

RadNet, Inc.  
Form DEF 14A  
April 22, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**RADNET, INC.**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý 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:   | Not applicable |
| (2) Aggregate number of securities to which transaction applies:  | Not applicable |
| (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): | Not applicable |
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| (5) Total fee paid:   |                |

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

**RADNET, INC.**  
**1510 Cotner Ave.**  
**Los Angeles, CA 90025**

April 22, 2016

Dear Fellow Stockholder:

On behalf of the Board of Directors and management, we cordially invite you to attend the Annual Meeting of Stockholders of RadNet, Inc. to be held at our principal executive office at 1510 Cotner Avenue, Los Angeles, CA 90025, on Thursday, June 2, 2016, at 10:00 a.m. (Pacific time). At this meeting, stockholders will vote on matters set forth in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

We have also enclosed a copy of our annual report on Form 10-K for our fiscal year ended December 31, 2015, as amended (the "2015 Annual Report"). We encourage you to read our 2015 Annual Report, which includes information on our business, as well as our audited financial statements for the fiscal year ended December 31, 2015.

This year we are again taking advantage of the Securities and Exchange Commission rule that permits us to furnish proxy materials to our stockholders via the internet. This allows us to provide you with information about our annual meeting in an efficient manner, while reducing the environmental impact of our annual meeting. As a result, on or about April 22, 2016, we will mail a short Notice of Internet Availability of Proxy Materials (the "Notice") to most of our stockholders instead of a paper copy of our full proxy materials. The Notice contains instructions on how to cast your vote online and how to access our proxy materials, including the Notice of Annual Meeting of Stockholders, Proxy Statement, 2015 Annual Report and a proxy card or voting instruction form. The Notice also contains instructions on how to request a paper copy of our proxy materials. All stockholders who do not receive the Notice will receive a paper copy of the proxy materials.

**Your vote is very important. Regardless of the number of shares you own, please vote. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible.** You may vote by submitting your proxy via the internet, by phone, or if you have elected to receive printed proxy materials by completing, signing, dating and returning the proxy card enclosed with your printed proxy materials.

Thank you for your continued support and ownership of RadNet, Inc. We look forward to seeing you at the Annual Meeting.

Sincerely,

Norman R. Hames

*Corporate Secretary*

**Important Notice Regarding Availability of Proxy Materials for the 2016 Annual Meeting of Stockholders: The Proxy Statement for the 2016 Annual Meeting of Stockholders, the Proxy Card and the 2015 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).**

**RADNET, INC.**  
**1510 Cotner Ave.**  
**Los Angeles, CA 90025**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**JUNE 2, 2016**

RadNet, Inc. will hold its Annual Meeting of Stockholders on Thursday, June 2, 2016, at 10:00 a.m. (Pacific time) at our principal executive office at 1510 Cotner Avenue, Los Angeles, CA 90025.

Stockholders of record at the close of business on April 12, 2016, the record date fixed by the Board of Directors, are entitled to notice of, and to vote at, the Annual Meeting of Stockholders. The following items are on the agenda:

1. The election of seven nominees named in the attached Proxy Statement as directors to hold office until the 2017 Annual Meeting of Stockholders;
2. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. A non-binding advisory vote to approve the compensation of our Named Executive Officers;
4. Other business that may properly come before the Annual Meeting (including adjournments and postponements).

The foregoing items of business are more fully described in the accompanying Proxy Statement.

We will mail to our stockholders on or about April 22, 2016, a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and our annual report on Form 10-K for our fiscal year ended December 31, 2015, as amended, via the internet and how to vote online. The Notice of Internet Availability of Proxy Materials also contains instructions on how you can receive a paper copy of the proxy materials.

By Order of the Board of Directors,

Norman R. Hames

*Corporate Secretary*

April 22, 2016

Los Angeles, California

**Whether or not you expect to attend the Annual Meeting, please vote as soon as possible to ensure your representation at the meeting. You may vote via the internet, by phone, or if you have elected to receive printed proxy materials by completing, signing, dating and returning the proxy card enclosed with your printed proxy materials. Even if you have given your proxy, you may still vote in person if you attend the meeting. Please note, however, that if a broker, bank or other nominee holds your shares of record and you wish to vote at the meeting, then you must obtain from the record holder a proxy issued in your name.**

**RADNET, INC.**  
**1510 Cotner Ave.**  
**Los Angeles, CA 90025**

**PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD JUNE 2, 2016**

The Board of Directors of RadNet, Inc., a Delaware corporation, is providing these proxy materials to you in connection with the solicitation of the accompanying proxy for use at our 2016 Annual Meeting of Stockholders (the “Annual Meeting”). The meeting will be held at our principal executive office at 1510 Cotner Avenue, Los Angeles, CA 90025, on Thursday, June 2, 2016, at 10:00 a.m. (Pacific time) or at any adjournment or postponement thereof, for the purposes stated herein. This proxy statement summarizes the information that you will need to know to vote in an informed manner. Our telephone number is (310) 445-2800.

All stockholders are cordially invited to attend the Annual Meeting of Stockholders in person. In any event, please vote as soon as possible. On or about April 22, 2016 we intend to mail a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy statement and our annual report on Form 10-K for our fiscal year ended December 31, 2015, as amended (the “2015 Annual Report”), via the internet and how to vote online. The Notice also contains instructions on how you can receive a paper copy of the proxy materials.

**ABOUT THE PROXY PROCESS AND THE ANNUAL MEETING**

**Q: Why did I receive these materials?**

Our board of directors has made these materials available to you on the internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the board’s solicitation of proxies for use at our Annual Meeting, which will take place on June 2, 2016, or any adjournment or postponement thereof. Our stockholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement.

**Q: What is a proxy?**

A:

Our board of directors is asking for your proxy, which is a legal designation of another person to vote the shares you own. We have designated two officers of the Company, Jeffrey Linden and Mark Stolper, to vote your shares at the meeting in the way you instruct and, with regard to any other business that may properly come before the meeting, as they think best.

**Q: Why haven't I received a printed copy of the proxy materials and the 2015 Annual Report?**

On or about April 22, 2016, we will mail a Notice of Internet Availability of Proxy Materials to our stockholders who have not previously requested the receipt of paper proxy materials advising them that they can access this proxy statement, the 2015 Annual Report and voting instructions over the internet at [www.proxyvote.com](http://www.proxyvote.com). You may then access these materials and vote your shares over the internet or by telephone. Please keep the Notice for your reference through the meeting date.

**A:**

Alternatively, you may request that a printed copy of the proxy materials be mailed to you. If you want to receive a paper copy of the proxy materials, you may request one over the internet at [www.proxyvote.com](http://www.proxyvote.com), by calling toll-free 1-800-579-1639, or by sending an email to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). There is no charge to you for requesting a copy. Please make your request for a copy on or before May 19, 2016 to facilitate timely delivery.



**Q: What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or set of proxy materials?**

A: This means you hold shares of RadNet, Inc. in more than one way. For example, you may own some shares directly as a “registered holder” and other shares through a broker or you may own shares through more than one broker. In these situations, you may receive multiple Notices of Internet Availability of Proxy Materials or, if you request proxy materials to be delivered to you by mail, multiple proxy cards. It is necessary for you to follow the instructions on how to vote on each of the Notices of Internet Availability of Proxy Materials you receive in order to vote all of the shares you own. If you request proxy materials to be delivered to you by mail, each proxy card you receive will come with its own prepaid return envelope; if you vote by mail, make sure you complete and sign each proxy card and return each in the return envelope which accompanied that particular proxy card.

**Q: What is the purpose of the Annual Meeting?**

A: At the Annual Meeting, our stockholders will vote to:

- (i) elect seven directors to serve until our next annual meeting and until their successors are elected;
- (ii) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
- (iii) approve (on a non-binding, advisory basis) the compensation of our Named Executive Officers;
- (iv) take any other business that may properly come before the Annual Meeting (including adjournments and postponements).

**Q: Who is entitled to vote at the Annual Meeting?**

A: Only stockholders of record at the close of business on April 12, 2016, the record date for the Annual Meeting, are entitled to receive notice of and to participate in the Annual Meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the Annual Meeting and at any postponements or adjournments thereof. Stockholders who hold shares of our common stock in “street name”, that is, through an account with a bank, broker or other holder of record, as of the record date, may direct the holder of record how to vote their shares at the meeting by following the instructions that the street name holders will receive from the holder of record.

**Q: What are the voting rights of the holders of common stock?**

A: Each outstanding share of our common stock outstanding as of the close of business on April 12, 2016, is entitled to one vote on each matter considered at the Annual Meeting.

**Q: How is a quorum determined?**

We will have a quorum to conduct the business of the Annual Meeting if holders of a majority of the shares of our common stock outstanding as of the record date are present in person or represented by proxy. On the record date 47,270,751 shares of our common stock were issued and outstanding. Consequently, we will need to have 23,635,376 shares present in person or represented by proxy at the Annual Meeting in order to establish a quorum. Abstentions and broker non-votes (i.e., shares of common stock held by a broker, bank or other nominee that are represented at the meeting, but that the broker, bank or other nominee is not empowered to vote on a particular proposal) will be counted in determining whether a quorum is present at the meeting.

**Q: Who will count the votes?**

An officer of the Company will count the votes and act as the inspector of elections. The inspector of elections will separately tabulate affirmative and negative votes, abstentions and broker non-votes. The Company has also engaged Broadridge Financial Solutions as its proxy distribution agent and tabulation service provider and they will also be calculating the votes received prior to the Annual Meeting.

The shares of our common stock represented by proxy will be voted in accordance with the instructions given on the proxy so long as the proxy is properly completed and received prior to the deadline.

**Q: What is the deadline for voting my shares?**

If you are a stockholder of record, your proxy must be received by telephone (1-800-690-6903) or the internet ([www.proxyvote.com](http://www.proxyvote.com)) by 11:59 p.m. Eastern time on June 1, 2016 in order for your shares to be voted at the Annual Meeting. However, if you are a stockholder of record and you received a copy of the proxy materials by mail, you may instead mark, sign, date and return the proxy card enclosed with your proxy materials, which must be received before the polls close at the Annual Meeting, in order for your shares to be voted at the meeting. If you are a beneficial stockholder, please follow the voting instructions provided by the bank, broker, trustee or other nominee who holds your shares.

**Q: What is a “broker non-vote”?**

A “broker non-vote” occurs when a nominee (typically a broker or bank) holding shares for a beneficial owner (typically referred to as shares being held in “street name”) submits a proxy for the Annual Meeting, but does not vote on a particular proposal because the nominee has not received voting instructions from the beneficial owner and does not have discretionary authority to vote the shares with respect to that particular proposal. Shares that constitute broker non-votes will be counted as present for purposes of establishing a quorum, but will not be counted as having voting power to vote on the proposal in question. Under the applicable rules of the exchanges and other self-regulatory organizations, brokers will generally have discretionary authority to vote on routine matters. We believe that the ratification of the appointment of Ernst & Young as our independent registered public accounting firm (Proposal 2) is considered a routine matter, and thus, we do not expect to receive any broker non-votes on such proposal. We believe for all other proposals, brokers do not have discretionary authority to vote on those proposals. You must instruct your bank, broker or nominee on how to vote your shares for all of the proposals other than Proposal 2 in order for your vote to count.

**Q: What do I need to bring with me in order to attend the Annual Meeting?**

A:

If you are a stockholder of record, you will need to bring with you to the meeting either the Notice of Internet Availability of Proxy Materials or any proxy card that is sent to you. Otherwise, you will be admitted only upon other verification of record ownership. If you own shares held in street name, bring with you to the meeting either the Notice of Internet Availability of Proxy Materials or any voting instruction form that is sent to you, or your most recent brokerage statement or a letter from your bank, broker or other record holder indicating that you beneficially owned shares of our common stock on the Record Date. We can use that to verify your beneficial ownership of common stock and admit you to the meeting. Additionally, all persons will need to bring a valid government-issued photo ID to gain admission to the meeting.

**Q: How do I vote my shares in person at the Annual Meeting?**

If you are a stockholder of record, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting, or, if you requested and received printed copies of the proxy materials by mail, you can complete, sign and date the proxy card enclosed with the proxy materials you received and submit it at the Annual Meeting. If you are a beneficial stockholder, you may not vote your A: shares in person at the Annual Meeting unless you obtain a “legal proxy” from the bank, broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting. **Even if you plan to attend the Annual Meeting, we recommend that you submit your proxy or voting instructions in advance of the meeting as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.**

**Q: How do I vote my shares without attending the Annual Meeting?**

Whether you are a stockholder of record or a beneficial stockholder, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may submit a proxy to authorize how your shares are voted at the Annual Meeting. You can submit a proxy over the internet or by telephone by following the instructions provided in the Notice, or, if you requested and received printed copies of the proxy materials, you can also submit a proxy by mail pursuant to the instructions provided in the proxy card enclosed with the printed proxy materials.

A: If you are a stockholder who holds stock in “street name” you will likely receive instructions for voting your shares from your broker, bank, or other nominee rather than through our voting system. A number of brokers and banks participate in a program that allows stockholders to grant their proxy to vote shares by means of the telephone or the internet. If your shares are held in an account with a broker or bank participating in such a program, then you may vote your shares via the internet or telephonically by following the instructions on the form received from your broker or bank.

Stockholders who submit a proxy through the internet should be aware that they may incur costs to access the internet, such as usage charges from telephone companies or internet service providers and that these costs must be borne by the stockholder. Stockholders who submit a proxy by internet or telephone need not return a proxy card or the form forwarded by your broker, bank, trust or other holder of record by mail.

**Q: Can I revoke my proxy or voting instructions later?**

A: If you are a stockholder of record or a beneficial stockholder, then once you have submitted your proxy you may revoke it at any time before it is voted at the Annual Meeting. You may revoke your proxy in one of three ways:

- (1) You may submit a duly executed written proxy bearing a date that is later than the date of your original proxy or you can submit a later dated proxy electronically via the internet or by telephone;
- (2) You may notify our Corporate Secretary in writing that you wish to revoke your proxy before it is voted at the Annual Meeting; or

(3) You may vote in person at the Annual Meeting. However, if your shares are held in “street name” and you wish to vote at the Annual Meeting, you must first obtain from the broker, bank or other nominee record holder a proxy issued in your name.

**Q: What vote is required to approve the proposals?**

A:

The election of directors requires a plurality of votes cast by shares present or represented at the Annual Meeting. Accordingly, if a quorum exists, the directorships to be filled at the Annual Meeting will be filled by the nominees receiving the highest number of votes in favor of their election. Shares not present at the Annual Meeting and broker non-votes will have no impact on the election of directors.

The ratification of the appointment of our independent registered public accounting firm must be approved by a majority of the shares present in person or represented by proxy and entitled to vote on such matter at the Annual Meeting. With respect to such proposal, abstentions will be included in the number of shares present and entitled to vote and, accordingly, will have the effect of a vote "AGAINST" the proposal.

