

MEDICAL TRANSCRIPTION BILLING, CORP
Form PRE 14A
March 21, 2018

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [X] Preliminary Proxy Statement
- [] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- [] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to ss.240.14a-12

Medical Transcription Billing, Corp.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Medical Transcription Billing, Corp.

7 Clyde Road

Somerset, NJ 08873

April 20, 2018

Dear Fellow Shareholder:

It is my pleasure to invite you to attend the Annual Meeting of Shareholders of Medical Transcription Billing, Corp. at 11:00 a.m., Eastern Time, on Friday June 15, 2018, at our principal executive offices at 7 Clyde Road, Somerset, NJ 08873.

The following pages contain the formal Notice of the Annual Meeting and the Proxy Statement. If you plan to attend the Meeting, please detach the Admission Ticket from your proxy card and bring it to the Meeting. The proxy materials will be first sent or given to stockholders on or about April 20, 2018.

At this year's Annual Meeting, you will be asked to vote on the proposals set forth in the Notice of Annual Meeting of Stockholders and proxy statement, which describe the formal business to be conducted at the Annual Meeting and follow this letter.

Your vote is important. Whether you plan to attend the Annual Meeting in person or not, we hope you will vote your shares as soon as possible. Please mark, sign, date, and return the accompanying card in the postage-paid envelope or instruct us via the Internet as to how you would like your shares voted. Instructions are on the proxy card. This will ensure representation of your shares if you are unable to attend.

Sincerely,

/s/ Shruti Patel

Shruti Patel

General Counsel and Secretary

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 15, 2018

TIME

11:00 a.m., Eastern Time, on

Friday, June 15, 2018

PURPOSE

To amend our certificate of incorporation to increase the Company's authorized shares of preferred stock from two million shares to four million shares.

To elect one director candidate nominated by our Board of Directors.

To amend the Company's Amended and Restated Equity Incentive Plan to increase the number of shares of the Company's Series A Preferred Stock issuable under the plan from 100,000 shares to 300,000 shares.

To consider and act on such other business as may properly come before the Meeting.

DOCUMENTS

This Notice is only an overview of the Proxy Statement and proxy card included in this mailing which is also available at ir.mtbc.com/annuals-proxy.cfm. The Notice of Internet Availability will be mailed to shareholders on or about April 20, 2018.

PLACE

7 Clyde Road, Somerset, NJ 08873

RECORD DATE

Owners of shares of Medical Transcription Billing, Corp.'s (the "Company") Common Stock, as of the close of business on April 9, 2018, will receive notice of and be entitled to vote at the Meeting and any adjournments.

VOTING

Even if you plan to attend the Meeting, please mark, sign, date, and return the enclosed proxy card in the enclosed postage-paid envelope. You may revoke your proxy by filing with the Secretary of the Company a written revocation or by submitting a duly executed proxy bearing a later date. If you are present at the Meeting, you may revoke your proxy and vote in person on each matter brought before the Meeting. You may also vote over the Internet using the Internet address on the proxy card.

Shruti Patel

General Counsel and Secretary

Dated: April 20, 2018

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QUESTIONS AND ANSWERS

Q: When and where is the Annual Meeting?

A: The Company's Annual Meeting of Shareholders will be held at 11:00 a.m., Eastern Time, Friday, June 15, 2018, at our principal executive offices at 7 Clyde Road, Somerset, NJ 08873.

Q: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: In accordance with rules adopted by the SEC, we may furnish proxy materials, including this proxy statement and our Annual Report, to our shareholders by providing access to such documents on the Internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Internet Availability of Proxy Materials, which was mailed to most of our shareholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice of Internet Availability also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

Q: Who is entitled to vote?

A: You are entitled to vote at the Annual Meeting if the Company's records on April 9, 2018 (the "record date") showed that you owned the Company's common stock, par value \$.001 (the "Common Stock"). As of April 9, 2018, there were 11,665,174 shares of Common Stock outstanding.

Q: What will I likely be voting on?

A: There are three proposals that are expected to be voted on at the Annual Meeting, which are (i) to amend our certificate of incorporation to increase the Company's authorized shares of preferred stock from two million shares to four million shares; (ii) to elect one director candidate nominated by our Board of Directors to serve as director; and (iii) to amend the Company's Amended and Restated Equity Incentive Plan to increase the number of shares of the Company's Series A Preferred Stock issuable under the plan from 100,000 shares to 300,000 shares. As of the date of

this Proxy Statement, the Company was not aware of any additional matters to be raised at the Annual Meeting.

Q: What is the Board's recommendation?

A: The Board of Directors recommends that you vote your shares:

-FOR the amendment of our certificate of incorporation to increase the Company's authorized shares of preferred stock from two million shares to four million shares.

