

ICAD INC  
Form DEF 14A  
April 30, 2015

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

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Section 240.14a-12

**iCAD, Inc.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

x No fee required

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**iCAD, Inc.**

**98 Spit Brook Road, Suite 100**

**Nashua, New Hampshire 03062**

April 30, 2015

Dear Fellow Stockholders:

You are cordially invited to attend iCAD, Inc.'s Annual Meeting of Stockholders which will be held on Tuesday, June 16, 2015, at 10:00 A.M. (local time), at the offices of Blank Rome LLP, 24th Floor, Boardroom, 405 Lexington Avenue, New York, NY 10174.

The Notice of Annual Meeting and Proxy Statement, which follow, describe the business to be conducted at the meeting.

Your vote is very important. Whether or not you plan to attend the meeting in person, we will appreciate a prompt submission of your vote. We hope to see you at the meeting.

Cordially,

Kenneth Ferry  
President and Chief Executive Officer

**iCAD, Inc.**

**98 Spit Brook Road, Suite 100**

**Nashua, New Hampshire 03062**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 16, 2015**

To the Stockholders of iCAD, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of iCAD, Inc. (the Company) will be held on Tuesday, June 16, 2015, at 10:00 A.M. (local time), at the offices of Blank Rome LLP, 24th Floor, Boardroom, 405 Lexington Avenue, New York, NY 10174, for the following purposes:

1. To elect eight directors to serve until the next Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;
2. To consider and vote upon a proposal to adopt an amendment to the Company's Certificate of Incorporation to increase the number of shares of common stock that the Company has authority to issue from 20,000,000 to 30,000,000 and consequently, to increase the total number of shares of all classes of capital stock that the Company has authority to issue from 21,000,000 to 31,000,000;
3. To approve, by non-binding advisory vote, the resolution approving named executive officer compensation ( Say on Pay Vote );
4. To ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015; and
5. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on April 20, 2015 are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

The iCAD Board of Directors believes that the election of the nominees specified in the accompanying proxy statement as directors at the Annual Meeting is in the best interest of the Company and its stockholders and, accordingly, unanimously recommends a vote **FOR** such nominees. Furthermore, the Board of Directors recommends unanimously that you vote **FOR** approving an amendment to the Company's Certificate of Incorporation to increase the authorized common stock and capital stock, and vote **FOR** the Say on Pay Vote and vote **FOR** ratifying the appointment of BDO USA, LLP ( BDO ) as the Company's independent registered public accounting firm.

By Order of the Board of Directors,

Kevin C. Burns  
Chief Operating Officer, President and Chief  
Financial Officer, Treasurer and Secretary

April 30, 2015

**PLEASE NOTE THAT ATTENDANCE AT THE ANNUAL MEETING WILL BE LIMITED TO STOCKHOLDERS OF iCAD, INC. AS OF THE RECORD DATE (OR THEIR AUTHORIZED REPRESENTATIVES) HOLDING EVIDENCE OF OWNERSHIP. IF YOUR SHARES ARE HELD BY A BANK OR BROKER, PLEASE BRING TO THE MEETING YOUR BANK OR BROKER STATEMENT EVIDENCING YOUR BENEFICIAL OWNERSHIP OF iCAD, INC. STOCK TO GAIN ADMISSION TO THE MEETING.**

**iCAD, Inc.**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 16, 2015**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of iCAD, Inc. (the Company, iCAD, we, us, or our) for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on June 16, 2015, including any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

Management intends to mail this proxy statement and the accompanying form of proxy to stockholders on or about May 4, 2015.

Proxies in the accompanying form, duly executed and returned to the management of the Company and not revoked, will be voted at the Annual Meeting. Any proxy given pursuant to such solicitation may be revoked by the stockholder at any time prior to the voting of the proxy by a subsequently dated proxy, by written notification to the Secretary of the Company, or by personally withdrawing the proxy at the meeting and voting in person.