The advisory vote to approve the compensation of our Named Executive Officers must be approved by a majority of the shares present in person or represented by proxy and entitled to vote on such matter at the Annual Meeting. With respect to such proposal, abstentions will be included in the number of shares present and entitled to vote and, accordingly, will have the effect of a vote "AGAINST" the proposal. However, broker non-votes with respect to such proposal will not be counted as shares present and entitled to vote and, accordingly, will not have any effect with respect to the approval of such proposal (other than to reduce the number of affirmative votes required to approve the proposal). Although the vote to approve the compensation of our Named Executive Officers is advisory only, meaning that it is not binding on the Company, our Board of Directors will consider the results of the vote in its future consideration of the compensation of our Named Executive Officers.

**Q: What are my voting choices for each proposal?**

A: With respect to the election of directors, stockholders may vote for all nominees, withhold authority for all nominees or vote for all except for those individual nominees for director for which the stockholder indicates it is withholding authority. With respect to each other proposal, stockholders may vote for the proposal, against the proposal or abstain from voting.

**Q: How does the Board of Directors recommend I vote on the proposals?**

A: Our Board of Directors **unanimously recommends** a vote FOR all seven director nominees set forth in this proxy statement, FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016, and FOR the approval of the compensation of our Named Executive Officers, on an advisory basis.

**Q: How will my shares be voted if I return a blank proxy card?**

A: If you are a record holder and submit a valid proxy or voting instruction form but do not indicate your specific voting instructions on one or more of the proposals listed in the Notice, your shares will be voted as recommended by our Board of Directors on those proposals and as the proxyholders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

**Q: Is my vote confidential?**

A: Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within RadNet or to third parties, except: (1) as necessary to meet applicable legal requirements and (2) to allow for the tabulation of votes and certification of the vote. Occasionally, stockholders include additional comments on their proxy card or with their voting instruction, which are then forwarded to RadNet management.

**Q: How will voting on any other business be conducted?**

A: Although we do not know of any business to be conducted at the Annual Meeting other than the proposals discussed in this proxy statement, if any other business comes before the Annual Meeting, the individuals that we have designated as proxies for the Annual Meeting, Jeffrey Linden and Mark Stolper, will have the discretionary authority to vote for or against any other matter that is properly presented at the Annual Meeting.





**Q: Who will bear the costs of this solicitation?**

This solicitation is made by our Board of Directors on behalf of the Company, and we will bear the entire cost of soliciting proxies, including preparation, assembly, posting of this proxy statement online, printing and mailing of Notice and the proxy materials for the Annual Meeting. We will also make available solicitation materials to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock that are A: beneficially owned by others for forwarding to the beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to the beneficial owners. Solicitations will be made primarily through the mail, but may be supplemented by telephone, facsimile, internet or personal solicitation by our directors, executive officers and employees. No additional compensation will be paid to these individuals for these services.

**Q: How can I find out the results of the voting at the Annual Meeting?**

A: Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a report on Form 8-K within four business days after the Annual Meeting.

**Q: When are stockholder proposals due for next year's annual meeting?**

*Requirements for Stockholder Proposals to be Considered for Inclusion in RadNet, Inc.'s Proxy Materials.*  
A: Stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and intended to be presented at the 2017 Annual Meeting must be received by us not later than December 21, 2016, in order to be considered for inclusion in our proxy materials for that meeting.

*Requirements for Stockholder Proposals to be Brought Before an Annual Meeting.* Our bylaws provide that, for stockholder nominations to the Board of Directors or other proposals to be considered from the floor at an annual meeting, the stockholder must have given timely notice of the proposal or nomination in writing to our Corporate Secretary. To be timely for the 2017 Annual Meeting, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at our principal executive offices between February 2, 2017 and March 4, 2017. A stockholder's notice to the Corporate Secretary must set forth, as to each matter the stockholder proposes to bring before the annual meeting, the information required by our bylaws.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents information concerning the beneficial ownership of the shares of our common stock as of March 31, 2016, by:

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- each person we know to be the beneficial owner of 5% or more of our outstanding shares of common stock;
- our principal executive officer, principal financial officer and each of our three other most highly compensated executive officers as of December 31, 2015 (collectively, the “Named Executive Officers”);
- each director; and
- all of our current executive officers and directors as a group.

Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o RadNet, Inc., 1510 Cotner Ave., Los Angeles, CA 90025.

Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 47,270,752 shares of common stock outstanding on March 31, 2016. We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission (the "SEC"). In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed as outstanding shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of March 31, 2016. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

| Name of Beneficial Owner  | Shares<br>Beneficially<br>Owned | Percent of<br>Shares<br>Beneficially<br>Owned |
|---|---------------------------------|---|
| <b><u>5% or Greater Stockholders</u></b>                              |                                 |   |
| Richard Mashaal <sup>(1)</sup>  | 4,116,426                       | 8.71%   |
| Sandy Nyholm Kaminsky, trustee of the HFB Heirs' Trust <sup>(2)</sup> | 6,233,114                       | 13.19%  |
| Alan Weber <sup>(3)</sup>   | 2,932,200                       | 6.20%   |
| <b><u>Directors and Named Executive Officers</u></b>                  |                                 |   |
| Howard G. Berger, M.D.  | 0                               | (4) *   |
| Marvin S. Cadwell   | 262,596                         | (5) *   |
| John V. Crues, III, M.D.  | 808,112                         | (6) 1.71%                                     |
| Norman R. Hames   | 630,827                         | (7) 1.33%                                     |
| Lawrence L. Levitt  | 232,126                         | (8) *   |
| Michael L. Sherman, M.D.  | 262,378                         | (9) *   |
| David L. Swartz   | 324,183                         | (10) *  |
| Stephen M. Forthuber  | 417,724                         | (11) *  |
| Jeffrey L. Linden   | 993,709                         | (12) 2.10%                                    |
| Mark D. Stolper   | 205,733                         | (13) *  |
| <b>All directors and executive officers as a group (11 persons)</b>   | <b>4,339,116</b>                | <b>(14) 9.18%</b>                             |

\* Represents less than 1%.

According to the Schedule 13G/A filed with the SEC on February 12, 2016, Mr. Mashaal maintains shared voting power over an aggregate of 4,116,426 shares of our common stock owned by various investment vehicles managed (1) by Senvest Management, LLC. Mr. Mashaal is the managing member of Senvest Management, LLC. The address set forth in the Schedule 13G/A filing is 540 Madison Avenue, 32<sup>nd</sup> Floor, New York, New York 10022.

According to the Schedule 13G filed with the SEC on July 10, 2015, Sandy Nyholm Kaminsky, as trustee of the (2)HFB Heirs' Trust, maintains sole voting power over an aggregate of 6,233,114 shares of our common stock. The address set forth in the Schedule 13G filing is 400 S. Emerson Street, Denver, Colorado 80209.

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According to the Schedule 13G/A filed with the SEC on June 5, 2015, Mr. Weber maintains sole voting power over an aggregate of 618,106 shares of our common stock and shared voting power over an aggregate of 2,314,094 shares of our common stock owned by JB Capital Partners LP. Mr. Weber is the general partner of JB Capital Partners LP. Mr. Weber and JB Capital Partners LP disclaim beneficial ownership of all of such shares except to the extent of their pecuniary interest therein. The address set forth in the Schedule 13G/A filing is 5 Evan Place, Armonk, New York 10504.

On June 29, 2015, HFB Enterprises, LLC, of which Dr. Berger was a co-manager, distributed 5,133,114 shares of the Company's common stock to HFB Heirs' Trust, an irrevocable trust for Dr. Berger's children and the sole member of HFB Enterprises, LLC. Neither Dr. Berger nor his spouse have any control over the HFB Heirs' Trust. As a result of the transaction, Dr. Berger does not beneficially own any shares of the Company.

- (5) Beneficial ownership includes 15,108 shares of unvested time-based restricted stock.
- (6) Beneficial ownership includes 25,000 shares of unvested time-based restricted stock and 15,000 shares held by Dr. Crues' spouse.
- (7) Beneficial ownership includes 35,227 shares of unvested time-based restricted stock.
- (8) Beneficial ownership includes 15,108 shares of unvested time-based restricted stock.
- (9) Beneficial ownership includes 15,108 shares of unvested time-based restricted stock, and 1,950 shares held by Dr. Sherman's spouse.
- (10) Beneficial ownership includes 15,108 shares of unvested time-based restricted stock, and 31,500 shares held by Mr. Swartz's spouse.
- (11) Beneficial ownership includes 35,227 shares of unvested time-based restricted stock.
- (12) Beneficial ownership includes 38,934 shares of unvested time-based restricted stock.
- (13) Beneficial ownership includes 32,145 shares of unvested time-based restricted stock.
- (14) Beneficial ownership includes 255,047 shares of unvested time-based restricted stock and 48,450 shares held indirectly by certain spouses of the officers and directors.

## **PROPOSAL NO. 1 ELECTION OF DIRECTORS**

At the Annual Meeting, all directors will be elected for a term expiring at the next annual meeting of stockholders to be held after their election, subject to earlier resignation or removal. Our Board of Directors, in accordance with our bylaws, has determined that the authorized number of directors shall be seven. Based on the recommendation of our Nominating and Governance Committee, our Board of Directors has nominated the seven individuals set forth below for election.

Voting on the election of directors is considered a non-routine matter, and the persons named in the accompanying proxy will not have the authority to vote on this proposal unless instructed to do so by the beneficial owner or their duly instructed bank, broker or nominee. Each of the nominees below is currently a director of the Company and has consented to serve if elected, and we have no reason to believe that any of these nominees will be unable to serve. If any nominee becomes unavailable or unable to serve before the Annual Meeting, the Board of Directors may determine to leave the position vacant, reduce the number of authorized directors or designate a substitute nominee. If a substitute nominee is named, then the persons named as proxies will have full discretion and authority to vote or refrain from voting for such substitute nominee in their discretion.

The following paragraphs include information that each of the seven nominees has provided to us about the positions he currently holds, his principal occupation and experience for the past five years, and the other companies for which he currently serves as a director or has served as a director during the past five years. In addition, the information below includes each nominee's specific experience, qualifications, attributes and skills that led our Board of Directors to conclude that each nominee should serve as a director.

**Nominees for Director**

The names of the director nominees, their ages as of March 31, 2016, and other information about them are set forth below.

| Name of Director Nominee | Age | Position  | Our Director Since |
|--------------------------|-----|---|--------------------|
| Howard G. Berger, M.D.   | 70  | President, Chief Executive Officer and Chairman of the Board                              | 1992               |
| Marvin S. Cadwell        | 72  | Director  | 2007               |
| John V. Crues, III, M.D. | 66  | Director, Vice President, Medical Director  | 2000               |
| Norman R. Hames          | 60  | Director, Executive Vice President, Chief Operating Officer-Western Operations, Secretary | 1996               |
| Lawrence L. Levitt       | 73  | Director  | 2005               |
| Michael L. Sherman, M.D. | 73  | Director  | 2007               |
| David L. Swartz          | 72  | Director  | 2004               |

*Howard G. Berger, M.D.* has served as President and Chief Executive Officer of our Company and its predecessor entities since 1987. Dr. Berger is also the president or co-president of the entities that own Beverly Radiology Medical Group, or BRMG. He began his career in medicine at the University of Illinois Medical School, is Board Certified in Nuclear Medicine and trained in an Internal Medicine residency, as well as in a master's program in medical physics in the University of California system. Dr. Berger brings senior business leadership skills to our Board of Directors derived from his almost 30 years of experience in the development and management of the Company.

*Marvin S. Cadwell* served as a director of Radiologix, Inc. between June 2002 and November 2006, until its acquisition by the Company. He was appointed Chairman of the Board of Radiologix in December 2002 and served as Chairman of the Nominations and Governance Committee of the Board of Radiologix. He was the Radiologix interim Chief Executive Officer from September 2004 until November 2004. From December 2001 until November 2002, Mr. Cadwell served as Chief Executive Officer of SoftWatch, Ltd., an Israeli based company that provides internet software. Mr. Cadwell previously served as a director of ChartOne, Inc., a private company that provides patient chart management services to the healthcare industry, from 2003 until September 2008 when it was acquired. Mr. Cadwell has experience as an executive officer of several companies in the healthcare industry and has served as an executive officer and consultant for several privately held organizations. He brings to our Board of Directors a strong background in operating management of various organizations. Mr. Cadwell has been a member of our Audit Committee since 2007, a member of our Nominating and Governance Committee since 2011 and a member of our Compensation and Management Development Committee since 2015.

*John V. Crues, III, M.D.* is a world-renowned radiologist. Dr. Crues has served as our Vice President and Medical Director since 2000. Dr. Crues received his M.D. at Harvard University, completed his internship at the University of Southern California in Internal Medicine, and completed a residency at Cedars-Sinai in Internal Medicine and Radiology. Dr. Crues has authored numerous publications while continuing to actively participate in radiological societies such as the Radiological Society of North America, American College of Radiology, California Radiological Society, International Society for Magnetic Resonance Medicine and the International Skeletal Society. Dr. Crues is also currently Co-President of Pronet Imaging Medical Group, a director of BRMG and owns a controlling interest in the three medical groups which provide professional medical services at our imaging facilities located in New York, New York. Dr. Crues plays a significant role as a musculoskeletal specialist for many of our patients as well as a resource for physicians providing services at our facilities and his active participation in radiological societies gives our Board of Directors access to thought leadership in the field of radiology.

*Norman R. Hames* has served as an executive officer of RadNet since 1996 and currently serves as our Executive Vice President, Chief Operating Officer-Western Operations and Corporate Secretary. Applying his 20 years of experience in the industry, Mr. Hames oversees all aspects of our California facility operations. His management team, comprised of regional directors, managers and sales managers, is responsible for responding to all of the day-to-day concerns of our California facilities, patients, payors and referring physicians. Prior to joining our Company, Mr. Hames was President and Chief Executive Officer of his own company, Diagnostic Imaging Services, Inc. (which we acquired), which owned and operated 14 multi-modality imaging facilities throughout Southern California. Mr. Hames gained his initial experience in operating imaging centers for American Medical International, or AMI, and was responsible for the development of AMI's single and multi-modality imaging centers. Mr. Hames brings business leadership skills

from his experience as President and Chief Executive Officer of his own company and has a 20-year background in the day-to-day operations of imaging centers.



*Lawrence L. Levitt* is a certified public accountant and received his MBA in Accounting from the University of California Los Angeles. Since 1987, Mr. Levitt has been the President and Chief Financial Officer of Canyon Management Company, a company which manages a privately held investment fund. Mr. Levitt brings to our Board of Directors extensive financial accounting experience and is an audit committee financial expert under the SEC rules. Mr. Levitt has been a member of our Audit Committee since March 2005 and a member of our Nominating and Governance Committee since January 2011. Mr. Levitt has served as the chair of our Compensation and Management Development Committee since 2007.

*Michael L. Sherman, M.D., F.A.C.R.*, served as a director of Radiologix between 1997 and November 2006, until its acquisition by the Company. He founded and served as President of Advanced Radiology, P.A., a 90-person radiology practice located in Baltimore, Maryland, from its inception in 1995 to 2001, and subsequently as its board chairman and a consultant until his retirement from active clinical practice in 2005. In addition, Dr. Sherman was a director of MedStar Health, a ten-hospital system in the Baltimore-Washington, D.C. area from 1998 until 2006 and served as a director of Medstar's captive insurance company until 2011. Dr. Sherman has trained as a mediator and serves as president of Medical Mediation, LLC through which he has mediated professional liability and business cases. He was a director of HX Technologies, a healthcare IT private company, from 2006 until its sale in 2010. Dr. Sherman has broad experience in the medical and business aspects of radiology as a board member and chairman of various companies in the healthcare industry. Effective January 2011, Dr. Sherman was elected to serve as the chair of our Nominating and Governance Committee and has been a member of our Compensation and Management Development Committee since 2007.