-FOR the director nominee.

-FOR the amendment of the Amended and Restated Equity Incentive Plan to increase the number of shares of Series A Preferred Stock issuable under the plan from 100,000 shares to 300,000 shares.

Q: How many votes is each share entitled to?

A: Each share of Common Stock has one vote. The enclosed proxy card shows the number of shares that you are entitled to vote.

Q: Do I need a ticket to attend the Annual Meeting?

A: Yes. Retain the top of the proxy card as your admission ticket. One ticket will permit two persons to attend. If your shares are held through a broker, contact your broker and request that the broker provide you with evidence of share ownership. This documentation, when presented at the registration desk at the Annual Meeting, will enable you to attend the Meeting.

Q: How do proxies work?

A: The Board of Directors is asking for your proxy. Giving us your proxy means that you authorize us to vote your shares at the Meeting in the manner you direct. You may also abstain from voting. If you sign and return the enclosed proxy card but do not specify how to vote, we will vote your shares in accordance with the Board of Directors' recommendations.

Q: How do I vote?

A: You may:

Vote by marking, signing, dating, and returning a proxy card;

Vote via the Internet by following the voting instructions on the proxy card or the voting instructions provided by your broker, bank, or other holder of record. Internet voting procedures are designed to authenticate your identity, allow you to vote your shares, and confirm that your instructions have been properly recorded. If you submit your vote via the Internet, you may incur costs associated with electronic access, such as usage charges from Internet access providers and telephone companies;

Vote in person by attending the Annual Meeting. We will distribute written ballots to any shareholder who wishes to vote in person at the Annual Meeting.

If your shares are held in street name, your broker, bank, or other holder of record will include a voting instruction form with this Proxy Statement. We strongly encourage you to vote your shares by following the instructions provided on the voting instruction form. Please return your voting instruction form to your broker, bank, or other holder of record to ensure that a proxy card is voted on your behalf.

Q: Do I have to vote?

A: No. However, we strongly encourage you to vote.

Q: What does it mean if I receive more than one proxy card?

A: If you hold your shares in multiple registrations, or in both registered and street name, you will receive a proxy card for each account. Please mark, sign, date, and return each proxy card you receive. If you choose to vote by Internet, please vote each proxy card you receive.

Q: Will my shares be voted if I do not sign and return my proxy card?

A: If your shares are held in street name and you do not instruct your broker or other nominee how to vote your shares, your broker or nominee may use its discretion to vote your shares on “routine matters. For any “non-routine matters” being considered at the Meeting, your broker or other nominee would not be able to vote on such matters.

Q: Can I change my vote?

A: Yes. You may revoke your proxy and change your vote before the Annual Meeting by submitting a new proxy card with a later date, by casting a new vote via the Internet, by notifying the Company's Corporate Secretary in writing, or by voting in person at the Meeting. If you do not properly revoke your proxy, properly executed proxies will be voted as you specified in your earlier proxy.

Q: What is a quorum?

A: A quorum is the number of shares that must be present, in person or by proxy, in order for business to be transacted at the Annual Meeting. At least a majority of the outstanding shares eligible to vote must be represented at the Meeting, either in person or by proxy, in order to transact business.

Q: Who will tabulate the votes?

A: A representative from our Company, Norman Roth, will tabulate the votes and act as inspector of election.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of election. The inspector will also determine whether a quorum is present at the Annual Meeting.

The shares represented by the proxy cards received, properly marked, dated, signed, and not revoked, will be voted at the Annual Meeting. If the proxy card specifies a choice with respect to any matter to be acted on, the shares will be voted in accordance with that specified choice. Any proxy card that is returned signed but not marked will be voted as recommended by the Board of Directors.

Q: How are proposals approved by the security holders?

A: Our directors will be elected by a plurality of the votes cast by the shares entitled to vote at the Annual Meeting so long as a quorum is present. All other corporate governance actions will be approved by a majority of the votes cast. Although state law and our certificate of incorporation and bylaws are silent on the issue, abstentions or broker

non-votes as to any matter will be included in the calculations as to the presence of a quorum, but will not be counted as votes cast in such matter in the calculation as to the needed majority vote.

Q: Who will bear the costs of this solicitation?

A: Our Board of Directors is making this solicitation, and we will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. If you choose to access the proxy materials over the internet, however, you are responsible for internet access charges you may incur. The solicitation of proxies or votes may be made in person. We will also reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

Q: What should I do now?

A: You should read this proxy statement carefully and promptly submit your proxy card or vote by the internet as provided on the proxy card to ensure that your vote is counted at the Annual Meeting.

Q: How will shares in the Company's employee benefit plans be voted?