The address and telephone number of the principal executive offices of the Company are:

98 Spit Brook Road,

Suite 100

Nashua, NH 03062

Telephone No.:

(603) 882-5200

**If your shares are held in street name through a broker, bank, or other nominee, you need to contact the record holder of your shares regarding how to revoke your proxy.**

At the Annual Meeting, the stockholders of the Company will vote on proposals (1) to elect eight individuals to serve as directors, (2) to approve an amendment to our Certificate of Incorporation to increase our authorized common stock, (3) to approve, by non-binding advisory vote, the resolution regarding named executive compensation, (4) to ratify the appointment of BDO USA, LLP as the Company's independent accountants for the fiscal year ending December 31, 2015 and (5) any other matters properly brought before the Annual Meeting or any adjournment or adjournments thereof.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on June 16, 2015: This Proxy Statement and the Company's Annual Report to Stockholders are available for review on the Internet at <http://www.cstproxy.com/icadmed/2015>.**

**Your Vote is Important**



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Please vote as promptly as possible by signing, dating and returning the enclosed Proxy Card. You may also vote by attending the Annual Meeting and voting in person.

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## OUTSTANDING STOCK AND VOTING RIGHTS

Only holders of the Company's Common Stock at the close of business on April 20, 2015 (the Record Date) are entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, the Company had 15,669,239 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote on all matters. There are no cumulative voting rights.

## VOTING PROCEDURES

The directors will be elected by the affirmative vote of the holders of a plurality of the shares of Common Stock that are present in person or represented by proxy at the Annual Meeting, provided a quorum is present. Therefore, the nominees receiving the affirmative vote of the holders of a plurality of the shares of Common Stock that are present in person or represented by proxy will be elected as directors of the Company. The affirmative vote of a majority of the issued and outstanding shares of Common Stock will be required to approve the proposal to amend the Company's Certificate of Incorporation to increase our authorized Common Stock. All other matters at the Annual Meeting will be decided by the affirmative vote of the holders of a majority of the votes represented by the shares of Common Stock cast with respect thereto, provided a quorum is present. A quorum is present if, as of the Record Date, at least a majority of the shares entitled to vote at the Annual Meeting are present in person or represented by proxy at the Annual Meeting.

Votes will be counted and certified by one or more Inspectors of Election who are expected to be an employee of either Continental Stock Transfer & Trust Company, the transfer agent for the Common Stock or a representative of the Company's legal counsel. In accordance with Delaware law, abstentions and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other person entitled to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) will be treated as present for purposes of determining the presence of a quorum. Because directors will be elected by the affirmative vote of the holders of a plurality of the shares of Common Stock that are present in person or represented by proxy at the Annual Meeting, abstentions and broker non-votes will have no practical effect on the election of directors. As the proposal to amend the Company's Certificate of Incorporation to increase our authorized common stock and the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 are routine matters, broker non-votes will not occur with respect to these matters. Broker non-votes will be deemed not entitled to vote on the non-routine matters as to which the non-vote is indicated. For purposes of determining approval of the proposal to amend the Certificate of Incorporation, abstentions will be deemed present and entitled to vote and will, therefore, have the same legal effect as a vote against a proposal to amend the Company's Certificate of Incorporation. With respect to Say on Pay, abstentions and broker non-votes will have no effect on the outcome of the vote, as they will not be counted as votes cast. With respect to the ratification of auditors, abstentions will have no effect on the outcome of the vote, as they will not be counted as votes cast.

Proxies will be voted in accordance with the instructions thereon. Unless otherwise stated, all shares represented by a proxy will be voted as instructed. If a proxy is executed but no instructions as to how to vote are given, the persons named as proxies in the accompanying proxy card intend to vote (i) to ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 described below and (ii) in favor of the proposal to amend the Company's Certificate of Incorporation to increase the authorized capital stock of the Company to 31,000,000 and to increase the authorized shares of common stock from 20,000,000 to 30,000,000. The other matters to be voted upon at this meeting are considered non-routine and brokers may not vote such matters in their discretion in the absence of specific instructions from the stockholder.

## PROPOSAL I

**ELECTION OF DIRECTORS**

The Company's Certificate of Incorporation provides for the annual election of all of its directors. Currently, at each Annual Meeting of Stockholders, directors are elected to serve until the next Annual Meeting of Stockholders and until their respective successors are elected and qualified or until the director's earlier resignation or removal.