*David L. Swartz* is a certified public accountant with experience providing accounting and advisory services to clients. Mr. Swartz served as a member of the board of directors of the California State Board of Accountancy until November 2012 and previously served as president. Prior to 1993, Mr. Swartz served as managing partner and was on the national board of directors of a 50 office international accounting firm. Between 1993 and 2008, Mr. Swartz served as the managing partner of Good, Swartz, Brown & Berns LLP which was acquired by J.H. Cohn LLP in 2008. From 2008 to 2010, Mr. Swartz served as a partner at J.H. Cohn LLP. Since 2010, Mr. Swartz has owned and continues to operate his own consulting services firm. Mr. Swartz is also a former chief financial officer of a publicly held shopping center and development company. Mr. Swartz brings to our Board of Directors extensive public financial accounting experience and is an audit committee financial expert under the SEC rules. Effective January 2011, Mr. Swartz was appointed as Lead Independent Director and has been the chair of our Audit Committee since 2004. In addition, Mr. Swartz has been a member of our Compensation and Management Development Committee since 2007 and a member of our Nominating and Governance Committee since 2011.

There are no family relationships between any nominees or executive officers of our Company, and there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was or is selected as a director or nominee.

## **Vote Required**

The nominees who receive the highest number of votes represented by shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting will be elected.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION TO THE BOARD OF ALL OF THESE NOMINEES**

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

Our business is managed under the direction of our Board of Directors. Our Board of Directors provides oversight, strategic direction and counsel to our management. In addition, our Board of Directors elects our officers, delegates responsibilities for the conduct of our operations to those officers, and evaluates their performance.

### **Meetings of the Board of Directors and Board Committees**

Our Board of Directors meets at least quarterly and during calendar year 2015, held six meetings and took action by written consent on two occasions. Each of the current directors serving in 2015 attended at least 75% of the total number of meetings of the Board of Directors and applicable committees that each director was eligible to attend. We, as a matter of policy, encourage our directors to attend meetings of stockholders but we do not require attendance. Four of the seven directors attended the 2015 Annual Meeting of Stockholders.

### **Board Leadership Structure**

The Chairman of the Board also serves as our Chief Executive Officer. Our Board of Directors has determined that this leadership structure is appropriate and effective for our Company. Our Board of Directors believes that having a single individual serve as both chairman of the Board and chief executive officer fosters an important unity of leadership between our Board of Directors and our management team, provides clear accountability and promotes strategic development and execution. Our Board of Directors further believes that the combination of the offices facilitates the organization and efficiency of Board meetings during the calendar year by permitting the Chief Executive Officer to develop a thoughtful and comprehensive agenda for review by our Board of Directors of the issues and matters most critical to the Company and to guide the review process in a manner that will assure efficient use of the time available to our Board of Directors. This structure effectively utilizes the Chief Executive Officer's knowledge of our Company and the industry in which we operate, as well as fostering greater communication and producing a greater degree of transparency between management and our directors. Dr. Berger co-founded RadNet in 1980 and has served as Chairman of the Board and Chief Executive Officer for almost 30 years.

Mr. Swartz serves as Lead Independent Director of the Board. In this capacity, Mr. Swartz serves as chairman of meetings of the Board of Directors in the absence of the Chairman of the Board, calls, sets the agenda and chairs the executive sessions of the independent directors, works collaboratively with the chairman of the Compensation and Management Development Committee to oversee the evaluation of our Chief Executive Officer and serves as the liaison between the independent directors and the Chairman of the Board.

Four of the seven members of our Board of Directors are independent directors and only those individuals serve on the committees of our Board of Directors. Our Chairman and Chief Executive Officer does not serve on any committee. Our Board of Directors holds regular executive sessions outside the presence of the Chief Executive Officer and other management, which our Board of Directors believes promotes appropriate independent leadership.

### **Board Role in Risk Oversight**

While risk management is primarily the responsibility of our management, the Board of Directors also assumes an oversight role in managing the Company's risk. A fundamental part of risk management is not only understanding the risks we face and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for our Company. In reviewing our strategy, business plan, budgets and historical and anticipated future major transactions, the Board of Directors considers, among other factors, the risks our Company faces, and how such risks can be appropriately managed. Our senior management regularly reports to the Board of Directors on areas of material risk, including operational, financial, legal and strategic risks, which enables the Board of Directors to understand management's views and strategies regarding risk identification, risk management and risk mitigation. In addition to the oversight role assumed by the full Board of Directors, various committees of the Board of Directors also have responsibility for risk management. The Director of Internal Audit reports directly to our Audit Committee on areas of material financial risk, including internal controls, and the Audit Committee reports to the full Board of Directors on risks identified by the Director of Internal Audit that the Audit Committee believes to be material. In addition, the Compensation Committee oversees the risks associated with our compensation policies and practices.

### **Director Independence**

Our Board of Directors annually determines the independence of our directors in accordance with the independence requirements under the NASDAQ and the SEC rules which require at least a majority of the directors to be independent. As a result of this review, our Board of Directors has determined that Marvin S. Cadwell, Lawrence L. Levitt, Michael L. Sherman, M.D. and David Swartz each qualifies as an independent director in accordance with the NASDAQ and the SEC rules. Each of Howard G. Berger, M.D., John V. Crues, III, M.D., and Norman R. Hames is an executive officer of our Company and therefore does not qualify as an independent director under the NASDAQ and the SEC rules.

## **Director Nomination Process**

The Nominating and Governance Committee is responsible for identifying and evaluating director candidates and has the authority to employ a third party search firm to assist in this process if the Nominating and Governance Committee determines that such assistance is needed. The Nominating and Governance Committee considers stockholder nominees if such nominations have been made in accordance with our bylaws and will evaluate candidates recommended by stockholders in the same manner as all other candidates brought to the attention of the Nominating and Governance Committee. Stockholder recommendations may be submitted to the Nominating and Governance Committee in care of the Corporate Secretary at the address set forth below under “Communication with Our Board of Directors.” No director candidates have been put forward by a stockholder or group of stockholders who beneficially owned more than five percent of our stock.

The Nominating and Governance Committee recommends nominees to the Board of Directors for election after carefully considering all candidates, taking into account all factors the Committee considers appropriate, which may include career specialization, relevant technical skills or financial acumen, diversity of viewpoint, industry knowledge and the qualifications set forth in the Nominating and Governance Committee Charter.

Our Board of Directors does not have a formal policy with regard to the consideration of diversity in the identification of director nominees. However, as part of its evaluation of Board composition, the Nominating and Governance Committee considers the diversity of candidates to ensure that our Board of Directors is comprised of individuals with a broad range of experiences and backgrounds (including, among other things, career specialization, relevant technical skills or financial acumen, diversity of viewpoint and industry knowledge) who can contribute to the Board’s overall effectiveness in carrying out its responsibilities and can represent diverse viewpoints on our Board of Directors. The Nominating and Governance Committee assesses the effectiveness of these efforts when annually evaluating the composition of the Board of Directors as part of the annual nomination process.

## **Code of Financial Ethics**

We have adopted a written Code of Financial Ethics applicable to our directors, officers and employees which was recently updated as of April 2015 and is designed to deter wrongdoing and to promote:

- honest and ethical conduct;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with the SEC and in other public communications;
- compliance with applicable laws, rules and regulations, including insider trading compliance; and

accountability for adherence to the code and prompt internal reporting of violations of the code, including illegal or unethical behavior regarding accounting or auditing practices.

You may obtain a copy of our Code of Financial Ethics on our website at *www.radnet.com* under Investor Relations – Corporate Governance. The Board of Directors has designated the Audit Committee to be responsible for reviewing the Code of Financial Ethics and making any appropriate updates or amendments. Any such updates or amendments will be publicly disclosed on our website.

**Committees of the Board of Directors**

We have three standing committees: the Audit Committee, the Compensation and Management Development Committee and the Nominating and Governance Committee. The committees are comprised entirely of independent directors. The membership of each committee is as follows, with the chairperson listed first and denoted with an asterisk:

| Audit Committee    | Compensation and Management Development Committee | Nominating and Governance Committee |
|--------------------|---|-------------------------------------|
| David L. Swartz*   | Lawrence L. Levitt*                               | Michael Sherman, M.D.*              |
| Marvin S. Cadwell  | Marvin S. Cadwell                                 | Marvin S. Cadwell                   |
| Lawrence L. Levitt | Michael Sherman, M.D.                             | Lawrence L. Levitt                  |
|                    | David L. Swartz                                   | David L. Swartz                     |

### Audit Committee

The Audit Committee meets periodically, and at least quarterly, to review the Company's financial statements and the adequacy of and compliance with the Company's internal and external financial reporting processes. The Audit Committee held five meetings in 2015.

The Audit Committee's responsibilities include, among other things:

- overseeing our accounting and financial reporting processes and the audits of our financial statements;
- overseeing, along with management, the reliability and integrity of our accounting policies and financial reporting and disclosure practices;
- serving as an independent and objective party to monitor our financial reporting processes and internal controls systems;
- retaining our independent registered public accounting firm, reviewing and evaluating their independence, qualifications and performance, approving the terms of the annual engagement letter and approving all audit and non-audit services to be performed by our independent registered public accounting firm; and
- providing independent, direct, and open communications among our independent registered public accounting firm, financial and senior management and the full Board of Directors.

The responsibilities of the Audit Committee are more fully described in the Audit Committee Charter. The Audit Committee is required to review the charter at least annually and modify it as needed. The Audit Committee Charter can be found on our website at [www.radnet.com](http://www.radnet.com) under Investors – Corporate Governance.

The Board of Directors has determined that all members of the Audit Committee are independent and financially literate. Further, the Board of Directors has determined that each of Mr. Swartz and Mr. Levitt possesses the requisite accounting and financial management expertise required under the NASDAQ Marketplace Rules and qualifies as an “audit committee financial expert” as defined under the applicable SEC rules.

### Compensation and Management Development Committee

The Compensation and Management Development Committee meets at least annually and is responsible for approving the compensation of executive officers and certain senior management and overseeing the Company's management development programs, performance assessment of senior executives and succession planning. The Compensation and Management Development Committee held two meetings in 2015 and took action by written

consent on three occasions.

The Compensation and Management Development Committee's responsibilities include, among other things:

- reviewing and determining the base salary of executive officers and certain other senior management and setting the maximum bonus amount that each executive officer (other than the Chief Executive Officer) and certain other senior management is entitled to receive, which may be in the form of cash or equity incentive awards, as ultimately determined by our Chief Executive Officer;
- reviewing and administering our equity incentive plans, including any amendments thereto;
- overseeing the compensation philosophy and strategy of the Company;
- monitoring the Company's compliance with rules and regulations relating to compensation arrangements for directors and executive officers; and
- reviewing and approving our Company's corporate goals and objectives relevant to CEO compensation and evaluating the CEO's performance in light of those goals and determining the CEO's compensation levels and bonus based on such evaluation.



As noted in the Compensation Discussion and Analysis section below, certain executive officers receive compensation from an affiliate of BRMG. Our relationship with BRMG is described in further detail under “Certain Relationships and Related Party Transactions – Related Party Transactions” below. The process employed by the Compensation and Management Development Committee in determining the appropriate compensation of executive officers is the same regardless of whether payments are made by the Company or an affiliate of BRMG.

The responsibilities of the Compensation and Management Development Committee are more fully described in the Compensation and Management Development Committee Charter. The Compensation and Management Development Committee is required to review the charter annually and, as it deems appropriate, make recommendations of any proposed changes to the Board of Directors for approval. The Compensation and Management Development Committee Charter can be found on our website at [www.radnet.com](http://www.radnet.com) under Investors — Corporate Governance.

#### *Nominating and Governance Committee*

The Nominating and Governance Committee meets as frequently as circumstances dictate, but not less than once a year, and is responsible for identifying, evaluating and recommending qualified potential candidates to serve on the Board of Directors and its committees, coordinating the process for the Board of Directors to evaluate its performance and overseeing matters of corporate governance. The Nominating and Governance Committee held one meeting in 2015.

The Nominating and Governance Committee’s responsibilities include, among other things:

- developing and recommending the criteria to be used in screening and evaluating potential candidates or nominees for election or appointment as director;
- establishing and overseeing a policy for considering stockholder nominees for directors, and developing the procedures that must be followed by stockholders in submitting recommendations;
- monitoring and reviewing any issues regarding the independence of directors or involving potential conflicts of interest and evaluating any change of status or circumstances with respect to a director;
- evaluating all nominees for election of directors;
- developing and recommending to the Board of Directors, as necessary, corporate governance policies to be adopted and maintained;
- identifying committee member qualifications and recommending appropriate committee member appointments to the Board of Directors; and
- establishing and reviewing annually with the Board of Directors the procedures for stockholders to send communications to the Board of Directors.

The responsibilities of the Nominating and Governance Committee are more fully described in the Nominating and Governance Committee Charter. The Nominating and Governance Committee is required to regularly review the charter and recommend changes as it deems appropriate. The Nominating and Governance Committee Charter can be found on our website at [www.radnet.com](http://www.radnet.com) under Investors — Corporate Governance.

## **COMMUNICATION WITH OUR BOARD OF DIRECTORS**

Stockholders may communicate with our Board of Directors through the Corporate Secretary by writing to the following address: Board of Directors, c/o Corporate Secretary, RadNet, Inc., 1510 Cotner Avenue, Los Angeles, CA 90025. The envelope containing such communication should contain a clear notation that the letter is “Stockholder-Board Communication” or “Stockholder-Director Communication” or a similar statement to indicate it is intended for the Board of Directors. All such communications must clearly indicate the author as a stockholder and state whether the intended recipients are all members of the Board of Directors or just certain specified directors.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation and Management Development Committee are listed under “Board of Directors and Corporate Governance — Committees of the Board of Directors.” No member of the Compensation and Management Development Committee has had a relationship with our Company or any of our subsidiaries other than as a director and stockholder and no member has been an officer or employee of our Company or any of our subsidiaries, a participant in a “related person” transaction or an executive officer of another entity where one of our executive officers serves on the board of directors.

## SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC. Based solely on copies of these reports provided to us and written representations that no other reports were required, we believe that these persons timely met all of the applicable Section 16(a) filing requirements during the fiscal year ended December 31, 2015, except that (i) each of the Form 4s filed by Norman Hames on May 12, 2015, May 27, 2015, and June 5, 2015, was not timely filed as to one transaction, (ii) the Form 4 filed by Dr. John Crues on June 5, 2015 was not timely filed as to one transaction, and (iii) the Form 4 filed by Stephen Forthuber on December 21, 2015 was not timely filed as to one transaction.