A: If you are or were a participant in the Company's employee benefit plans, this Proxy Statement is being used to solicit voting instructions from you with respect to shares of our stock that you own but which are held by the trustees of our benefit plans for the benefit of you and other plan participants. Shares held in our benefit plans that you are entitled to vote will be voted by the plan trustees pursuant to your instructions. Shares held in any employee benefit plan that you are entitled to vote, but do not vote, will be voted by the plan trustees in proportion to the voting instructions received for other shares. You must instruct the plan trustees to vote your shares by utilizing one of the voting methods described above.

Q: How do I obtain a copy of the Company's materials related to corporate governance?

A: The Company's Corporate Governance materials, charters of each standing Board Committee, Code of Conduct, and other materials related to our corporate governance can be found in the Corporate Governance section of the Company's website at ir.mtbc.com/corporate-governance.cfm.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information, as of April 9, 2018, concerning:

- Each person or group of persons known by the Company to own beneficially more than five percent of the outstanding shares of Common Stock, based on information provided by the beneficial owner in public filings made with the Securities and Exchange Commission (“SEC”).
- Each person who has been a director or executive officer of the Company since the beginning of the last fiscal year.
- Each nominee for the Board of Directors.
- Each associate of any of the foregoing persons.

Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o MTBC, 7 Clyde Road, Somerset, NJ 08873. Beneficial ownership is determined in accordance with the rules of the SEC, which deem a person to beneficially own any shares the person has or shares voting or dispositive power over and any additional shares obtainable within 60 days through the exercise of options, warrants or other purchase rights. Shares of common stock subject to options, warrants or other rights to purchase that are currently exercisable or are exercisable within 60 days of the April 9, 2018 record date (including shares subject to restrictions that lapse within 60 days of the record date) are deemed outstanding for purposes of computing the percentage ownership of the person holding such shares, options, warrants or other rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated, each person possesses sole voting and investment power with respect to the shares identified as beneficially owned. The percentages are based on 11,665,174 shares of Common Stock outstanding as of April 9, 2018. Each share of Common Stock has one vote.

| Name of Beneficial Owner | Common Stock Beneficially Owned | Percent of Class | Preferred Stock Beneficially Owned | Percent of Class |
|---|---------------------------------|------------------|------------------------------------|------------------|
| Directors and Named Executive Officers | | | | |
| Mahmud Haq, Executive Chairman | 5,042,070 | 43.2 % | 9,000 | 0.8 % |
| Stephen A. Snyder, CEO | 131,000 | 1.1 % | 8,250 | 0.7 % |
| Anne Busquet | 126,850 | 1.1 % | - | - |
| Howard L. Clark, Jr. | 93,500 | 0.8 % | - | - |
| John N. Daly | 112,500 | 1.0 % | - | - |
| Bill Korn, CFO | 158,000 | 1.4 % | 8,300 | 0.7 % |
| Cameron P. Munter | 112,500 | 1.0 % | - | - |
| A. Hadi Chaudhry, President | 16,067 | 0.1 % | - | - |
| All current directors and executive officers as a group (8 persons) | 5,792,487 | 49.7 % | 25,550 | 2.2 % |

CORPORATE GOVERNANCE

Role and Composition of the Board of Directors

The Company's Board of Directors believes that good corporate governance principles and practices provide a strong framework to assist the Board in fulfilling its responsibilities to shareholders. The Board recognizes the interests of the Company's shareholders, employees, customers, suppliers, consumers, creditors, and the communities in which it operates, who are all essential to the Company's success. Accordingly, the Board has adopted corporate governance principles relating to its role, composition, structure, and functions. The Board periodically reviews the principles and other corporate governance matters.

Role of the Board and Management and Role in Risk Oversight

The Company's business is conducted by its employees, managers, and officers under the direction of the Chief Executive Officer ("CEO") and the oversight of the Board. The Board of Directors is elected by the shareholders to oversee management and to ensure that the long-term interests of the shareholders are being served. Directors are expected to fulfill duties of care and loyalty and to act with integrity as they actively conduct Board matters.

As part of its general oversight function, the Board actively reviews and discusses reports by management on the performance of the Company, its strategy, goals, financial objectives, and prospects, as well as issues and risks facing the Company. The opinions of the independent Compensation Committee Board members are solicited with respect to the selection, evaluation, and determination of compensation and succession planning for the Executive Chairman, CEO and senior executive officers who report directly to the CEO. The Board oversees processes designed to maintain the quality of the Company, including the integrity of the financial statements, the integrity of compliance with laws and ethics, and the integrity of relationships with stakeholders, including shareholders, employees, customers, suppliers, consumers, and the communities in which the Company operates.