At the Annual Meeting, proxies granted by stockholders will be voted individually for the election, as directors of the Company, of the eight persons listed below, unless a proxy specifies that it is not to be voted in favor of a nominee for director. In the event any of the nominees listed below is unable to serve, it is intended that the proxy will be voted for such other nominees as are designated by the Board. Each of the persons named below, who are presently members of the Company's Board, has indicated to the Board of the Company that he or she will be available to serve.

All nominees have been recommended by the Company's Nominating and Corporate Governance Committee. This proposal is considered non-routine and, as such, your broker may not vote your shares without receiving your voting instructions.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES SPECIFIED BELOW.**

The following table sets forth the name, age and principal occupation of the nominees for election at this Annual Meeting and the length of continuous service as a director of the Company. In addition to the information presented below regarding each director's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he or she should serve as a director, we also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to iCAD and our Board.

Name	Age	Principal Occupation or Employment	Director Since
Dr. Lawrence Howard	62	General Partner of Hudson Ventures, LP	2006
Kenneth Ferry	61	Chief Executive Officer, iCAD, Inc.	2006
Rachel Brem, MD	56	Professor and Vice Chair, Department of Radiology, The George Washington University, Washington, DC, Associate Director of the George Washington Cancer Institute	2004
Anthony Ecock	53	General Partner, Welsh, Carson, Anderson & Stowe	2008
Robert Goodman, MD	74	Physician, Jersey City Radiation Oncology	2014
Steven Rappaport	66	Partner, RZ Capital, LLC	2006
Somu Subramaniam	60	Managing Partner, New Science Ventures	2010
Elliot Sussman, MD	63	Chairman of the Villages Health and Professor of Medicine, University of South Florida College of Medicine	2002

*Dr. Lawrence Howard* was appointed Chairman of the Board in 2007 and has been a director of the Company since November 2006. Dr. Howard has been, since March 1997, a general partner of Hudson Ventures, L.P. (formerly known as Hudson Partners, L.P.), a limited partnership that is the general partner of Hudson Venture Partners, L.P. ( HVP ), a limited partnership that is qualified as a small business investment company. Since March 1997, Dr. Howard has also been a managing member of Hudson Management Associates LLC, a limited liability company that provides management services to HVP. Since November 2000, Dr. Howard has been a General Partner of Hudson Venture Partners II, and a limited partner of Hudson Venture II, L.P. Dr. Howard was a co-founder of Presstek, Inc. ( Presstek ), which was a public company which had developed proprietary imaging and consumables technologies for the graphic arts industry. Dr. Howard served in various officer positions at Presstek from October 1987 to June 1993, lastly as its Chief Executive Officer. Dr. Howard served on the Presstek Board of Directors for over twenty years. Since 2012 Dr. Howard has worked as a consultant to The Villages, the largest retirement community in the U.S., assisting them in building a state of the art healthcare delivery system. Dr. Howard also served as the President of the Board of Trustees

of Columbia Grammar and Preparatory School from 2008 until 2011, where he remains as Chairman Emeritus and a member of that board. Dr. Howard also serves on the University of New Hampshire Foundation Board of Trustees. We believe Dr. Howard's qualifications to serve on our Board of Directors include his financial expertise and his understanding of our products and market.

*Kenneth Ferry* has served as the Company's Chief Executive Officer since May 2006. From May 2006 until February 2015, he also served as the Company's President. He has over 25 years of experience in the healthcare technology field, with more than 10 years' experience in senior management positions. Prior to joining the Company, from October 2003 to May 2006, Mr. Ferry was Senior Vice President and General Manager for the Global Patient Monitoring business for Philips Medical Systems, a leader in the medical imaging and patient monitoring systems business. In this role he was responsible for Research & Development, Marketing, Business Development, Supply Chain and Manufacturing, Quality and Regulatory, Finance and Human Resources. From September 2001 to October 2003, Mr. Ferry served as a Senior Vice President in the North America Field Organization of Philips Medical Systems. From 1983 to 2001, Mr. Ferry served in a number of management positions with Hewlett Packard Company, a global provider of products, technologies, software solutions and services to individual consumers and businesses and Agilent Technologies, Inc., a provider of core bio-analytical and electronic measurement solutions to the communications, electronics, life sciences and chemical analysis industries. We believe Mr. Ferry's qualifications to serve on our Board of Directors include his global executive leadership skills and significant experience as an executive in the healthcare industry.