## EXECUTIVE OFFICERS

The names of our current executive officers, their ages as of March 31, 2016, and their positions are shown below. Biographical summaries of each of our executive officers who are not also members of our Board of Directors are included below.

| Name of Executive Officer | Age | Position  | Executive Officer Since |
|---------------------------|-----|---|-------------------------|
| Howard G. Berger, M.D.    | 70  | President, Chief Executive Officer and Chairman of the Board                      | 1992                    |
| John V. Crues, III, M.D.  | 66  | Vice President and Medical Director   | 2000                    |
| Stephen M. Forthuber      | 55  | Executive Vice President and Chief Operating Officer – Eastern Operations         | 2006                    |
| Norman R. Hames           | 50  | Executive Vice President, Secretary, Chief Operating Officer – Western Operations | 1996                    |
| Jeffrey L. Linden         | 73  | Executive Vice President and General Counsel                                      | 2001                    |

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|                    |    |  |      |
|--------------------|----|--|------|
| Michael M. Murdock | 61 | Executive Vice President and Chief Development Officer | 2007 |
| Mark D. Stolper    | 44 | Executive Vice President and Chief Financial Officer   | 2004 |

*Stephen M. Forthuber* became our Executive Vice President and Chief Operating Officer for Eastern Operations subsequent to our acquisition of Radiologix, Inc. He joined Radiologix in January 2000 as Regional Director of Operations, Northeast. From July 2002 until January 2005 he served as Regional Vice President of Operations, Northeast and from February 2005 until December 2005 he was Senior Vice President and Chief Development Officer for Radiologix. Prior to working at Radiologix, Mr. Forthuber was employed from 1982 until 1999 by Per-Se Technologies, Inc. and its predecessor companies, where he had significant physician practice management and radiology operations responsibilities. Mr. Forthuber received a B.A. in Business Administration from the College of William and Mary in Virginia.

*Jeffrey L. Linden* joined us in 2001 and has served as our Executive Vice President and General Counsel since 2001. Prior to joining us, Mr. Linden had been engaged in the private practice of law. He has lectured before numerous organizations on various topics, including the California State Bar, the American Society of Therapeutic Radiation Oncologists, the California Radiological Association, and the National Radiology Business Managers Association. Mr. Linden received his J.D. and undergraduate degree from the University of California, Los Angeles.

*Michael Murdock* has served as our Executive Vice President and Chief Development Officer since 2007. Mr. Murdock has spent the majority of his career in senior financial positions with healthcare companies, ranging in size from venture-backed startups to multi-billion dollar corporations, including positions with American Medical International and its successor American Medical Holding, Inc., a publicly traded owner and operator of acute care facilities that was acquired by National Medical Enterprises, now Tenet Healthcare. From 1999 through 2004, Mr. Murdock served as Chief Financial Officer of Dental One, a venture capital-backed owner and operator of 48 dental practices in Texas, Arizona, Colorado and Utah. From 2005 to 2006, Mr. Murdock served as Chief Financial Officer of Radiologix and joined us following the Radiologix acquisition. Mr. Murdock began his career in 1978 as an auditor with Arthur Andersen after receiving a B.S. degree from California State University, Northridge.

*Mark D. Stolper* has served as our Executive Vice President and Chief Financial Officer since July 2004 and prior to that was an independent member of our Board of Directors. Prior to joining us, he had diverse experiences in investment banking, private equity, venture capital investing and operations. Mr. Stolper began his career as a member of the corporate finance group at Dillon, Read and Co., Inc., executing mergers and acquisitions, public and private financings, and private equity investments with Saratoga Partners LLP, an affiliated principal investment group of Dillon Read. After Dillon Read, Mr. Stolper joined Archon Capital Partners, which made private equity investments in media and entertainment companies. Mr. Stolper also worked for Eastman Kodak, where he was responsible for business development for Kodak's Entertainment Imaging subsidiary (\$1.5 billion in sales). Mr. Stolper was also co-founder of Broadstream Capital Partners, a Los Angeles-based investment banking firm focused on advising middle market companies engaged in financing and merger and acquisition transactions. Mr. Stolper is currently a member of the board of directors and audit committee for On Track Innovations, Ltd. (NASDAQ: OTIV). He was previously a member of the board of directors and audit committee for Metropolitan Health Networks, Inc. from April 2010 until its sale in December 2012. Mr. Stolper graduated with a liberal arts degree from the University of Pennsylvania and a finance degree from the Wharton School. Additionally, Mr. Stolper earned a postgraduate Award in Accounting from the University of California, Los Angeles.

Our officers are elected annually and serve at the discretion of the Board of Directors. There are no family relationships among any of our executive officers and directors.

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

### **Review and Approval of Related Party Transactions**

As a matter of policy, the Board of Directors reviews any transaction in which we are proposed to be a party, directly or indirectly, and any director has a material financial interest in the transaction or any of the following persons or entities is or is entitled to be a party, directly or indirectly, to the transaction: (i) any of our executive officers or any related person of any such officer or a director, (ii) any person or entity of which the executive officer or director or

any related person is the owner of more than 5% of the securities, (iii) any person or entity that controls one or more of the persons specified in subparagraph (ii) or a person that is controlled by, or is under common control with, one or more of the persons specified in subparagraph (ii), or (iv) an individual who is a general partner, principal or employer of a director. Additionally, any transaction which would be required to be disclosed pursuant to Item 404 of Regulation S-K is reviewed by the Board of Directors.

### **Related Party Transactions**

Howard G. Berger, M.D., is our President and Chief Executive Officer, Chairman of our Board of Directors and owns, indirectly, 99% of the equity interests in BRMG. BRMG provides, directly or indirectly, all of the professional medical services at the majority of our facilities located in California under a management agreement with us, and employs physicians or contracts with various other independent physicians and physician groups to provide the professional medical services at most of our other California facilities. We generally obtain professional medical services from BRMG in California, rather than provide such services directly or through subsidiaries, in order to comply with California's prohibition against the corporate practice of medicine. However, as a result of our close relationship with Dr. Berger and BRMG, we believe that we are able to better ensure that medical service is provided at our California facilities in a manner consistent with our needs and expectations and those of our referring physicians, patients and payors than if we obtained these services from unaffiliated physician groups. BRMG is a partnership of ProNet Imaging Medical Group, Inc., Breastlink Medical Group, Inc. and Beverly Radiology Medical Group, Inc., each of which is 99% or 100% owned by Dr. Berger. In 2015, Dr. Berger received \$500,000 of his salary and his entire bonus payment from an affiliate of BRMG. Dr. Berger also owns a controlling interest in two medical groups that provide professional medical services to one of our imaging facilities located in New York.

We have a management agreement with BRMG that expires on January 1, 2024 but includes an automatic renewal for consecutive 10-year periods. Under our management agreement, BRMG pays us, as compensation for the use of our facilities and equipment and for our services, a percentage of the gross amounts collected for the professional services it renders. The percentage, which was 78% at December 31, 2015, is adjusted annually, if necessary, to ensure that the parties receive fair value for the services they render. In operation and historically, the annual revenue of BRMG from all sources closely approximates its expenses, including Dr. Berger's compensation, fees payable to us and amounts payable to third parties. For administrative convenience and in order to avoid inconveniencing and confusing our payors, a single bill is prepared for both the professional medical services provided by the radiologists and our non-medical, or technical, services, generating a receivable for BRMG. BRMG is a guarantor under our first and second lien term loan facilities, as amended, and revolving credit facility.

John V. Crues III, M.D. is our Medical Director, a member of our Board of Directors and a 1% owner of BRMG. Dr. Crues receives all of his salary from BRMG. In 2015, Dr. Crues received a fixed base salary of \$500,000 and was also entitled to 12% of the revenues from certain programs Dr. Crues administers for BRMG, for a total salary of \$563,498. Dr. Crues also owns a controlling interest in two medical groups that provide professional medical services to some of our imaging facilities located in Manhattan and Brooklyn, New York.

Cohen & Lord, a professional corporation, a law firm with which Mr. Linden is associated, received \$161,544 in fees for the year ended December 31, 2014 and \$258,000 in fees for the year ended December 31, 2015. Mr. Linden has specifically waived any interest in the fees paid to Cohen & Lord by RadNet since becoming an officer of RadNet in 2001.

We use World Wide Express, a package delivery company owned by Mr. Hames, a director and our Western Operations chief operating officer, to provide delivery services for us. The rates charged by World Wide Express are very competitive with those charged by other third-party package delivery companies. During the year ended December 31, 2015, we paid approximately \$693,000 to World Wide Express for those services. At December 31, 2015 we had outstanding amounts due to World Wide Express of \$116,000.

In March 2008 and August 2009, Joseph Berman, who is the brother-in-law of Mr. Linden, purchased interests in three properties in Delaware that the Company leases. The monthly rent under these leases is approximately \$33,000, \$26,000 and \$27,000. We believe that the monthly lease amounts are commensurate with available leases with similar lease terms for comparable buildings in the area.

## **Indemnification Agreements**

We have indemnification agreements with each of our directors and certain of our officers in addition to provisions which are reflected in our certificate of incorporation and bylaws that require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.



**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS\***

The Audit Committee of the Board of Directors is comprised entirely of independent directors who meet the independence requirements of NASDAQ and the SEC. The Audit Committee operates pursuant to a charter that is available on our website at [www.radnet.com](http://www.radnet.com) under Investors – Corporate Governance.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management is responsible for the preparation, presentation and integrity of the financial statements, including establishing accounting and financial reporting principles and designing systems of internal control over financial reporting. Our independent registered public accounting firm, Ernst & Young LLP (“Ernst & Young”), is responsible for expressing an opinion as to the conformity of our consolidated financial statements with generally accepted accounting principles.

In performing its responsibilities, the Audit Committee has reviewed and discussed with management and Ernst & Young, the audited consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2015. The Audit Committee has also discussed with Ernst & Young matters required to be discussed by Statement on Auditing Standards 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from Ernst & Young required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young’s communications with the Audit Committee concerning independence, and has discussed Ernst & Young’s independence with Ernst & Young.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of RadNet, Inc. be included in the Company’s annual report on Form 10-K for the year ended December 31, 2015 for filing with the SEC. The Audit Committee has also reappointed Ernst & Young to serve as independent auditors for the fiscal year ending December 31, 2016, and requested that this appointment be submitted to our stockholders for ratification at their annual meeting.

Submitted by the Audit Committee:

David L. Swartz, Chair

Marvin S. Cadwell

Lawrence L. Levitt

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\* The material in this report is not “soliciting material,” is not deemed filed with the SEC and is not to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act whether made before or after the date of this proxy statement and irrespective of any general incorporation language therein.

## COMPENSATION DISCUSSION AND ANALYSIS

This discussion describes our compensation program for our Named Executive Officers and has been divided into the following sections:

Executive Summary: summarizes our 2015 executive compensation program.

Compensation Philosophy: describes the principles forming the foundation of our compensation and benefits programs for executives.

Board Process: describes the processes, participants and tools that help us make compensation decisions for our Named Executive Officers.

Elements of Executive Compensation: describes the various components of the compensation that may be awarded to each of our Named Executive Officers.

2015 Stockholder Advisory Vote on Executive Compensation: describes the outcome of the 2015 advisory stockholder vote regarding the approval of the compensation for our Named Executive Officers.

2015 Compensation Determinations: describes the compensation decisions for each of our Named Executive Officers for the fiscal year ended December 31, 2015.

2016 Compensation Determinations: describes the compensation decisions for each of our Named Executive Officers for the fiscal year ending December 31, 2016.

Risk Consideration in Our Compensation Programs: describes the concept of risk as it relates to our compensation program.

## Executive Summary

2015 was an important year in our Company's development. We completed several highly strategic acquisitions, on the east and west coasts, expanded our partnerships with hospitals and international operations, continued our investments in growth of our west coast infrastructure and enhancements in our technology platforms across the Company. Each of our strategic and operational achievements translated into growth in our revenues and net income year-over-year.

- 2015 Revenue of \$809.6 million reflects a 12.8% increase over 2014
- 2015 Net Income was \$7.7 million, compared to 2014 Net Income of \$1.4 million
- Our five year annualized total return to our stockholders was 17%, which compares to the Russell 3000 annualized total return of 10% per year over the same period

We compensate our Named Executive Officers generally through a mix of base salary, cash bonus and equity compensation. Our executive compensation program is designed to attract, retain and motivate talented executive officers who are capable of providing leadership, vision and execution necessary to achieve our business objectives. We actively seek to foster an environment that aligns the interests of our Named Executive Officers with the creation of stockholder value through our equity compensation program. A cash bonus may also be paid to a Named Executive Officer.

Our Named Executive Officers for fiscal year 2015 were:

Howard G. Berger, M.D. – President and Chief Executive Officer (our principal executive officer)

Mark D. Stolper - Executive Vice President and Chief Financial Officer (our principal financial officer)

Jeffrey L. Linden – Executive Vice President and General Counsel

Norman R. Hames – Executive Vice President and Chief Operating Officer – Western Operations

Stephen M. Forthuber - Executive Vice President and Chief Operating Officer – Eastern Operations

The Compensation and Management Development Committee issues cash bonuses and equity awards in early January based on the Committee’s discretionary assessment of the Company’s financial and operational performance of the year most recently completed. The Compensation and Management Development Committee elected not to increase base salary for the Named Executive Officers for 2015, and in lieu thereof, elected to set the maximum amount for any discretionary cash bonus and equity bonus to be paid to each of the Named Executive Officers. Subject to the guidelines set by the Compensation and Management Development Committee and based on the superior performance of the Company in 2014, Dr. Berger, as the Chief Executive Officer, elected to award discretionary cash and equity incentives in January 2015 to each of the other Named Executive Officers as shown in the below table. The below amounts were equal to the maximum amounts permitted by the Compensation and Management Development Committee’s guidelines.

|                   | Cash<br>Bonus | Number of<br>Shares of<br>Restricted<br>Stock |
|-------------------|---------------|---|
| Mark Stolper      | \$237,500     | 27,425  |
| Norman Hames      | \$237,500     | 27,425  |
| Stephen Forthuber | \$237,500     | 27,425  |
| Jeffrey Linden    | \$262,500     | 30,312  |

The grant date of the restricted stock awards was January 2, 2015 and the closing price of a share of Company common stock on that date was \$8.66. Each restricted stock grant vests in three equal annual increments with the first installment vesting on the grant date. In January 2015, the Compensation and Management Development Committee awarded Dr. Berger a discretionary cash bonus of \$1,000,000.

With respect to equity compensation awarded to the Named Executive Officers and others, the Compensation and Management Development Committee acts as the administrator under our stockholder-approved 2006 Equity Incentive Plan, as amended in April 2015 (the “Restated 2006 Plan”, and before amendment, the “2006 Plan”), and has the authority under that plan to grant restricted stock and stock options.

The Company also pays the premiums for our Named Executive Officers’ coverage under our health insurance plans and our Named Executive Officers other than the Chief Executive Officer are provided a monthly car allowance. However, perquisites are not a material element of the executive compensation program.

## **Compensation Philosophy**

The following principles influence and guide the compensation decisions of the Compensation and Management Development Committee:

*The Compensation and Management Development Committee Believes it is Important to Retain the Management Team*

At the core of our compensation philosophy is the guiding belief that our management team is an integral component to the Company's continued success. Equity compensation and cash bonuses are determined and paid at the beginning of the fiscal year with the goal of continuing to retain and incentivize our Named Executive Officers to achieve or exceed the strategic initiatives set for the year.