The Board administers its risk oversight function directly and through the Board committees. Management regularly reports to the Board and/or the relevant committee regarding identified or potential risks. The general areas of material risk to the Company include strategic, operational, financial, regulatory, and legal risks. The Board regularly reviews our Company's strategies and attendant risks, and provides advice and guidance on strategies to manage these risks while attaining long- and short-term goals.

Operational risks, financial risks, including internal controls and credit risk associated with our customers, and risks associated with data privacy and security, as well as overall economic risks, are within the purview of the Audit Committee. The Audit Committee's review is accompanied by regular reports from management and assessments from our internal and external auditors. In assessing legal or regulatory risks, the Board and the Audit Committee are advised by management, legal counsel, and experts, as appropriate.

The Compensation Committee is responsible for overseeing the management of risks associated with executive and employee compensation plans and retention, with the goal to ensure that the Company's compensation programs remain consistent with our stockholders' interests, that such programs do not encourage excessive risk-taking and that such programs are designed to retain valued executives and employees.

Board Membership Qualifications

The Board has the responsibility for nominating director candidates to shareholders and filling vacancies. The Nominating and Corporate Governance Committee is responsible for recommending candidates to the Board, as well as recommending the selection criteria used in seeking nominees for election to the Board. The Board has adopted the following director nominee selection criteria. Nominees should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of all shareholders. Nominees should be selected on the basis of their business and professional experience and qualifications, public service, diversity of background, availability to devote sufficient time to the Board and the needs of the Company in light of the qualifications of the other directors or nominees. Candidates should be persons who have demonstrated leadership in multinational companies or government, finance or accounting, higher education or other fields, or who are able to provide the Company with relevant expertise, industry knowledge or marketing acumen. Nominees should also represent all shareholders rather than special interest groups or any group of shareholders. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings and participation in and contribution to the activities of the Board. The Nominating and Corporate Governance Committee may use the services of an executive search firm to assist the Company in identifying potential nominees and to participate in the evaluation of candidates for Board membership. Shareholders may suggest nominees for consideration by submitting names of nominees and supporting information to the Corporate Secretary of the Company.

Size of the Board

The Company's By-Laws establish that the Board shall determine the number of directors from time to time so long as the number so determined shall not be less than three. The Board periodically reviews the appropriate size of the Board, which is presently set at six Board members by resolution of the Board of Directors.

Executive Chairman and CEO

The Executive Chairman and the CEO are selected by the Board. The Board determines whether the roles of Executive Chairman and CEO should be separate or combined based upon its judgment as to the most appropriate structure for the Company at a given point in time.

Ethics and Conflicts of Interest

The Board expects its directors, as well as the Company's officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Conduct. The Board will not permit any waiver of any ethics policy for any director or executive officer. The Board will resolve any conflict of interest question involving a director, the CEO, or a member of the Office of the Executive Chairman, and the CEO will resolve any conflict of interest issue involving any other officer of the Company. The Code of Conduct is available at ir.mtbc.com/corporate-governance.cfm.

BOARD COMMITTEES

Number and Responsibilities of Committees

The current three committees of the Board are Audit, Compensation, and Nominating and Corporate Governance. The membership of the committees is required to consist entirely of independent directors, based on the NASDAQ requirements. The Board may form new committees, disband an existing committee, and delegate additional responsibilities to a committee. The responsibilities of the committees are set forth in written charters, which are reviewed periodically by the committees, the Nominating and Corporate Governance Committee, and the Board, and are available on the Company's website at ir.mtbc.com/corporate-governance.cfm.

Committee Meetings

The chair of each committee, in consultation with committee members and in compliance with the committee's charter requirements, determines the frequency of committee meetings and develops meeting agendas. The full Board is apprised of matters addressed by the committees in their meetings. During 2017, the Audit Committee held five meetings, the Compensation Committee held four meetings, and the Nominating and Corporate Governance Committee held four meetings.

BOARD OPERATIONS

Board Meetings

Regular meetings of the Board are held at least four times per year. The Board may hold additional meetings, including by teleconference or other electronic means, as needed, to discharge its responsibilities. The Chairman of the Board, in consultation with other Board members, establishes the agenda for each Board meeting. Each Board member may suggest items for inclusion on the agenda.

During 2017, the Board held five meetings and acted by written/electronic consent twelve times. Each director attended at least 75% of all Board of Directors and applicable committee meetings.

Two directors attended last year's Annual Meeting of Shareholders.

Board Materials

Information and data that is important to the business to be considered at a Board or committee meeting is distributed in advance of the meeting, to the extent possible.