*Dr. Rachel Brem* is currently the Director of Breast Imaging and Intervention, Professor of Radiology and the Vice-Chairman in the Department of Radiology at The George Washington University Medical Center, positions she has held since 2000. From 1991 to 1999, Dr. Brem was previously the Director of Breast Imaging at the John Hopkins Medical Institution. Dr. Brem's research includes Minimally Invasive Breast Biopsy, New Technologies for the Earlier Diagnosis of breast cancer including Computer Aided Detection, as well as Nuclear Medicine Imaging of the Breast and Electrical Impedance Imaging of the Breast. We believe Dr. Brem's qualifications to serve on our Board of Directors include her expertise in the medical field specifically the diagnosis of breast cancer as well as her understanding of our products and market.

*Anthony Ecock* is a General Partner with the private equity investment firm Welsh, Carson, Anderson & Stowe (WCAS), which he joined in 2007. He has 28 years of experience in the healthcare field with 8 years in senior management positions at leading healthcare technology companies. At WCAS, Mr. Ecock leads the Resources Group, a team responsible for helping its 25 portfolio companies identify and implement initiatives to increase growth, earnings and cash flow. Before joining WCAS, he served as Vice President and General Manager of GE Healthcare's Enterprise Sales organization from 2003 to 2007. From 1999 to 2003, he served as Senior Vice President and Global General Manager of Hewlett Packard's, then Agilent's and finally Philips' Patient Monitoring divisions. Mr. Ecock spent his early career at the consulting firm of Bain & Company, where he was a Partner in the healthcare and technology practices and Program Director for Consultant Training. We believe Mr. Ecock's qualifications to serve on our Board of Directors include his financial expertise and his years of experience in the healthcare and technology markets.

*Dr. Robert Goodman* is an experienced and accomplished medical executive. He was the founding Chair of the Department of Radiation Oncology at the University of Pennsylvania and between 1977-1991 served as the Henry Pancoast Professor and Chair. During part of that period he also served as the Chair of the Clinical Practices Executive Committee as well as Interim Executive Director of the Hospital of the University of Pennsylvania. He subsequently served as Senior Vice President and Corporate Medical Director at US Healthcare prior to its Sale to Aetna, and later in the 1990's as Senior Vice President at Universal Health Services, a for-profit hospital chain with central offices in King of Prussia, PA. He briefly served as the Brady Professor and Chair of Radiation Oncology at the Hahnemann University prior to its takeover by Drexel University. From 1998, almost to the present, he was the Chair of Radiation Oncology at Saint Barnabas Medical Center in Livingston, NJ. Dr. Goodman is now the Senior Advisor to the President for Clinical Affairs at Thomas Jefferson University. He serves as a resource to the Jefferson leadership team to assist with facilitating the achievement of the multiple milestones and organizational changes required to meet their goals. He also serves as Professor of the Department of Radiation Oncology at Thomas Jefferson University. We believe Dr. Goodman's qualifications to serve on our Board of Directors include his extensive clinical background and his business leadership experience.

*Steven Rappaport* has been a partner of RZ Capital, LLC since July 2002, a private investment firm that also provides administrative services for a limited number of clients. From March 1995 to July 2002, Mr. Rappaport was Director, President and Principal of Loanet, Inc., an online real-time accounting service used by brokers and institutions to support domestic and international securities borrowing and lending activities. Loanet, Inc., was acquired by SunGard Data Systems in May 2001. Mr. Rappaport is currently serving as an independent director of a number of open and closed end Mutual Funds of which Credit Suisse and Aberdeen Management serve as the investment adviser. He is currently a Director of a number of private companies and several not for profit entities. He previously served, until 2012 as a Director of Presstek when it was sold and taken private. We believe Mr. Rappaport's qualifications to serve on our Board of Directors include his extensive financial and legal expertise combined with his experience as an executive officer, partner and director.