*Compensation Decisions Should Promote the Interests of Stockholders*

Compensation should focus management on achieving strong short-term (annual) performance in a manner that supports and ensures our long-term success and profitability. The Compensation and Management Development Committee believes that stock options and restricted stock create long-term incentives that align the interests of management with the long-term interests of stockholders.

*Compensation Should Reflect Position and Responsibility*

Total compensation and accountability should generally increase with position and responsibility. Consistent with this philosophy:

total compensation is higher for individuals with greater responsibility and greater ability to influence the Company's achievement of targeted results and strategic initiatives; and

equity-based compensation is higher for persons with higher levels of responsibility, making a significant portion of their total compensation dependent on long-term stock appreciation.

*Internal Pay Equity*

The Compensation and Management Development Committee believes that internal pay equity is an important factor to be considered in establishing compensation for our Named Executive Officers. A formal policy regarding the ratio of total compensation of the Chief Executive Officer to that of the other officers has not been established, but the Compensation and Management Development Committee does review compensation levels to ensure that appropriate equity exists. The Compensation and Management Development Committee intends to continue to review internal compensation equity and may adopt a formal policy in the future, if it is determined that such a policy would be appropriate.

*Compensation Should be Reasonable and Responsible*

It is essential that our overall compensation levels be sufficiently competitive to attract and retain talented leaders and motivate those leaders to achieve superior results. At the same time, we believe that compensation should be set at responsible levels. Our executive compensation programs are intended to be consistent with our focus on controlling costs.

*Compensation Disclosures Should be Clear and Complete*

The Compensation and Management Development Committee and management believe that all aspects of executive compensation should be clear, comprehensible and promptly disclosed in plain English. The Compensation and Management Development Committee and management believe that compensation disclosures should provide all of the information necessary to permit stockholders to understand our compensation philosophy, our compensation-setting process and how and how much our executives are paid.



## **Board Process**

### *Compensation and Management Development Committee*

The Compensation and Management Development Committee has been delegated the authority by our Board of Directors to approve all compensation and awards to Named Executive Officers. With respect to equity compensation awarded to the Named Executive Officers and others, the Compensation and Management Development Committee acts as the administrator under the Restated 2006 Plan, and has the authority under that plan to grant restricted stock or stock options.

The Compensation and Management Development Committee has adopted an informal policy pursuant to which each year the committee determines, based on a number of factors, the aggregate maximum value of restricted stock and cash bonus that may be awarded to each Named Executive Officer and has delegated to the Chief Executive Officer the authority to determine the exact amount of such awards and the combination of cash and equity. As discussed further below, commencing in 2016, on the recommendation of the Company's compensation consultant, the Compensation and Management Committee has also elected to grant stock options to Named Executive Officers. The Compensation and Management Development Committee has ultimate authority over the base salary for each Named Executive Officer and the overall compensation of the Chief Executive Officer.

Our Compensation and Management Development Committee meets as often as necessary to perform its duties and responsibilities. The Committee meets with the Company's compensation consultant, as applicable, executive management, including our Chief Executive Officer, and conducts meetings in executive session.

The Compensation and Management Development Committee meets in executive session each year to: (i) evaluate the performance of the Named Executive Officers, (ii) set the annual compensation of the Named Executive Officers, and (iii) consider and approve any grants of equity incentive compensation to the Named Executive Officers.

### *Management's Role in the Compensation-Setting Process*

Management plays a significant role in the compensation-setting process. The most significant aspects of which are:

to establish the operating budget, which forms the basis for evaluating corporate achievements and the achievements of the divisions our senior executive officers manage that are taken into consideration when evaluating compensation levels for senior executives;

to make recommendations to the Compensation and Management Development Committee on salary levels and option and restricted stock awards; and

our Chief Executive Officer determines the amount of equity compensation and cash bonus amounts to be awarded to our senior executive officers (other than himself), subject to the guidelines and limitations placed by the Compensation and Management Development Committee.

Our Chief Executive Officer works with the Compensation and Management Development Committee in establishing the agenda for committee meetings. Management also prepares meeting information for each Compensation and Management Development Committee meeting.

Our Chief Executive Officer also participates in committee meetings at the request of the Compensation and Management Development Committee to provide, among other things:

- background information regarding the Company's strategic objectives; and

- his evaluation of the performance of the senior executive officers, including accomplishments, and areas of strength and weakness.

### *Compensation Consultant*

Under its charter, the Compensation and Management Development Committee is granted, where appropriate, the authority to retain outside advisors and compensation consultants. The Company is obligated to pay for the advisors and consultants. These advisors will report directly to the Compensation and Management Development Committee.

While no compensation consultant rendered services to the Compensation and Management Development Committee with respect to determining fiscal year 2015 compensation, in October 2015, the Compensation and Management Development Committee retained the compensation consulting firm Pearl Meyer & Partners, LLC (“Pearl Meyer”) to serve as its independent outside compensation consultant and provide compensation analysis and advice with respect to fiscal year 2016 compensation. Pearl Meyer reports directly to the Compensation and Management Development Committee and performs no other work for the Company besides rendering compensation consulting services.

In accordance with its charter, the Compensation and Management Development Committee analyzed whether the work of Pearl Meyer as a compensation consultant has raised any conflict of interest, taking into consideration the following factors: (i) the provision of other services to the Company by Pearl Meyer; (ii) the amount of fees from the Company paid to Pearl Meyer as a percentage of the firm’s total revenue; (iii) Pearl Meyer’s policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Pearl Meyer or the individual compensation advisors employed by the firm with an executive officer of the Company; (v) any business or personal relationship of the individual compensation advisors with any member of the Compensation and Management Development Committee; and (vi) any stock of the Company owned by Pearl Meyer or the individual compensation advisors employed by the firm. The Committee has determined, based on its analysis of the above factors, that the work of Pearl Meyer and the individual compensation advisors employed by Pearl Meyer as compensation consultants to the Company has not created any conflict of interest. The role of Pearl Meyer and their services are further discussed under the 2016 Compensation Determinations and the Director Compensation sections below.

### *Benchmarking*

Historically, and with respect to fiscal year 2015, the Compensation and Management Development Committee and our Chief Executive Officer did not base their compensation decisions on benchmarking against a specific peer group of companies. However, the Compensation and Management Development Committee recognizes that our compensation practices must be competitive in the marketplace. The Compensation and Management Development Committee and the Chief Executive Officer have been generally aware of pay practices at other companies in our industry. This marketplace information is only one of the many factors that is considered in assessing the reasonableness of compensation. With respect to fiscal year 2016 compensation, the Compensation and Management Development Committee did consider benchmarking analysis that was performed by Pearl Meyer and this is discussed

further in the 2016 Compensation Determinations section.

## **Elements of Executive Compensation**

### *Base Salary*

Base pay is a critical element of executive compensation. We seek to establish a compensation level that is appropriate recognizing the Named Executive Officer's achievements and contributions. Base pay also provides executives with a secure level of monthly income that is not at risk, and our Compensation and Management Development Committee believes that this gives our Named Executive Officers the ability to focus on the longer term and avoid the urgency that could otherwise encourage a Named Executive Officer to take unnecessary risks. In determining base salaries our Compensation and Management Development Committee considers the Named Executive Officer's qualifications and experience, scope of responsibilities and future potential, the executive's ability to influence the Company's achievements of targeted results and strategic initiatives, the goals and objectives established for the Named Executive Officer, the Named Executive Officer's past performance, the general pay practices at other companies in our industry, internal pay equity and the tax deductibility of base salary.

### *Equity Based Compensation*

We believe that equity compensation is the most effective means of creating a long-term link between the compensation provided to officers and other key management personnel with gains realized by our stockholders.

Our equity compensation plan has been established to provide certain of our employees, including our Named Executive Officers (other than our Chief Executive Officer), with incentives to help align those employees' interests with the interests of our stockholders. Our equity compensation plan has provided the principal method for our Named Executive Officers to acquire equity or equity linked interests in our Company.

Beginning in 2012, the Compensation and Management Development Committee elected to use restricted stock awards as the primary equity compensation vehicle for our Named Executive Officers. In connection with this decision, the Compensation and Management Development Committee reviewed the type of equity awards other companies were granting to executive officers and also took into account the various costs associated with differing equity awards and determined that granting restricted stock would serve as a better inducement to retaining our Named Executive Officers. The restricted stock grants generally vest in three equal annual increments, with the first installment vesting on the grant date. However, as discussed below, commencing in 2016 the Compensation and Management Development Committee determined to use a mix of restricted stock and stock options for equity compensation grants to the Named Executive Officers.

The Compensation and Management Development Committee uses equity awards, including restricted stock and stock options, as a long-term incentive vehicle because:

- restricted stock and stock options align the interests of executives with those of our stockholders, support a pay-for-performance culture, foster employee stock ownership and focus the management team on increasing value for our stockholders; and

- the vesting period encourages executive retention and the creation of stockholder value.

For fiscal year 2015, in determining the maximum number of shares of restricted stock to be granted to senior executive officers, the Compensation and Management Development Committee considered the individual's position, scope of responsibility, ability to affect profits and stockholder value and the individual's historic and recent performance, the value of the equity awards in relation to other elements of total compensation, internal pay equity and market competitiveness. The Chief Executive Officer considered similar factors as the Compensation and Management Development Committee when determining the number of shares of restricted stock to be granted to the

senior executive officers, within the limitations set by the Compensation and Management Development Committee. The Company has adopted a general policy of issuing equity awards to senior executive officers on the first business day of January and such equity awards are intended to incentivize those individuals to strive for the Company's continued success.

*Discretionary Cash Bonuses*

In recent years, in lieu of increasing base salary compensation, we have elected to supplement base salary and equity based compensation with discretionary cash bonus awards generally paid in the beginning of the fiscal year. These discretionary cash bonuses are utilized to assist in retaining our Named Executive Officers and to provide a greater incentive for each to continue to contribute to the long-term success of the Company.

*Additional Benefits*

Our executive officers, including our Named Executive Officers, participate in other employee benefit plans generally available to all employees on the same terms as similarly situated employees.

Perquisites to our Named Executive Officers are not a material element of our compensation program. We pay the premiums for our Named Executive Officers' coverage under our health insurance plans and all of our Named Executive Officers other than our chief executive officer are provided a monthly car allowance.

### *Change in Control and Severance Arrangements*

The employment arrangements of our Named Executive Officers provide them with benefits if their employment is terminated under certain circumstances, including termination following a change in control of the Company. The details and amount of these benefits are set forth below under “Compensation of Executive Officers – Potential Payments Upon Termination or Change in Control – Severance Arrangements”; “Compensation of Executive Officers – Potential Payments Upon Termination or Change in Control – Change-in-Control Arrangements” and “Compensation of Executive Officers – Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation Plans.” The employment agreements, including the change in control provisions and the right to receive severance, were initially used to attract qualified executive officers and have continued to be used as a way to retain such qualified executive officers.

### *Deductibility of Executive Compensation*

Our Compensation and Management Development Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that we may not deduct compensation of more than \$1,000,000 that is paid to certain Named Executive Officers. This limitation does not apply to compensation that meets the requirements under Section 162(m) of the Internal Revenue Code for “qualifying performance based” compensation. In this regard, we do intend that stock options granted under our Restated 2006 Plan qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and therefore are exempt from the \$1,000,000 limit. However, our Compensation and Management Development Committee may approve compensation (such as discretionary cash bonuses or time-vesting restricted stock awards) that will not meet these requirements in order to, among other things, ensure competitive levels of total compensation of our Named Executive Officers.

### **2015 Stockholder Advisory Vote on Executive Compensation**

In June 2015, over 99% of the stockholder votes which were cast (including those that abstained and excluding broker non-votes) on the stockholder advisory vote regarding our Named Executive Officers’ compensation were in favor of approving such compensation, reflecting very strong stockholder support for our executive compensation programs. The Compensation and Management Development Committee carefully considered these results and a variety of other information, including the advice of Pearl Meyer, in determining compensation structure and amounts for 2016. Moreover, the Compensation and Management Development Committee, along with the Chief Executive Officer, on the recommendation of Pearl Meyer, determined to continue to use restricted stock, as well as re-introduce the use of stock options, with respect to equity compensation awards that it issued in 2016 as noted below under the heading “2016 Compensation Determinations.”

## **2015 Compensation Determinations**

The Compensation and Management Development Committee uses its judgment and discretion in determining the amount of base salary for each Named Executive Officer, which is reviewed on an annual basis.

The Compensation and Management Development Committee last elected to increase base salaries for the Named Executive Officers in 2012. In lieu thereof, the Compensation and Management Development Committee elected to set the maximum amount for any discretionary cash bonus and equity compensation to be awarded to each of the Named Executive Officers (other than the Chief Executive Officer) to equal, in the aggregate, approximately 100% of such Named Executive Officer's annual base salary. The maximum amount for discretionary cash bonuses and equity compensation was increased in 2015 from the 2014 maximum amounts to support retention and to continue to align the interests of our Named Executive Officers with the creation of stockholder value. The maximum amounts for any discretionary bonus and equity compensation were set as follows:



|                   | Cash<br>Bonus | Equity<br>Compensation |
|-------------------|---------------|------------------------|
| Mark Stolper      | \$237,500     | \$ 237,500             |
| Norman Hames      | \$237,500     | \$ 237,500             |
| Stephen Forthuber | \$237,500     | \$ 237,500             |
| Jeffrey Linden    | \$262,500     | \$ 262,500             |

In January 2015, subject to the above guidelines set by the Compensation and Management Development Committee, Dr. Berger, as the Chief Executive Officer, elected to award each of the maximum cash bonus and equity compensation amounts to Messrs. Stolper, Hames, Forthuber and Linden. As a result, each of Messrs. Hames, Forthuber and Stolper received a restricted stock grant of 27,425 shares of our common stock (\$237,500 approximate value based on the \$8.66 per share closing price of the Company's common stock on January 2, 2015) and Mr. Linden received a restricted stock grant of 30,312 shares of our common stock (\$262,500 approximate value based on the \$8.66 per share closing price of the Company's common stock on January 2, 2015). Each restricted stock grant vests in three equal annual increments with the first installment vesting on the grant date. Additionally in January 2015 and subject to the Compensation and Management Development Committee guidelines, Dr. Berger elected to award each of Messrs. Stolper, Hames and Forthuber a discretionary cash bonus of \$237,500 and Mr. Linden a discretionary cash bonus of \$262,500. As a result, for each Named Executive Officer, the sum of the executive's cash bonus and equity compensation was approximately equal to the base salary compensation paid to such executive officer in fiscal 2015. The Compensation and Management Development Committee and Dr. Berger granted these awards in order to continue to retain each of these Named Executive Officers, to provide them with a more significant equity stake in the Company, to offer a greater incentive to contribute to our long-term success and to reward them for their continuing contributions to increasing stockholder value.

The Compensation and Management Development Committee elected not to grant any equity awards to Dr. Berger in January 2015, who was then already the beneficial owner, directly and indirectly, of greater than 10% of our outstanding common stock. The Compensation and Management Development Committee determined that he then had a sufficient equity interest in the Company to align his interest with other stockholders. As an alternative to an equity incentive award, the Compensation and Management Development Committee awarded Dr. Berger a discretionary cash bonus in January 2015 of \$1,000,000, which was approximately equal to 100% of the total compensation paid to Dr. Berger in fiscal year 2014. The cash bonus amount was intended to reward him for the Company's performance and also incentivize him to continue to contribute to the long-term success of the Company.