Management Evaluation, Succession, and Compensation

The performance of the Executive Chairman and CEO is evaluated annually by the Compensation Committee, in consultation with the full Board, based upon objective criteria, including the performance of the business and the accomplishment of goals and strategic objectives. This committee also makes recommendations to the Board with respect to CEO succession. The CEO reviews management succession planning and development with the full Board of Directors on an annual basis. The Compensation Committee evaluates performance in setting Executive Chairman and CEO and senior executive officer salary, bonus, and other incentive and equity compensation.

Board Compensation

The Compensation Committee is responsible for recommending any changes in Board compensation. In discharging this duty, the committee is guided by the following considerations: compensation should fairly pay directors for work required for a company of MTBC's size and scope; compensation should align directors' interests with the long-term interests of shareholders; and the structure of compensation should be transparent and understandable. Non-employee directors receive a monthly retainer plus restricted stock units, with no additional fees for meeting attendance. The chairman of the Audit Committee receives an additional retainer for serving in that capacity.

Board Access to Management and Independent Advisors

Members of the Board have free access to the employees of the Company, and Board committees have the authority to retain such outside advisors as they determine appropriate to assist in the performance of their functions. Additionally, members of the Board may periodically visit Company facilities.

Approval of Goals and Strategic and Financial Objectives

The overall strategy of the Company is reviewed periodically at Board meetings.

Communication with Management and Directors

The response to any shareholder proposal is the responsibility of management subject to oversight by the appropriate Board committee. The Board is apprised of shareholder proposals and the Company's response to such proposals.

Shareholders and other interested parties may contact the presiding director or non-management directors via the Corporate Secretary of the Company at 7 Clyde Road, Somerset, NJ 08873.

Disclosure and Review of Corporate Governance Principles

The Company's Corporate Governance Principles and all Board committee charters are available on the Company's website at ir.mtbc.com/corporate-governance.cfm and are also available in print to any shareholder upon request. The Nominating and Corporate Governance Committee reviews these Corporate Governance Principles periodically, and reports the results of this review to the full Board.

Policies on Business Ethics and Conduct

All Company employees and directors, including the Executive Chairman, CEO, the Chief Financial Officer, and the Principal Accounting Officer, are required to abide by the Company's Code of Conduct to ensure that the Company's business is conducted in a consistently legal and ethical manner. The Code of Conduct forms the foundation of a comprehensive program that requires compliance with all corporate policies and procedures and seeks to foster an open relationship among colleagues that contributes to good business conduct and an abiding belief in the integrity of our employees. The Company's policies and procedures cover all areas of professional conduct, including employment policies, conflicts of interest, intellectual property, and the protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of the Company's business.

Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Conduct.

The full text of the Code of Conduct is published on the Company's website at ir.mtbc.com/corporate-governance.cfm, and is available in print to any shareholder upon request.

Director Independence

Our Board has considered the relationships of all directors with us and the independence of each director, and determined that Ms. Anne Busquet, and Messrs. Howard Clark, John Daly and Cameron Munter, do not have any relationship which would interfere with the exercise of independent judgment in carrying out his or her responsibility as a director and that each non-employee director qualifies as an independent director under the applicable rules of NASDAQ.

Mr. Mahmud Haq is both the Executive Chairman of the Board and founder of the Company.

Related Person Transaction Policy

The Related Person Transaction Policy of the Board ensures that the Company's transactions with certain persons are not inconsistent with the best interests of the Company. A "Related Person Transaction" is a transaction with the Company in an amount exceeding \$54,500 in which a Related Person has a direct or indirect material interest. A Related Person includes the executive officers, directors, and five percent or more shareholders of the Company, and any immediate family member of such a person. If a Related Person Transaction is identified, such transaction is brought to the attention of the General Counsel and the Audit Committee for its approval, ratification, revision, or rejection in consideration of all of the relevant facts and circumstances. The Company maintains a written policy regarding Related Person Transactions.

Related Party Transactions

The Company was party to several related party transactions with Executive Chairman, Mahmud Haq, during the year ended December 31, 2017. Below is a summary of the related party transactions the Company has entered into with Mr. Haq:

The Company has a service agreement with a related party, a physician who is related to the Executive Chairman. Revenue from this customer was approximately \$17,000 for the year ended December 31, 2017. As of December 31, 2017, the receivable balance due from this customer was approximately \$1,900.

The Company is a party to a nonexclusive aircraft dry lease agreement with Kashmir Air, Inc. ("KAI"), which is owned by the Executive Chairman. The Company recorded an expense of approximately \$128,000 for the year ended December 31, 2017 related to the lease agreement with KAI. As of December 31, 2017, the Company had a liability outstanding to KAI of \$11,000.

The Company leases its corporate offices, temporary housing for its foreign visitors and storage space in New Jersey and its backup operations center in Bagh, Pakistan, from the Executive Chairman. The related party rent expense for the year ended December 31, 2017 was approximately \$189,000. Security deposits were provided related to the lease of the Company's corporate offices in the amount of approximately \$13,000. As of December 31, 2017, there was also prepaid rent paid to the Executive Chairman of approximately \$12,000.