*Somu Subramaniam*, is the co-founder and Managing Partner of New Science Ventures (NSV). He serves on the Board of Directors of Achronix Semiconductor Corporation, Akarna Therapeutics, Alexar Therapeutics, Ario Pharmaceuticals, Cambridge Epigenetix, Dali Wireless, Dezima Pharma, Juventas Therapeutics, Oxyrane, Resolve Therapeutics, Svelte Medical Systems, TigerText, Vaultive, Vascular Therapeutics and iCAD. Mr. Subramaniam has also served on the Boards of Ception (acquired by Cephalon), BioVex (acquired by Amgen), Lightwire (acquired by Cisco). Prior to founding NSV, Mr. Subramaniam was a director at McKinsey & Company where he advised leading multinational companies in the pharmaceuticals, medical devices, biotechnology, photonics, software and semiconductor industries. Mr. Subramaniam holds a B.Tech. degree from the Indian Institute of Technology and an M.B.A. from Harvard Business School. We believe Mr. Subramaniam's qualifications to serve on our Board include his extensive financial and legal expertise combined with his experience as an executive officer, partner and director.

*Dr. Elliot Sussman*, is Chair of the Board of The Villages Health and a Professor of Medicine at the University of South Florida College of Medicine. From 1993 to 2010, Dr. Sussman served as President and Chief Executive Officer of Lehigh Valley Health Network. Dr. Sussman served as a Fellow in General Medicine and a Robert Wood Johnson Clinical Scholar at the University of Pennsylvania and trained as a resident at the Hospital of the University of Pennsylvania. Dr. Sussman is a director and the Chairperson of the compensation committee of the Board of Directors of Universal Health Realty Income Trust, a public company primarily engaged in investing in healthcare and human service-related facilities. We believe Dr. Sussman's qualifications to serve on our board include his experience as a Chief Executive Officer of a leading healthcare network, combined with his medical background and his understanding of our products and market.

## **CORPORATE GOVERNANCE**

### **The Board of Directors and Director Independence**

The Board currently consists of eight members. The Board has three standing committees: (i) the Audit Committee; (ii) the Compensation Committee; and (iii) the Corporate Governance and Nominating Committee.

The Board has determined that Drs. Brem, Goodman and Sussman and Messrs. Ecock, Rappaport and Subramaniam meet the director independence requirements under the applicable Listing Rule of The NASDAQ Stock Market LLC ( NASDAQ ). In reaching this conclusion the Board reviewed the definition of independence under the applicable NASDAQ Listing Rule and the answers to annual questionnaires completed by each of the independent directors.

### **Leadership Structure**

The Board believes that the Company and its stockholders are best served by having a Board Chairman whose duties are separate from those of the Chief Executive Officer. In accordance with our bylaws, our Board appoints our Chief Executive Officer and our Board Chairman. The Chairman is selected from among the directors.

### **Board Oversight of Risk**

The Board's role in the Company's risk oversight process includes receiving regular reports from members of the executive management team on areas of material risk to the Company, including operational, financial, legal, regulatory, strategic, transactional and reputational risks. The full Board receives these reports from the appropriate risk owner within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies.

### **BOARD OF DIRECTOR MEETINGS AND BOARD COMMITTEES**

During the fiscal year ended December 31, 2014, the Board held five meetings. In addition, the Board took action by unanimous written consent in lieu of meetings. During 2014, each of the Company's directors attended at least seventy-five percent of the aggregate of: (1) the total number of meetings of the Board; and (2) the total number of meetings of all Board committees on which they served.

The Company's current policy strongly encourages that all of its Directors attend all Board and Committee meetings and the Company's Annual Meeting of Stockholders, absent extenuating circumstances that would prevent their attendance. One of the then serving directors attended last year's Annual Meeting of Stockholders.