## **2016 Compensation Determinations**

As mentioned above, with respect to fiscal year 2016 compensation determinations, Pearl Meyer was retained by the Compensation and Management Development Committee to provide the following services:

- Executive compensation benchmarking and framework;
  
- Assess market trends of non-employee director compensation;
  - Review of market compensation practices and trends;
  
- Annual incentive plan and equity award design;
  
- Advice on merit increases, target bonuses and equity award levels;
  
- Legislative and regulatory updates;
  
- Attendance at certain Compensation and Management Development Committee meetings.

Pearl Meyer also provided the Compensation and Management Development Committee with competitive information with respect to the compensation of our Board members.

Pearl Meyer also attends certain Compensation and Management Development Committee meetings in person or by telephone, including executive sessions as requested, and consults with the Compensation and Management Development Committee Chair between meetings. Pearl Meyer also reviewed and commented on this executive compensation disclosure and the Named Executive Officer and director compensation tables contained in this Proxy Statement.

In November 2015 Pearl Meyer recommended, and the Compensation and Management Development Committee subsequently approved, a peer group of companies (“Peer Group”) for purposes of reviewing the Company’s executive officer and director compensation levels and structure. The Peer Group includes the following companies:

|                                 |                          |                                    |
|---------------------------------|--------------------------|------------------------------------|
| Acadia Healthcare Company, Inc. | Air Methods Corp.        | Alliance HealthCare Services, Inc. |
| Amedisys Inc.                   | Chemed Corp.             | Civitas Solutions, Inc.            |
| The Ensign Group, Inc.          | Healthways Inc.          | IPC Healthcare, Inc.               |
| LHC Group, Inc.                 | MedAssets, Inc.          | National Healthcare Corp.          |
| Premier, Inc.                   | Providence Service Corp. | Surgery Partners, Inc.             |
| Surgical Care Affiliates, Inc.  | US Physical Therapy Inc. |                                    |

The following selection criteria was established to identify companies for inclusion in the Peer Group:

- U.S. publicly traded companies with revenues approximately one-third to two-and-one-half times RadNet’s revenues

- Primary operations in the healthcare facility and services industry

The Compensation and Management Development Committee again elected not to increase base salary for the Named Executive Officers in 2016, and elected to maintain the maximum amount for any discretionary cash bonus and restricted stock grant to be awarded to each of the Named Executive Officers (other than the Chief Executive Officer) to equal in the aggregate approximately 100% of such Named Executive Officer’s annual base salary. The maximum amount for discretionary cash bonuses and restricted stock grants in 2016 are intended to support retention and to continue to align the interests of our Named Executive Officers with the creation of stockholder value. The maximum amounts for any discretionary bonus and restricted stock grants were set as follows:

|              | Cash<br>Bonus | Restricted<br>Stock<br>Grants |
|--------------|---------------|-------------------------------|
| Mark Stolper | \$237,500     | \$237,500                     |
| Norman Hames | \$237,500     | \$237,500                     |

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|                   |           |           |
|-------------------|-----------|-----------|
| Stephen Forthuber | \$237,500 | \$237,500 |
| Jeffrey Linden    | \$262,500 | \$262,500 |

Upon reviewing the Peer Group data, recommendations presented by Pearl Meyer and in an effort to attain a greater level of parity with the Peer Group, the Compensation and Management Development Committee also elected to grant stock options to each Named Executive Officer in an amount equal to the number of shares of restricted stock granted to such Named Executive Officer. The stock options have an exercise price equal to the closing price of the Company's common stock on the date of grant (January 4, 2016) and vest in one-third increments on each anniversary of the grant date. The extended vesting period further encourages retention of our executives and the creation of stockholder value, since the value of the stock options to the executives is directly conditioned upon future increases in the share price of the Company's stock.

In January 2016, subject to the guidelines set by the Compensation and Management Development Committee, Dr. Berger, as the Chief Executive Officer, elected to award each of the maximum cash bonus and restricted stock grant amounts to Messrs. Stolper, Hames, Forthuber and Linden. As a result, each of Messrs. Hames, Forthuber and Stolper received a restricted stock grant of 39,127 shares of our common stock (\$237,500 approximate value based on the \$6.07 per share closing price of the Company's common stock on January 4, 2016) and Mr. Linden received a restricted stock grant of 43,245 shares of our common stock (\$262,500 approximate value based on the \$6.07 per share closing price of the Company's common stock on January 4, 2016). Each of Messrs. Hames, Forthuber and Stolper also received stock options (with a ten year maximum term) to purchase up to 39,127 shares of our common stock at a price of \$6.07 per share, and Mr. Linden received a stock option (with a ten year maximum term) to purchase up to 43,245 shares of our common stock at a price of \$6.07 per share. The stock options vest in equal one-third increments on each anniversary of the grant date.

Additionally in January 2016, and subject to the Compensation and Management Development Committee's above guidelines, Dr. Berger elected to award each of Messrs. Stolper, Hames and Forthuber a maximum discretionary cash bonus of \$237,500 and Mr. Linden a maximum discretionary cash bonus of \$262,500 as a reward for past performance.

The Compensation and Management Development Committee elected not to grant any equity awards to Dr. Berger in January 2016. The Compensation and Management Development Committee determined that the equity interest in the Company owned by HFB Heirs' Trust, an irrevocable trust for the benefit of Dr. Berger's children, was sufficient to align Dr. Berger's interests with other stockholders. On June 29, 2015, HFB Enterprises, LLC, of which Dr. Berger was a co-manager, distributed 5,133,114 shares of the Company's common stock to the HFB Heirs' Trust, the sole member of HFB Enterprises, LLC. Neither Dr. Berger nor his spouse have any control over the HFB Heirs' Trust. As a result of the transaction, Dr. Berger does not beneficially own any shares of the Company. As an alternative to an equity award, and consistent with 2015, the Compensation and Management Development Committee awarded Dr. Berger a discretionary cash bonus in January 2016 of \$1,000,000, equal to the discretionary cash bonus paid to Dr. Berger in fiscal year 2015. The cash bonus amount was intended to reward him for past performance.

### **Risk Consideration in Our Compensation Programs**

Our Compensation and Management Development Committee reviewed the concept of risk as it relates to our compensation program and does not believe our compensation program encourages excessive or inappropriate risk taking. We structure our pay to consist of primarily fixed compensation with base salary in cash and non-cash long-term incentive programs. Our Compensation and Management Development Committee believes our compensation programs strike a balance between providing secure compensation (base salaries) as well as appropriate short- and long-term incentives, such that our executive officers are not encouraged to take unnecessary or excessive risks.

### **COMPENSATION COMMITTEE REPORT\***

The Compensation and Management Development Committee of the Board of Directors is comprised of independent non-employee directors and operates pursuant to a written charter. A copy of the charter can be viewed by visiting our website at [www.radnet.com](http://www.radnet.com) and clicking on "Investors" and then on "Corporate Governance." The Compensation and Management Development Committee is responsible for setting and overseeing the administration of the policies governing annual compensation of the Company's executive officers. The Compensation and Management Development Committee reviews the performance and compensation levels for executive officers, including the Chief Executive Officer, and sets salary levels.

The Compensation and Management Development Committee has reviewed and discussed with RadNet's management the "Compensation Discussion and Analysis" included in this proxy statement. Based upon that review and analysis, the Compensation and Management Development Committee unanimously recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included in this proxy statement.

Submitted by the Compensation and Management Development Committee:

Lawrence L. Levitt, Chair

Marvin S. Cadwell

Michael L. Sherman, M.D.

David L. Swartz

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\* The material in this report is not "soliciting material," is not deemed filed with the SEC and is not to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act whether made before or after the date of this proxy statement and irrespective of any general incorporation language therein.

## COMPENSATION OF EXECUTIVE OFFICERS

### Summary Compensation Table

The table below summarizes the total compensation paid to or earned by our Named Executive Officers:

| Name and Principal Position  | Year | Annual Compensation       |                          |                                     | All Other Compensation (\$) <sup>(4)</sup> | Total (\$) |
|--|------|---------------------------|--------------------------|-------------------------------------|--|------------|
|  |      | Salary (\$)               | Bonus (\$)               | Stock Awards (\$) <sup>(1)(2)</sup> |  |            |
| Howard G. Berger, M.D.<br>President and Chief Executive Officer<br>(principal executive officer)         | 2015 | 707,692 <sup>(3)(7)</sup> | 1,000,000 <sup>(5)</sup> | –                                   | 11,520                                     | 1,719,212  |
|  | 2014 | 700,000 <sup>(3)</sup>    | 375,000 <sup>(5)</sup>   | –                                   | 16,608                                     | 1,091,606  |
|  | 2013 | 700,000 <sup>(3)</sup>    | 375,000                  | –                                   | 16,608                                     | 1,091,608  |
| Mark D. Stolper<br>Executive Vice President and Chief Financial<br>Officer (principal financial officer) | 2015 | 493,269 <sup>(7)</sup>    | 237,501                  | 237,500                             | 24,365                                     | 992,635    |
|  | 2014 | 475,000                   | –                        | 125,000                             | 25,337                                     | 625,337    |
|  | 2013 | 475,000                   | 237,500 <sup>(6)</sup>   | 125,500                             | 23,969                                     | 861,969    |
| Jeffrey L. Linden,<br>Executive Vice President and General<br>Counsel                                    | 2015 | 545,192 <sup>(7)</sup>    | 262,502                  | 262,500                             | 21,120                                     | 1,091,314  |
|  | 2014 | 525,000                   | 131,250                  | 137,500                             | 26,206                                     | 819,956    |
|  | 2013 | 525,000                   | 131,250                  | 138,050                             | 26,206                                     | 820,506    |
| Norman R. Hames<br>Executive Vice President and Chief Operating<br>Officer – Western Operations          | 2015 | 479,324 <sup>(7)(8)</sup> | 237,501                  | 237,500                             | 13,562                                     | 967,887    |
|  | 2014 | 475,000                   | 118,750                  | 125,000                             | 15,443                                     | 734,193    |
|  | 2013 | 475,000                   | 118,750                  | 125,500                             | 4,875                                      | 724,125    |
| Stephen M. Forthuber<br>Executive Vice President and Chief Operating<br>Officer – Eastern Operations     | 2015 | 493,269 <sup>(7)</sup>    | 237,501                  | 237,500                             | 24,857                                     | 993,127    |
|  | 2014 | 475,000                   | 118,750                  | 125,000                             | 25,568                                     | 744,318    |
|  | 2013 | 475,000                   | 118,750                  | 125,500                             | 60,000                                     | 779,250    |

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Amounts reflect the aggregate grant date fair value of stock awards granted in the year computed in accordance with FASB ASC Topic 718. These are not the amounts that ultimately may be realized by the Named Executive Officer with respect to these equity awards. Assumptions used in the calculation of these values are included in Note 11 to our audited financial statements included in our 2015 Annual Report on Form 10-K for the year ended December 31, 2015 which was filed with the SEC on March 15, 2016, as amended.



- The Stock Awards reflected for 2015 are the awards that were issued on January 2, 2015. The Stock Awards reflected for 2014 are the awards that were issued on January 2, 2014. The Stock Awards reflected for 2013, are awards that were issued on January 2, 2013.
- (3) For 2013, 2014 and 2015, Dr. Berger received \$500,000 in salary from an affiliate of BRMG and received the remaining portion of his base salary (\$200,000) from RadNet Management, Inc.
- For 2015, Mr. Stolper and Mr. Linden each received an annual car allowance of \$9,600, Mr. Hames received an annual car allowance of \$4,875, and Mr. Forthuber received an annual car allowance of \$15,000. The remaining compensation reflected in this column for 2015 related to payments by the Company of the premiums for coverage under the Company's group health insurance plans. For 2015, the Company paid premiums for coverage under the Company's group health insurance plans in the following amounts: \$11,520 for Dr. Berger, \$8,687 for Mr. Hames, \$11,520 for Mr. Linden, \$14,765 for Mr. Stolper and \$9,857 for Mr. Forthuber.
- (4) Paid by an affiliate of BRMG.
- (5) Represents \$118,750 paid in January 2013 and \$118,750 paid in December 2013.
- (6) The increase in salary compared to the previous year is a result of an extra pay period in 2015. There was no change in base salary from the previous year.
- (7) Mr. Hames received an unintentional overpayment in 2014 in an amount of approximately \$13,925. Accordingly, his salary for 2015 was reduced by this amount.
- (8)

### Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of awards to our Named Executive Officers under our 2006 Plan during 2015.

| Name                 | Grant Date | All Other Stock Awards: Number of Shares of Stock (#) | Grant Date Fair Value of Stock Awards (\$)(1) |
|----------------------|------------|---|---|
| Mark D. Stolper      | 01/02/15   | 27,425 (2)  | 237,501                                       |
| Jeffrey L. Linden    | 01/02/15   | 30,312 (2)  | 262,502                                       |
| Norman R. Hames      | 01/02/15   | 27,425 (2)  | 237,501                                       |
| Stephen M. Forthuber | 01/02/15   | 27,425 (2)  | 237,501                                       |

(1) For discussion regarding the valuation model and assumptions used to calculate the fair value of these stock awards, see footnote (1) to the Summary Compensation Table.

(2) Each restricted stock award was granted under the 2006 Plan and vests in equal annual increments on January 2 of 2015, 2016 and 2017, subject to the officer's continued service.

We have one long-term equity incentive plan, the Restated 2006 Plan. The Restated 2006 Plan was most recently approved by our stockholders at our annual stockholders meeting on June 11, 2015. The Restated 2006 Plan permits the discretionary award of incentive stock options (ISOs), nonqualified stock options (NSOs), stock appreciation rights (SARs), restricted stock, restricted stock units, and cash awards. Employees, consultants and Board members of the Company and certain of our affiliated companies are eligible to receive awards under the Restated 2006 Plan. As of April 12, 2016, approximately 102 employees (including 4 executive officers) and 4 non-employee directors were eligible to participate in the Restated 2006 Plan.

The Compensation and Management Development Committee administers the Restated 2006 Plan and, among other things, selects individuals to whom awards may be granted, determines the type of award as well as the number of shares of common stock to be covered by each award, determines the terms and conditions of any awards, including performance goals (if any) and their degree of satisfaction and interprets the terms and provisions of the Restated 2006 Plan and any stock award issued under the Restated 2006 Plan. However, the exercise prices of outstanding stock options and SARs may not be lowered or reduced without the approval of our stockholders.

The Restated 2006 Plan has a total of 12,000,000 shares of common stock reserved for issuance. As of April 12, 2016, a total of 11,955,698 shares have been issued under the Restated 2006 Plan and are no longer subject to forfeiture. Additionally, a total of 3,028,364 shares are either reserved for issuance under currently outstanding awards or issued as restricted stock that is subject to forfeiture if vesting conditions are not satisfied. Shares underlying forfeited or terminated awards, or awards which are entirely settled with cash or which are repurchased by the Company for a repurchase price that does not exceed what the grantee paid for such shares, will become fully available again for issuance under the Restated 2006 Plan. No fractional shares may be issued under the Restated 2006 Plan. No shares will be issued with respect to a participant's award unless applicable tax withholding obligations have been satisfied by the participant.