Board of Directors and Committees of the Board

Fiscal Year 2017

| Name | Board | Compensation | Audit | Governance |
|-------------------|-------|--------------|-------|------------|
| Mahmud Haq | x* | | | |
| Stephen A. Snyder | x | | | |
| Anne M. Busquet | x | | x | |
| Howard L. Clark | x | | x* | x |
| John N. Daly | x | x* | x | |
| Cameron Munter | x | x | | x* |

xMember

*Chairperson

Executive Officers and Directors

The following table sets forth information as of December 31, 2017 regarding our directors and executive officers.

| Name | Age | Position(s) |
|-------------------|-----|---|
| Mahmud Haq | 58 | Executive Chairman |
| Stephen A. Snyder | 41 | Chief Executive Officer and Director |
| Anne M. Busquet | 67 | Director |
| Howard L. Clark | 73 | Director |
| John N. Daly | 80 | Director |
| Cameron Munter | 63 | Director |
| Bill Korn | 60 | Chief Financial Officer |
| A. Hadi Chaudhry | 41 | President |
| Shruti Patel | 30 | General Counsel and Corporate Secretary |
| Norman Roth | 62 | Principal Accounting Officer |

Mahmud Haq is our founder, and has served as our Chief Executive Officer of the Board since our inception in 2001 through 2017. He currently serves as our Executive Chairman, which he became in January 2018. Prior to founding MTBC, Mr. Haq served as the Chief Executive Officer and President of Compass International Services Corporation from 1997 to 1999. During that time, Mr. Haq also served on its Board of Directors. From 1985 to 1996, Mr. Haq held various senior executive positions at American Express, including Vice President Risk Management of Global Collections for the Travel Related Services division (1994-1996). Mr. Haq received a Bachelor of Science in Aviation Management from Bridgewater State College and holds an M.B.A. from Clark University with a concentration in Finance.

Stephen A. Snyder served as our President through 2017 and is currently our Chief Executive Officer, which he became in January 2018, and has been a member of our Board of Directors since 2013. Mr. Snyder joined MTBC in August 2005 as Vice President, General Counsel and Secretary, and later served as Chief Operating Officer beginning January 2009, through his appointment as President in August 2011. Prior to joining MTBC, Mr. Snyder practiced law. Mr. Snyder is a member of the New Jersey and New York bars and his writings on healthcare law and policy have been published by the American Health Lawyers Association, American Bar Association and various industry publications. Mr. Snyder received his Bachelor of Arts in Political Science, *magna cum laude*, from Montclair State University and his Juris Doctor from Rutgers School of Law-Newark.

Cameron P. Munter has served as a member of our Board of Directors since June 2013, and is the Chairman of our Nominating and Governance Committee and a member of our Compensation Committee. Mr. Munter served as the U.S. Ambassador to Pakistan from October 2010 through July 2012. Prior to this appointment, Mr. Munter held a variety of high-profile diplomatic positions in Iraq and also served as U.S. Ambassador to Serbia from March 2007 to March 2009. Mr. Munter received his Bachelor of Arts, *magna cum laude*, from Cornell University and doctoral degree in Modern European History from the Johns Hopkins University. He is currently President and CEO of the EastWest Institute, an international, non-partisan organization with offices in New York, Brussels, Moscow and Washington.

Howard L. Clark, Jr. has served as a member of our Board of Directors since October 2013 and is the Chairman of our Audit Committee. He retired as Vice Chairman, Investment Banking of Barclays Capital Inc. on June 30, 2011. He served as Vice Chairman of Lehman Brothers Inc. from February 1993 to September, 2008. From February 1990 until February 1993, Mr. Clark served as Chairman and Chief Executive Officer of Shearson Lehman Brothers, Inc. Prior to joining Shearson Lehman, Mr. Clark was Executive Vice President and Chief Financial Officer of American Express Company.

Mr. Clark is a member of the Board of Directors of Green Waste Energy, Inc. He is a former member of the Board of Directors of Maytag Corporation, United Rentals and White Mountains Insurance Group. Additionally, he serves on the Board of Trustees of The Boys' Club of New York. Mr. Clark is a former member of the Board of Overseers of Columbia University Graduate School of Business and is an Honorary Trustee of Boston University. Mr. Clark was Chairman of the Securities Industry Association in 1994 and Chairman of The Bond Club of New York in 1998. A 1967 graduate of Boston University, Mr. Clark received his Master of Business Administration degree from Columbia

University Graduate School of Business in 1968.