### **BOARD COMMITTEES**

The Board maintains an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. The Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are comprised solely of persons who meet the definition of an Independent Director under the applicable Listing Rule of NASDAQ. In addition, the Board has determined that each member of the Audit Committee meets the independence requirements of applicable rules of the Securities and Exchange Commission (the SEC). The Audit Committee, Nominating and Corporate Governance Committee and the Compensation Committee operate under written charters adopted by the Board. A copy of our Nominating and Corporate Governance Committee charter, our Audit Committee Charter and our Compensation Committee Charter are available on our website, at the following address:

<http://www.icadmed.com/governance.html>

The Audit Committee, among other things, selects the firm to be appointed as the independent registered public accounting firm to audit our financial statements and reviews and discusses the scope and results of each audit with the independent registered public accounting firm and with management. The responsibilities of the Audit Committee are further described in the Audit Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at [www.icadmed.com](http://www.icadmed.com) and accessible via the Corporate Governance page. The Audit Committee held five meetings during 2014. The Audit Committee currently consists of Mr. Rappaport, Chairperson, and Mr. Ecock and Dr. Sussman. The Board has determined that Mr. Rappaport qualifies as the Audit Committee's financial expert under applicable SEC rules and determined that each member met the criteria of independent director under applicable NASDAQ and SEC rules.

The Nominating and Corporate Governance Committee is responsible for, among other things, developing and recommending to the Board corporate governance policies for iCAD, establishing procedures for the director nomination process and recommending nominees for election to the Board. The responsibilities of the Nominating and Corporate Governance Committee are further described in the Nominating and Corporate Governance Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at [www.icadmed.com](http://www.icadmed.com) and accessible via the Corporate Governance page. The Nominating and Corporate Governance Committee held two meetings during 2014. The Nominating and Corporate Governance Committee currently consists of Mr. Ecock, Chairperson, and Dr. Brem and Mr. Subramaniam, each of whom was determined by the Board to have met the criteria of an independent director under applicable NASDAQ rules.

The Compensation Committee is responsible for, among other things, assisting the Board in overseeing our executive compensation strategy and reviewing and approving the compensation of our executive officers and administering our various stock option and incentive plans. The responsibilities of the Compensation Committee are further described in the Compensation Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at [www.icadmed.com](http://www.icadmed.com) and accessible via the Corporate Governance page. Under our 2007 and 2012 Stock Incentive Plan certain, of the administrative functions may be delegated to our Chief Executive Officer or Chief Financial Officer. The Compensation Committee held two meetings during 2014. The Compensation Committee currently consists of Dr. Sussman, Chairperson, and Dr. Brem and Mr. Subramaniam, each of whom was determined by the Board to have met the criteria of an independent director under applicable NASDAQ rules.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires certain of our officers and our directors, and persons who own more than 10 percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors, and greater than 10 percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of copies of such forms received by us, we believe that during the year ended December 31, 2014, our officers, directors, and greater than 10% beneficial stockholders timely complied with all filing requirements applicable to them.

## **CODE OF BUSINESS CONDUCT AND ETHICS**

iCAD has developed and adopted a comprehensive Code of Business Conduct and Ethics to cover all employees. Copies of the Code of Business Conduct and Ethics can be obtained, on our website: <http://www.icadmed.com/governance.html>, or without charge, upon written request, addressed to:

iCAD, Inc.

98 Spit Brook Road, Suite 100

Nashua, NH 03062

Attention: Corporate Secretary

## **COMMUNICATIONS WITH THE BOARD**

The Board, through its Nominating and Corporate Governance Committee, has established a process for stockholders to send communications to the Board. Stockholders may communicate with the Board individually or as a group by writing to: The Board of Directors of iCAD, Inc. c/o Corporate Secretary, 98 Spit Brook Road, Suite 100, Nashua, NH 03062. Stockholders should identify their communication as being from an iCAD stockholder. The Corporate Secretary may require reasonable evidence that the communication or other submission is made by an iCAD stockholder before transmitting the communication to the Board.

## **CONSIDERATION OF DIRECTOR NOMINEES**

Stockholders wishing to recommend director candidates to the Nominating and Corporate Governance Committee must submit their recommendations in writing to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, iCAD, Inc., 98 Spit Brook, Suite 100, Nashua, NH 03062.