With respect to awards which are intended to qualify as performance-based compensation under Code Section 162(m), the Restated 2006 Plan imposes the following fiscal year individual grant limits on awards:

|                            | Grant Limit Per Person Per Fiscal Year |
|----------------------------|--|
| Equity Compensation Awards | 250,000 shares                         |
| Cash Awards                | \$2,000,000                            |

The above numerical share limit is increased to 500,000 shares with respect to equity awards granted to a grantee during the fiscal year of the grantee's commencement of employment with the Company or during the first fiscal year that the grantee becomes a Covered Employee subject to Code Section 162(m).

### Outstanding Equity Awards at Fiscal Year End

The table below summarizes outstanding equity awards held by our Named Executive Officers at December 31, 2015.

| Name            | OPTION AWARDS  |  | STOCK AWARDS               |                        |  |   |
|-----------------|--|--|----------------------------|------------------------|--|---|
|                 | Number of Securities Underlying Unexercised Options (#)(1) Exercisable | Number of Securities Underlying Unexercised Options (#)(1) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(3) |
| Mark D. Stolper | –  | –  | –                          | –                      | 25,720   | 158,950   |
|                 |  |  |                            |                        | 18,283   | 112,991   |

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|                         |         |   |      |            |        |         |
|-------------------------|---------|---|------|------------|--------|---------|
| Jeffrey L.<br>Linden    | 75,000  | – | 2.98 | 01/07/2016 | 28,292 | 174,845 |
|                         |         |   |      |            | 20,208 | 124,885 |
| Norman R.<br>Hames      | 75,000  | – | 2.98 | 01/07/2016 | 25,720 | 158,950 |
|                         |         |   |      |            | 18,283 | 112,991 |
| Stephen M.<br>Forthuber | 100,000 | – | 2.98 | 01/07/2016 | 25,720 | 158,950 |
|                         |         |   |      |            | 18,283 | 112,991 |

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Relates to stock options issued to the Named Executive Officers under the 2006 Plan. Unless otherwise indicated, one-third of the stock options are fully-vested as of the date of grant and the remaining portion of the options vest (1) in equal increments on the first and second anniversaries of the date of grant. All stock options had a five-year term from the date of grant. The options were each exercised on or prior to the expiration date and are no longer outstanding.

Messrs. Stolper, Hames and Forthuber each has 25,720 shares of unvested restricted stock remaining from the award granted on January 2, 2014 and 18,283 shares of unvested restricted stock remaining from the award granted on January 2, 2015. Mr. Linden has 28,292 shares of unvested restricted stock remaining from the award granted (2) on January 2, 2014 and 20,208 shares of unvested restricted stock remaining from the award granted on January 2, 2015. Unless otherwise indicated, one-third of the stock awards are fully-vested as of the date of grant and the remaining portion of the restricted stock award vests in equal increments on the first and second anniversaries of the date of grant.

(3) The aggregate market value is based on the closing price of \$6.18 per share of our common stock as of December 31, 2015.

### Option Exercises and Stock Vested During 2015

The following table sets forth information for the Named Executive Officers regarding the value realized during 2015 pursuant to option exercises and the vesting of restricted stock.

| Name              | OPTION AWARDS                             |  | STOCK AWARDS                             |                                |     |
|-------------------|---|--|--|--------------------------------|-----|
|                   | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) <sup>(1)</sup> | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |     |
| Mark D. Stolper   | 50,000                                    | 320,500  | 16,667                                   | 144,336                        | (2) |
|                   | 37,500                                    | 229,875  | 25,720                                   | 222,735                        | (2) |
|                   |   |  | 9,142                                    | 79,170                         | (2) |
| Jeffrey L. Linden | 100,000                                   | 598,000  | 18,333                                   | 158,764                        | (2) |
|                   |   |  | 28,292                                   | 245,009                        | (2) |
|                   |   |  | 10,104                                   | 87,501                         | (2) |
| Norman R. Hames   | 100,000                                   | 397,000  | 16,667                                   | 144,336                        | (2) |
|                   |   |  | 25,720                                   | 222,735                        | (2) |
|                   |   |  | 9,142                                    | 79,170                         | (2) |
|                   | 100,000                                   | 577,000  | 16,667                                   | 144,336                        | (2) |

Stephen M.  
Forthuber

|        |         |     |
|--------|---------|-----|
| 25,720 | 222,735 | (2) |
| 9,142  | 79,170  | (2) |

- 
- (1) The value realized equals the aggregate fair market value of the common stock acquired on the date of exercise of the options minus the aggregate exercise price.
- (2) The value realized equals the aggregate fair market value of our common stock based on the closing price of \$8.66 per share on January 2, 2015, the date of vesting.

## Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation Plans

We do not have any tax-qualified defined benefit plans, nonqualified defined contribution plans or supplemental executive retirement plans that provide for payments or other benefits to our Named Executive Officers in connection with their retirement.

The employment arrangements of some of our Named Executive Officers include a required payment of deferred compensation upon termination of employment. The following table shows the contributions, earnings and current required payments of deferred compensation.

### *Nonqualified Deferred Compensation*

| Name                                  | Executive Contributions in Last Fiscal Year (\$) | Registrant Contributions in Last Fiscal Year (\$) | Aggregate Earnings in Last Fiscal Year (\$) | Aggregate Withdrawals/Distributions (\$) | Aggregate Balance at Last Fiscal Year End (\$) <sup>(4)</sup> |
|---------------------------------------|--|---|---|--|---|
| Howard G. Berger, M.D. <sup>(1)</sup> | –  | –   | –   | –  | \$2,500,000   |
| Jeffrey L. Linden <sup>(2)</sup>      | –  | –   | –   | –  | \$2,000,000   |
| Norman R. Hames <sup>(3)</sup>        | –  | –   | –   | –  | \$1,050,000   |

Dr. Berger is entitled to receive, upon his election to terminate employment, an amount equal to five times his (1)2010 base salary paid by BRMG. Dr. Berger's 2010 base salary as paid by BRMG was \$500,000. Such payment is subject to post-termination covenants intended to protect the Company's business.

Mr. Linden is entitled to receive, upon his election to terminate employment, an amount equal to five times his (2)2010 base salary. Mr. Linden's 2010 base salary was \$400,000. Such payment is subject to post-termination covenants intended to protect the Company's business.

Mr. Hames is entitled to receive, upon his election to terminate employment, an amount equal to three times his (3)2010 base salary. Mr. Hames' 2010 base salary was \$350,000. Such payment is subject to post-termination covenants intended to protect the Company's business.

(4) The above amounts have not been reported as compensation to the listed executive officers in the Summary Compensation Table for any fiscal year.

## Employment Agreements

We entered into an employment agreement with Mr. Linden on April 16, 2001, as amended on January 30, 2004, and as further amended on November 16, 2015, for an initial five-year term that renews automatically for successive one year terms unless otherwise terminated by either party. The employment agreement provides that Mr. Linden's base salary is \$350,000, which was subsequently amended to \$475,000 for the fiscal year 2010 and has since been amended to \$525,000, effective as of January 1, 2012. The employment agreement also provides that Mr. Linden is eligible for severance benefits as described below under the heading "Potential Payments Upon Termination or Change in Control – Severance Arrangements" and as described above under the heading "Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation Plans." Mr. Linden currently serves as Executive Vice President and General Counsel.

We entered into an employment agreement with Mr. Hames on May 1, 2001, as amended on January 30, 2004, and as further amended on November 16, 2015, for an initial three-year term that renews automatically for successive one year terms unless otherwise terminated by either party. The employment agreement provides that Mr. Hames' base salary is \$225,000, which was subsequently amended to \$425,000 for the fiscal year 2011 and has since been amended to \$475,000, effective as of January 1, 2012. The employment agreement also provides that Mr. Hames is eligible for severance benefits as described below under the heading "Potential Payments Upon Termination or Change in Control – Severance Arrangements" and as described above under the heading "Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation Plans." Mr. Hames currently serves as Executive Vice President and Chief Operating Officer – Western Operations.



We entered into an employment agreement with Mr. Stolper effective as of January 1, 2009, as amended on November 16, 2015, under which he serves as our Executive Vice President and Chief Financial Officer until the agreement is terminated by either party. The employment agreement provides that Mr. Stolper's initial base salary was \$350,000, which was subsequently amended to \$425,000 for the fiscal year 2011 and has since been amended to \$475,000, effective as of January 1, 2012. The employment agreement also provides that he is eligible to participate in all of our bonus or incentive compensation plans generally available to our corporate officers and that he is entitled to certain benefits upon a change-in-control as described below under the heading "Potential Payments Upon Termination or Change in Control – Change-in-Control Arrangements."

### **Potential Payments Upon Termination or Change in Control**

#### *Payments Made Upon Termination and Retirement*

Regardless of the manner in which the employment of a Named Executive Officer is terminated, he is entitled to receive amounts earned during his term of employment. Such amounts include:

- non-equity incentive compensation earned, to the extent vested;
- equity awarded pursuant to our Restated 2006 Plan, to the extent vested; and
- unused vacation pay.

#### *Payments Made Upon Death or Disability*

In the event of the death or disability of a Named Executive Officer, no additional benefits other than those listed under the heading "Payments Made Upon Termination and Retirement" above, will be paid to our Named Executive Officers.

#### *Severance Arrangements*

Under each employment agreement discussed above under the heading "Employment Agreements," we may terminate such Named Executive Officer's employment at any time and for any reason upon notice, as specified in each Named Executive Officer's employment agreement and each Named Executive Officer may resign at any time and for any reason.

The severance payments described below shall each be paid within fifteen business days of the effective date of such termination; provided, that, if the payments are subject to Section 409A of the Code and such Named Executive Officer is deemed a “specified employee” (as defined in Section 409A of the Code), then, such payment shall not be required to be paid until the first day of the seventh month following the effective date of such termination.

Dr. Berger

Dr. Berger has a severance arrangement with BRMG pursuant to a consulting agreement. Under this arrangement, in the event of termination “without cause,” Dr. Berger is entitled to receive a severance payment in an amount equal to five times his 2010 BRMG annual compensation, or \$2,500,000. Additionally, in the event of termination “for cause” by BRMG, Dr. Berger is entitled to receive a payment in an amount equal to his 2010 annual base compensation from an affiliate of BRMG, or \$500,000.

BRMG may terminate Dr. Berger’s consulting services “for cause” if (i) there is a material breach by Dr. Berger of the agreement which persists for more than thirty (30) days after notice of such breach has been provided, (ii) Dr. Berger willfully breaches or habitually neglects his duties, (iii) Dr. Berger commits any acts of a criminal nature, fraud, dishonest misrepresentations or any acts of moral turpitude, (iv) Dr. Berger’s professional license is suspended, revoked or terminated or (v) Dr. Berger is convicted of a felony or of fraud involving payments or charges for professional medical services.

Mr. Stolper

If we terminate Mr. Stolper's employment "without cause" or he voluntarily terminates his employment for good reason, Mr. Stolper is entitled to receive a lump sum severance payment in an amount equal to two times his then annual base salary, or a total of \$950,000 if hypothetically terminated on December 31, 2015 based upon his 2015 base salary. Such payments are subject to post-termination covenants intended to protect the Company's business. In addition, all options, warrants or other deferred equity compensation then granted to Mr. Stolper which is unvested at the time of such termination shall immediately vest and if hypothetically terminated on December 31, 2015, the unamortized intrinsic value of such newly vested options, warrants, restricted stock and other deferred equity compensation would be approximately \$271,945 based on our December 31, 2015 closing per share price of \$6.18.

We may terminate Mr. Stolper's employment "for cause" (i) if Mr. Stolper is convicted (or pleads guilty or nolo contendere) of a felony or a misdemeanor involving fraud or dishonesty in connection with the performance of his duties under the employment agreement or moral turpitude, (ii) based on the willful and continued failure of Mr. Stolper to perform his duties for a period of 10 days within one fiscal year or (iii) based on Mr. Stolper's willingness to engage in misconduct which has, or can reasonably be expected to have, a direct and material adverse monetary effect on the Company.

Mr. Stolper may terminate his employment for "good reason" (i) if the Company is in material default of its obligations under the employment agreement or (ii) if without his consent, his title, duties or job functions are materially diminished, he is assigned duties or responsibilities materially inconsistent with his current position, or he is relocated, and such changes remain unremedied for a period of ten days following notice from Mr. Stolper.

Mr. Linden

If we terminate Mr. Linden's employment "without cause" or Mr. Linden elects to terminate his employment for any reason, Mr. Linden will be entitled to receive a severance payment in an amount equal to five times his 2010 base salary, or \$2,000,000. Such payments are subject to post-termination covenants intended to protect the Company's business.

We may terminate Mr. Linden's employment "for cause" if (i) there is a material breach of the agreement which persists for more than thirty (30) days after notice of such breach has been provided, (ii) Mr. Linden willfully breaches or habitually neglects his duties or (iii) Mr. Linden commits any acts of a criminal nature, fraud, dishonest misrepresentations or any acts of moral turpitude.

Mr. Hames

If we terminate Mr. Hames' employment "without cause" or Mr. Hames elects to terminate his employment for any reason, Mr. Hames will be entitled to receive a severance payment in an amount equal to three times his 2010 base salary, or \$1,050,000. Such payments are subject to post-termination covenants intended to protect the Company's business.

We may terminate Mr. Hames' employment "for cause" if (i) there is a material breach of the agreement which persists for more than thirty (30) days after notice of such breach has been provided, (ii) Mr. Hames willfully breaches or habitually neglects his duties or (iii) Mr. Hames commits any acts of a criminal nature, fraud, dishonest misrepresentations or any acts of moral turpitude.

Mr. Forthuber

We entered into a retention agreement with Mr. Forthuber on November 15, 2006, as amended on November 16, 2015. If we terminate Mr. Forthuber's employment for any reason other than for "disability" or "cause", Mr. Forthuber will be entitled to receive a lump sum severance payment in an amount equal to his then annual salary, or a total of \$475,000 if hypothetically terminated on December 31, 2015, based upon his 2015 base salary. Mr. Forthuber is also subject to post-termination covenants for twelve months from the effective date of termination intended to protect the Company's business.

Under the retention agreement, “disability” means that for a period of at least 120 days during any twelve consecutive month period on account of a mental or physical condition, Mr. Forthuber is unable to perform the essential functions of his job, even with reasonable accommodation. The determination of Mr. Forthuber’s disability is required to be made by a medical physician selected or agreed to by the Company or upon mutual agreement between the Company and Mr. Forthuber or his personal representative.

We may terminate Mr. Forthuber’s employment for “cause” (i) if Mr. Forthuber was convicted (or pleads guilty or nolo contendere) of a felony or a misdemeanor involving fraud or dishonesty in connection with the performance of his duties under the retention agreement or moral turpitude, (ii) based on the willful and continued failure of Mr. Forthuber for a total of 10 days (which need not be consecutive days) within any fiscal year to substantially perform his duties (other than any such failure resulting from illness or “disability”) after a written demand for substantial performance from us has been delivered to Mr. Forthuber, which demand specifically identifies the manner in which it claims Mr. Forthuber has not substantially performed his duties or (iii) Mr. Forthuber has willfully engaged in misconduct which has, or can reasonably be expected to have, a direct and material adverse monetary effect on the Company.