John N. Daly has served as a member of our Board of Directors since December 2013, and is the Chairman of our Compensation Committee and a member of our Audit Committee. Since May 2007, Mr. Daly has served as the President of IMMS, LLC, a third party marketer of investment management firms. Previously, Mr. Daly held other management positions in the financial services industry, including during his 23 years at E.F. Hutton & Co. from 1960 to 1983, where at various times he ran the Syndicate Department, the Commodities Division and the Asset Management Division. He later joined Salomon Brothers, both at the New York and London offices, where he headed the Private Client Division and International Equity Capital Markets. Mr. Daly also served as the Senior Managed Accounts Specialist at Prudential Investments from 2002-2005. Mr. Daly graduated from Yale University and completed the Harvard Business School Advanced Management Program in 1979.

Anne M. Busquet joined MTBC's Board of Directors in July 2014 and is a member of our Audit Committee. Ms. Busquet is presently the President of AMB Advisors, and has over three decades of executive business experience with American Express and Interactive Corp (IAC). She has led several successful businesses and served on various boards, including Blyth, Inc., and Meetic. Currently, Ms. Busquet serves on the Board of Pitney Bowes, Intercontinental Hotels Group (IHG), and Provista Diagnostics and is also a Trustee on the Board of Overseers for Columbia University, Business School, the Romanian American Foundation and the French Institute Alliance Francaise. Ms. Busquet graduated from Cornell University and received her MBA from Columbia University.

Bill Korn is our Chief Financial Officer. Mr. Korn joined MTBC in July 2013. Prior to joining MTBC, Mr. Korn served as the Chief Financial Officer for six other early-stage technology businesses. From January 2013 until he joined us, Mr. Korn served as the Chief Financial Officer of SnapOne, Inc., a developer of cloud-based applications for mobile devices, and from June 2012 until December 2012, Mr. Korn was doing private advisory work. Prior to that, from August 2002 to June 2012, Mr. Korn was the Chief Financial Officer of Antenna Software, Inc. Earlier in his career, Mr. Korn spent ten years with IBM, where he served on the senior management team that created IBM's services strategy in the 1990s. Mr. Korn received his Bachelor of Arts in Economics *magna cum laude* from Harvard College and his Master of Business Administration from Harvard Business School.

A. Hadi Chaudhry is our President and joined MTBC in October 2002 as manager of IT, and later served as general manager, chief information officer and VP of global operations. Mr. Chaudhry became President in January 2018. Mr. Chaudhry has extensive healthcare IT experience, and served in various roles in the banking and IT sector prior to joining MTBC. Mr. Chaudhry has a BS in Mathematics and Statistics and holds numerous information technology certifications.

Shruti Patel is our General Counsel and Corporate Secretary. Ms. Patel joined MTBC as an attorney in July 2015 and held various positions with the Company until her appointment as General Counsel and Corporate Secretary in November 2016. Prior to joining MTBC, Ms. Patel served as an associate at a family law firm and is currently a member of the New Jersey bar. Ms. Patel received her Bachelor of Arts in Political Science from the University of Central Florida and her Juris Doctor from Florida A&M School of Law.

Norman Roth is our Controller and Principal Accounting Officer. Mr. Roth joined MTBC in September 2014. Prior to joining MTBC, Mr. Roth worked as a forensic accountant since 2003 primarily in the accounting malpractice area. From 1991 through 2002, Mr. Roth served as the Director of External Reporting, Treasury and Tax and later as Business Manager of WWOR-TV. Mr. Roth began his career at Ernst & Young LLP in 1977 and left as a senior manager after 13 years of service. Mr. Roth received his Bachelor of Arts degree *summa cum laude* from Rutgers College and his Master of Business Administration-Taxation from Fairleigh Dickinson University. Mr. Roth is a certified public accountant and a certified fraud examiner.

Committee Duties and Responsibilities

Audit Committee

Oversees management's establishment and maintenance of processes to provide for the reliability and integrity of the accounting policies, financial statements, and financial reporting and disclosure practices of the Company.

Oversees management's establishment and maintenance of processes to provide for an adequate system of internal control over financial reporting at the Company and assists with the oversight by the Board of Directors and the Corporate Governance Committee of the Company's compliance with applicable laws and regulations.

Oversees management's establishment and maintenance of processes to provide for compliance with the Company's financial policies.

Oversees the independence of the independent registered public accounting firm and the qualifications and effectiveness of the independent registered public accounting firm.

Prepares the report of the Audit Committee for inclusion in the Company's annual proxy statement in accordance with applicable rules and regulations.

Appoints, retains, and reviews the performance of the independent registered public accounting firm.

Evaluates the Committee's performance annually.

Compensation Committee

Makes recommendations to the Board with respect to the structure of overall incentive compensation and equity-based plans applicable to executive officers or other employees and administers such plans.

