by facsimile, to the Holder at the address set forth on the signature page hereof and to the Company as set forth below:

To the Company:

700 N. Brand Blvd.  
Suite 220  
Glendale, California 91203  
Attn.: Chief Executive Officer  
Fax: (818) 844-3885

With a copy to:

Shartsis Friese LLP  
One Maritime Plaza, 18th Floor  
San Francisco, CA 94111-3598  
Attn: P. Rupert Russell, Esq.  
Fax: (415) 421-2922

If such notice is served personally, such notice will be deemed to be given at the time of such personal service. If notice is served by mail, such notice will be deemed to be given two days after the deposit of same in any United States mail post office box. If such notice is served by overnight courier, such notice will be deemed to be given on the next business day following the acceptance of such notice for delivery by such overnight courier. If such notice is served by facsimile, such notice will be deemed to be given at the time such notice is sent, provided that an additional copy of such notice is sent the same day by another acceptable means of giving notice under this Section 15. Any person entitled to receive notice under this Agreement may change the address or facsimile number to which such notice may be sent, by giving notice thereof pursuant to this Section 15.

16. Survival. All covenants, representations and warranties contained in this Agreement shall, without any limitation, survive the execution of this Agreement and the consummation of the transactions and undertakings contained in this Agreement.

17. Time Is Of The Essence. Time is of the essence with respect to any act, performance, or payment under this Agreement.

18. No Third Party Beneficiaries. No person who is not a party to this Agreement shall be deemed to be a third party beneficiary of any covenants, representation or warranty herein contained.

19. Captions. The captions of the various sections herein are for convenience only, and none of them is intended to be any part of the body or text of this Agreement, nor are they intended to be referred to in construing any of the provisions hereof.

20. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing signed by all parties.

21. Waiver. The failure of either party to exercise any of its rights or remedies in the event of a default by the other party shall not be a waiver of such default, a modification of this Agreement or such defaulting party's obligations under this Agreement, or a waiver of any subsequent default by such defaulting party.

22. Compromise of Disputed Claims; No Admissions. This Agreement constitutes a compromise and settlement of claims which are contested and nothing in this Agreement is or shall be treated, construed or deemed as an admission by any party hereto of any liability, fault, or responsibility of any kind to the other party hereto or to any person, for any purpose whatsoever, all such liability, fault, and responsibility of any kind being expressly denied. No past or present wrongdoing on the part of any of the parties hereto shall be implied from the negotiation or the consummation of this Agreement.

IN WITNESS WHEREOF, this Settlement Agreement and Release has been executed as of the Effective Date set forth below.

Effective Date: \_\_\_\_\_, 20\_\_\_\_

**COMPANY:**

APOLLO MEDICAL HOLDINGS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HOLDER:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Fax: (\_\_\_\_) \_\_\_\_\_

**EXHIBIT A**

**NOTE REDEMPTION/CONVERSION**

**NOTE**

Principal Amount of Note equal to 102% for each par value 10% Callable Convertible

Promissory Note:	\$25,000.00
Call premium at 102%	500.00
Promissory Note Principal + Premium Subtotal	25,500.00
Accrued and Unpaid Interest (through December 17, 2013)	951.39
<b>TOTAL</b>	<b>\$26,451.39</b>

**Holder's worksheet**

Number of Notes

Multiply by Total (\$26,451.39)= \$

**REDEMPTION**

*If all or a part of the principal and accrued interest of the Note is redeemed:*

Cash Redemption Amount for each \$25,000 par value 10% Callable Convertible Promissory Note will be \$65,302.57, as follows:

Promissory Note (a)	\$25,000.00
Conversion rate (b)	\$0.11485
Conversion shares (a)/(b)=(c)	217,675
Cash redemption price/ share (d)	\$0.30
Total Redemption Value(c) * (d) =	\$65,302.57
Accrued and Unpaid Interest (through December 17, 2013) (e)	\$951.39
<b>Total</b>	<b>\$66,253.96</b>

**Holders Worksheet**

Number of Notes

Multiply by Total (\$66,253.96)= \$

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**\*The Holder's wire instructions:**

Name/ FBO \_\_\_\_\_  
Bank \_\_\_\_\_  
Account # \_\_\_\_\_  
Routing/TT# \_\_\_\_\_

**CONVERSION**

*If all or a part of the principal and accrued interest of the Note is converted:*

Number of Shares of Common Stock into which each \$25,000 par value 10% Callable Convertible Promissory Note will be 217,675 shares, as follows:

Promissory Note (a)	\$25,000.00
Conversion Rate (b)	\$0.11485
Total (a)/(b)=	217,675

**Holder's worksheet**

Number of Notes

Multiply by Total (217,675 Common Shares)= \$

If Holder chooses to convert any of his or her notes into Common Stock, Holder may choose to accept their Accrued and Unpaid Interest (through December 16, 2013) to be paid in Common Stock or Cash: Total number of notes must equal total number of Notes converted to shares.

**Holder's worksheet (Cash Option):**

Number of Notes (a)

Accrued and Unpaid Interest (through December 17, 2013) (b) \$951.39

Total (a) \* (b) = \$

**Holder's worksheet (Conversion Option):**

Number of Notes (a)

Accrued and Unpaid Interest (through December 17, 2013) (b) \$951.39

Conversion Rate (c) \$0.11485

Conversion shares (b)/(c)=(d) 8,283

Total (a) \* (d) = \$

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