#### *Change-in-Control Arrangements*

None of our Named Executive Officers is generally entitled to payment of any special benefits upon a change-in-control of the Company; however all options, warrants and any other deferred equity compensation then granted to Mr. Stolper which is unvested at the time of such change-in-control shall immediately vest. Hypothetically assuming a change-in-control occurred on December 31, 2015, the unamortized intrinsic value of such newly vested options, warrants, restricted stock and other deferred equity compensation would be approximately \$271,945 based on our December 31, 2015 closing per share price of \$6.18.

Under the Restated 2006 Plan, the Board of Directors of the Company, a committee thereof, or the board of directors of any surviving entity or acquiring entity, may in its discretion, in connection with a “change-in-control”, accelerate the vesting of all or any part of the options that are then outstanding and terminate any restrictions on all or any part of the restricted stock awards. A “change-in-control” under the Restated 2006 Plan shall mean: (i) a merger or consolidation in which the Company is not the surviving entity (or survives only as a subsidiary of another entity whose stockholder did not own all or substantially all of our common stock immediately before such transaction); (ii) a sale of all or substantially all of our assets to another person or entity (other than a wholly-owned subsidiary of the Company); (iii) an acquisition of beneficial ownership of a controlling interest in the outstanding shares of our common stock by any person or entity (including a “group”) as defined under Section 13(d)(3) of the Exchange Act; (iv) the dissolution or liquidation of the Company; (v) a contested director election that results in the persons who were directors before such election or their nominees ceasing to constitute a majority of the board or (vi) any other event that may be specified in the specific awards granted by the Board of Directors or a committee thereof pursuant to the Restated 2006 Plan.

## **COMPENSATION OF DIRECTORS**

### **Overview of Director Compensation**

We use cash and stock based incentive compensation to attract and retain qualified candidates to serve on our board. In setting director compensation, we consider the significant amount of time that our directors expend in fulfilling their duties to our Company as well as the skill level required by the members of our board. In addition, our certificate of incorporation and bylaws include indemnification provisions for our directors and executive officers and we maintain liability insurance for our directors and executive officers.

*Cash Compensation Paid to Non-Employee Board Members*

The cash compensation structure for non-employee directors in 2015 is set forth below:

|  |          |
|--|----------|
| Annual cash compensation   | \$35,000 |
| Audit Committee Chair annual cash compensation                                   | \$15,000 |
| Compensation and Management Development Committee Chair annual cash compensation | \$7,500  |
| Nominating and Governance Committee Chair annual cash compensation               | \$7,500  |
| Committee Meeting Attendance (per meeting)                                       | \$1,500  |
| Board Meeting Attendance (per meeting)   | \$2,000  |

Upon reviewing the peer group data and recommendations presented by Pearl Meyer, and based on the recommendation of Pearl Meyer, the Compensation and Management Development Committee elected to revise the cash compensation structure for non-employee directors. Beginning in 2016 in order to better align our director compensation structure with general market practices, the Compensation and Management Development Committee elected to eliminate the payment of meeting fees for attendance at Board meetings and increased annual compensation. The current cash compensation structure for non-employee directors is set forth below:

|  |          |
|--|----------|
| Annual cash compensation   | \$55,000 |
| Audit Committee Chair annual cash compensation                                   | \$20,000 |
| Compensation and Management Development Committee Chair annual cash compensation | \$10,000 |
| Nominating and Governance Committee Chair annual cash compensation               | \$10,000 |
| Lead Director annual cash compensation   | \$10,000 |
| Committee Meeting Attendance (per meeting)                                       | \$1,500  |
| Board Meeting Attendance (per meeting)   | \$0      |

Employee directors do not receive any additional compensation for their service as a director.

*Equity Compensation*

In 2015, non-employee directors each received a restricted stock grant under the 2006 Plan in an amount equal to \$125,000 based on the \$8.66 per-share closing price of the Company's common stock on January 2, 2015. Each non-employee director therefore received a restricted stock grant of 14,434 shares on January 2, 2015, with one-third vested as of the grant date and the remaining portion vesting in two equal annual installments on January 2, 2016 and 2017, respectively, subject to continued service.

*Non-Employee Director Compensation - 2015*

The table below summarizes the compensation received for the fiscal year ended December 31, 2015 by each of our non-employee directors.

| Name                                    | <b>Fees<br/>Earned<br/>or Paid<br/>in Cash<br/>(\$)</b> | <b>Stock<br/>Award<br/>(\$)<sup>(1) (2)</sup></b> | <b>Total<br/>(\$)</b> |
|---|---|---|-----------------------|
| Marvin S. Cadwell <sup>(3)</sup>        | 61,500  | 124,999   | 186,499               |
| Lawrence L. Levitt <sup>(3)</sup>       | 69,000  | 124,999   | 193,999               |
| Michael L. Sherman, M.D. <sup>(3)</sup> | 63,000  | 124,999   | 187,999               |
| David L. Swartz <sup>(3)</sup>          | 76,500  | 124,999   | 201,499               |

Amounts reflect the aggregate grant date fair value of stock options and stock awards granted in the year computed in accordance with FASB ASC Topic 718. These are not amounts paid to or realized by the non-employee director.

<sup>(1)</sup> Assumptions used in the calculation of these values are included in Note 11 to our audited financial statements included in our 2015 Annual Report on Form 10-K for the year ended December 31, 2015 which was filed with the SEC on March 15, 2016, as amended.

Each non-employee director received a restricted stock award for 14,434 shares on January 2, 2015 under the 2006

<sup>(2)</sup> Plan which vests in three equal annual increments beginning on the grant date, subject to the director's continued service. The value realized by each director for such grant equals \$124,999, the aggregate fair market value of the common stock granted based on our closing price of \$8.66 per share on January 2, 2015.

<sup>(3)</sup> As of December 31, 2015, each of Messrs. Cadwell, Levitt, Sherman and Swartz had 35,343 shares of unvested restricted stock and 10,000 shares subject to vested stock options.



*Non-Employee Director Compensation - 2016*

In 2015, the Board of Directors, on the recommendation of the Compensation and Management Development Committee, determined that the cash compensation structure for non-employee directors should be changed to the structure shown in the second table above under the heading “Cash Compensation Paid to Non-Employee Board Members”. The Board of Directors, on the recommendation of Pearl Meyer and the Compensation and Management Development Committee, also elected to revise the timing of equity grants and the vesting period for such equity awards to non-employee directors for 2016 and beyond. The vesting period for equity awards to non-employee directors will now coincide with each director’s term (one year). Because this change was effected half-way through the current non-employee directors’ terms, the value of each non-employee director’s equity grant awarded in January 2016 was approximately half of the equity award such director would receive for an entire year of service. Each non-employee director therefore received a restricted stock grant under the Restated 2006 Plan with a grant date value approximately equal to \$62,500 based on the \$6.07 per-share closing price of the Company’s common stock on January 4, 2016, resulting in a restricted stock grant of 10,297 shares, all of which vest at the end of each non-employee director’s current term, estimated to be at our Annual Meeting of Stockholders on June 2, 2016. It is expected that future equity grants to non-employee directors will occur at or around the date of the annual meeting of stockholders with the first such grant occurring at the 2016 annual meeting.

**EQUITY COMPENSATION PLAN INFORMATION**

We have reserved 12,000,000 shares of common stock for issuance under our Restated 2006 Plan. The Restated 2006 Plan provides for the grant of stock options (incentive and non-qualified), stock awards, stock appreciation rights and cash awards. If an award is cancelled, terminates, expires, or lapses for any reason without having been fully exercised or vested, or is settled for less than the full number of shares of common stock represented by such award actually being issued, the unvested, cancelled, or unissued shares of common stock generally will be returned to the available pool of shares reserved for issuance under the Restated 2006 Plan. Notwithstanding the foregoing, the aggregate number of shares of common stock that may be issued under the Restated 2006 Plan upon the exercise of incentive stock options shall not be increased for restricted shares that are forfeited or repurchased. Notwithstanding anything in the Restated 2006 Plan, or any award agreement to the contrary, shares attributable to awards transferred under any award transfer program shall not be again available for grant under the Restated 2006 Plan. In addition, if we experience a stock dividend, reorganization, or other change in our capital structure, the administrator may, in its discretion, adjust the number of shares available for issuance under the Restated 2006 Plan and any outstanding awards as appropriate to reflect the stock dividend or other change. The share number limitations included in the Restated 2006 Plan will also adjust appropriately upon such event. As of December 31, 2015, 918,334 shares of common stock were subject to exercisable outstanding stock options granted under the Restated 2006 Plan and the Company had issued a total of 3,461,208 shares of restricted stock of which 771,342 were unvested at December 31, 2015. As of December 31, 2015, 3,824,104 shares of common stock were available for future awards under the Restated 2006 Plan.



The following table sets forth the number of shares of common stock subject to outstanding options and stock awards, the weighted-average exercise price of outstanding options, and the number of shares remaining available for future award grants as of December 31, 2015.

| Plan Category                                       | (A)<br>Number of<br>Shares to Be<br>Issued Upon<br>Exercise of<br>Outstanding<br>Options (#) | (B)<br>Weighted<br>Average<br>Exercise<br>Price of<br>Outstanding<br>Options (\$) | (C)<br>Number of<br>Shares<br>Remaining<br>Available<br>For Future<br>Issuance<br>Under<br>Equity<br>Incentive<br>Plans<br>(Excluding<br>Shares<br>Reflected<br>in Column<br>(A)) |
|---|--|---|---|
| Equity incentive plans approved by stockholders     | 931,667  | 4.69  | 3,824,104   |
| Equity incentive plans not approved by stockholders | -  | -   | -   |
| <b>TOTAL</b>  | 931,667  |   |   |

The Restated 2006 Plan is administered by the Compensation and Management Development Committee, which has the power to determine matters related to outstanding option awards under the Plan, including conditions of vesting and exercisability. Options granted under the Plan expire no later than 10 years from the grant date. Options generally vest in increments over three or five years from the date of grant. Options granted to non-employee directors however are fully vested upon issuance. Restricted stock grants issued to employees and non-employee directors generally vest in equal annual increments over two years from the date of grant with one-third vested as of the date of grant.

### **PROPOSAL NO. 3**

#### **ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010) and the related rules of the SEC, we are providing our stockholders with the opportunity to cast a non-binding, advisory vote to approve the compensation of our Named Executive Officers as disclosed pursuant to the SEC's executive compensation disclosure rules and set forth in this proxy statement (including the Compensation Discussion and Analysis, the summary compensation and other related

tables and narratives accompanying those tables).

As described in detail under the “Compensation Discussion and Analysis” section above, our compensation policies are designed to be competitive with comparable employers and to align management’s incentives with both near term and long-term interests of our stockholders. We compensate our executive officers through a mix of base salary, bonus and equity compensation. We intend that our compensation decisions will attract and retain our Named Executive Officers and reward them for achieving the Company’s strategic initiatives and objective measures of success. Our Compensation and Management Development Committee and Board of Directors believe that our executive compensation program is effective in implementing our principles and is strongly aligned with the long-term interests of our stockholders and that our stockholders should approve our compensation program.

The vote on this resolution, commonly known as the “say-on-pay” proposal, is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our Named Executive Officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC. The vote is advisory and its outcome will not be binding on our Board of Directors or the Company nor require our Board of Directors or Compensation and Management Development Committee to take any action. However, our Board of Directors and Compensation and Management Development Committee values the opinion expressed by our stockholders in their vote on this proposal and expect to take into account the outcome of this vote when evaluating future executive compensation arrangements for our Named Executive Officers.

Accordingly, we ask our stockholders to vote on the following resolution at the Annual Meeting:

“RESOLVED, that the compensation paid to the Company’s Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

### **Vote Required**

Approval of the compensation of our Named Executive Officers for the stockholder advisory vote requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy on this proposal at the Annual Meeting.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE RULES OF THE SEC**

### **HOUSEHOLDING**

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one Notice of Internet Availability of Proxy Materials or, if you have requested paper copies, only one set of proxy materials is delivered to multiple stockholders sharing an address. If you are a stockholder sharing an address and wish to receive a separate Notice of Internet Availability of Proxy Materials or copy of the proxy materials, you may so request by contacting the Broadridge Householding Department by phone at 1-800-542-1061 or by mail to Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717. A separate copy will be promptly provided following receipt of your request, and you will receive separate materials in the future. If you currently share an address with another stockholder but are nonetheless receiving separate copies of the materials, you may request delivery of a single copy in the future by contacting the Broadridge Householding Department at the number or address shown above.

### **OTHER MATTERS**

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We know of no other matters to be submitted at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the proxy card for the Annual Meeting to exercise their discretionary authority to vote the shares that they represent in accordance with their judgment.

For further information about RadNet, Inc., please refer to the 2015 Annual Report. The 2015 Annual Report is publicly available on the SEC's website at [www.sec.gov](http://www.sec.gov) and on our website at [www.radnet.com](http://www.radnet.com). You may also obtain a copy by sending a written request to Investor Relations, RadNet, Inc., 1510 Cotner Ave., Los Angeles, CA 90025.

By Order of the Board of Directors,

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

***RADNET,  
INC.***

***1510 COTNER  
AVENUE***

**VOTE BY PHONE - 1-800-690-6903**

***LOS  
ANGELES,  
CA 90025***

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

x

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” ALL NOMINEES AND “FOR” PROPOSALS NO. 2 AND 3.**

**For All** **Withhold All** **For All Except** **To** withhold authority to vote for any individual nominee(s), mark “For All Except” and write the number(s) of the nominee(s) on the line below.

1. Election of Directors until the next annual meeting of the stockholders or until their successors are duly elected and qualified.

**Nominees:**

- 01) Howard G. Berger, MD
- 02) Marvin S. Cadwell
- 03) John V. Crues, III, MD
- 04) Norman R. Hames
- 05) Lawrence L. Levitt
- 06) Michael L. Sherman, MD
- 07) David L. Swartz

**For** **Against** **Abstain**

- 2. The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016.
- 3. An advisory vote to approve the compensation of the Company's Named Executive Officers.

For address change/comments, mark here.  
(see reverse for instructions)

0

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a



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corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Form 10-K, Notice & Proxy Statement is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**RADNET, INC.**

**Annual Meeting of Stockholders**

**June 2, 2016 10:00 AM (Pacific Time)**

**This proxy is solicited on behalf of the Board of Directors**

The undersigned stockholder(s) of RADNET, INC., a Delaware corporation, hereby appoint(s) Jeffrey Linden and Mark Stolper, or either of them, as proxies for the undersigned each with full power of substitution, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of RADNET, INC. that the undersigned stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 AM, PDT on June 2, 2016, at 1510 Cotner Avenue, Los Angeles, CA 90025, and any adjournment or postponement thereof. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement and revokes any proxy heretofore given with respect to such meeting.

**This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If no direction is given, this proxy will be voted "for" each of the nominees for director and "for" proposals no. 2 and 3, each as described in the Proxy Statement.**

**It any other business is presented at the Annual Meeting, this proxy will be voted in accordance with the best judgment of the named attorneys-in-fact.**

Address  
Change/comments:

(If you noted any Address Changes and/or comments above, please mark corresponding box on the reverse side.)

**Continued and to be marked, dated and signed on reverse side**