Selects and retains outside consultants to review and recommend appropriate types and levels of executive compensation, with the sole authority to approve consultant fees and other retention terms. Terminates such consultants as necessary.

Prepares the report of the Compensation Committee for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

Evaluates the Committee's performance annually.

Nominating and Corporate Governance Committee

Monitors compliance with the Company's Global Code of Conduct and all applicable laws and regulations.

Notifies the Audit Committee of any matters regarding accounting, internal control, or audit matters of which the Committee has become aware as a result of monitoring the Company's compliance efforts.

Identifies qualified candidates to serve on the Board, including candidates recommended by shareholders, and reviews Board candidate qualifications, selection criteria, and any potential conflicts with the Company's interests.

Director Compensation Table (Fiscal Year 2017)

The following table sets forth the compensation paid to the non-executive directors of the Company in fiscal year 2017:

| Name | Fees Earned or Paid in Cash | Stock Awards (1) (2) | Total |
|----------------------|---|----------------------------|----------|
| Anne Busquet | \$32,000 | \$39,150 | \$71,150 |
| Howard L. Clark, Jr. | 42,000 | 36,375 | 78,375 |
| John N. Daly | 32,000 | 36,375 | 68,375 |
| Cameron P. Munter | 32,000 | 36,375 | 68,375 |

In August 2017, the outside Board members were awarded 50,000 shares each of restricted stock units that vest in 25% increments over the next two years beginning in February 2018. Those amounts are not included in the above table as vesting does not begin until February 2018. The stock awards received by the Board above represent restricted stock and RSUs awards made prior to 2017.

(2) As of December 31, 2017, there were 50,000 restricted stock units outstanding for each director.

Summary Executive Compensation Table

The following table is a summary of certain information concerning the compensation earned by our Named Executive Officers for fiscal years 2017 and 2016:

| Name and Principal Position | Salary ⁽¹⁾ | Bonuses ⁽²⁾ | Stock Awards ⁽³⁾⁽⁴⁾ | All Other Compensation ⁽⁵⁾⁽⁶⁾⁽⁷⁾ | Total |
|---|-----------------------|------------------------|--------------------------------|---|-----------|
| 2017 ⁽⁸⁾ | | | | | |
| Mahmud Haq, CEO and Chairman of the Board | \$300,824 | \$300,000 | \$- | \$ 53,617 | \$654,441 |
| Stephen A. Snyder, President | 275,755 | 275,000 | 22,667 | 11,000 | 584,422 |
| Bill Korn, Chief Financial Officer | 250,687 | 250,000 | 11,333 | 7,308 | 519,328 |
| 2016 | | | | | |
| Mahmud Haq, CEO and Chairman of the Board | \$301,648 | \$300,000 | \$- | \$ 63,693 | \$665,341 |
| Stephen A. Snyder, President | 276,570 | 275,000 | - | 11,002 | 562,572 |
| Bill Korn, Chief Financial Officer | 251,374 | 250,000 | - | 7,543 | 508,917 |

(1) Includes amounts contributed by the Named Executive Officers to our 401(k) plan.

(2) In February 2018, the Compensation Committee of the Board of Directors awarded bonuses to Messrs. Haq, Snyder and Korn based on achieving specified operating results for 2017. Payment of these bonuses was made in 2018. Payment was made in the equivalent value of shares of Series A Preferred Stock and is included in the above table for 2017.

(3) The stock awards reflected above represent restricted stock units that vested in 2017 that were awarded in a prior year.

(4) In August 2017, the Compensation Committee of the Board of Directors awarded 100,000 shares of restricted stock each to Messrs. Haq, Snyder and Korn. Those shares vest in 25% increments beginning in February 2018. These amounts are not included in the table above since vesting does not begin until February 2018.

(5) Does not include perquisites and other personal benefits, the aggregate amount of which with respect to each of the Named Executive Officers does not exceed \$10,000 reported for the fiscal year presented.

(6) Includes our matching contribution to the 401(k) plan equal to 100% match on the first 3% of the employee's compensation plus 50% match on the next 2% of the employee's compensation which is available to all employees who participate in the plan.

(7) Excludes group life insurance, health care insurance, long-term disability insurance and similar benefits provided to all employees that do not discriminate in scope, terms or operations in favor of the Named Executive Officers.

(8) Effective January 2018, Mahmud Haq became Executive Chairman and Stephen Snyder become Chief Executive Officer.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2017, the Compensation Committee of the Board of Directors was comprised of John N. Daly and Cameron P. Munter. Neither of these individuals, during the fiscal year ended December 31, 2017, was an officer or employee of the Company. Neither of these individuals was formerly an officer of the Company.