The Nominating and Corporate Governance Committee will consider nominees recommended by iCAD stockholders provided that the recommendation contains sufficient information for the Nominating and Corporate Governance Committee to assess the suitability of the candidate, including the candidate's qualifications, and complies with the procedures set forth below under **Deadline and Procedures for Submitting Board Nominations**. In addition, the recommendation must include information regarding the recommended candidate relevant to a determination of whether the recommended candidate would be barred from being considered independent under applicable NASDAQ Listing Rules, or, alternatively, a statement that the recommended candidate would not be so barred. Candidates recommended by stockholders that comply with these procedures will receive the same consideration that candidates recommended by the Nominating and Corporate Governance Committee receive. A nomination which does not comply with the above requirements will not be considered.

The qualities and skills sought in prospective members of the Board are determined by the Nominating and Corporate Governance Committee. When reviewing candidates to our Board, the Nominating and Corporate Governance Committee considers the evolving needs of the Board and seeks candidates that fill any current or anticipated future needs. The Nominating and Corporate Governance Committee generally requires that director candidates be qualified individuals who, if added to the Board, would provide the mix of director characteristics, experience, perspectives and skills appropriate for iCAD. Criteria for selection of candidates will include, but not be limited to: (i) business and financial acumen, as determined by the Nominating and Corporate Governance Committee in its discretion, (ii) qualities reflecting a proven record of accomplishment and ability to work with others, (iii) knowledge of our industry, (iv) relevant experience and knowledge of corporate governance practices, and (v) expertise in an area relevant to iCAD. Such persons should not have commitments that would conflict with the time



commitments of a Director of iCAD. Such persons shall have other characteristics considered appropriate for membership on the Board of Directors, as determined by the Nominating and Corporate Governance Committee. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, the Board and the Nominating and Corporate Governance Committee believe that it is important that the Board members represent diverse viewpoints. In considering candidates for the Board, the Nominating and Corporate Governance Committee and the Board consider the entirety of each candidate's credentials in the context of the foregoing standards.

#### **DEADLINE AND PROCEDURES FOR SUBMITTING BOARD NOMINATIONS**

Our By-laws requires a stockholder wishing to nominate a candidate for election to our Board at a meeting of our stockholders to give written notice, containing the required information specified above, that must be delivered personally to or mailed to and received by our Corporate Secretary at our principal executive offices (currently located at 98 Spit Brook Road, Suite 100, Nashua, NH 03062), not less than 50 days nor more than 75 days prior to the meeting; provided, however, that, in the event that we give less than 65 days' notice or prior public disclosure of the date of the meeting to our stockholders, notice by the stockholder to be timely must be received by our Corporate Secretary not later than the close of business on the tenth day following the earlier of (i) the day on which such notice of the date of the meeting was mailed or (ii) such public disclosure was made. Any such notice must set forth: (i) the name and record address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) the class or series and number of shares of our stock which are held of record, owned beneficially and represented by proxy by such stockholder as of the record date for the meeting (if such date shall then have been made publicly available) and of the date of such notice; (iii) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iv) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) under which the nomination or nominations are to be made by such stockholder; (v) the name, age, business address and residence address of the nominee and such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed by us pursuant to the proxy rules of the SEC, had each nominee been nominated, or intended to be nominated by our Board; and (vi) the written consent of each nominee to serve as our director, if so elected.

## COMPENSATION OF DIRECTORS

### Director Compensation in Fiscal 2014

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on our Board during the fiscal year ended December 31, 2014. Directors who are our employees are not compensated for their services as directors.

### DIRECTOR COMPENSATION

Name (2)	Fees earned or paid in cash (\$)	Option Awards (1) (\$)	Total (\$)
Dr. Lawrence Howard	40,000	25,382	65,382
Dr. Rachel Brem	28,000	25,382	53,382
Anthony Ecock	33,000	25,382	58,382
Dr. Robert Goodman	19,750	36,870	56,620
Steven Rappaport	36,500	25,382	61,882
Somu Subramaniam	26,000	25,382	51,382
Dr. Elliot Sussman		59,041	59,041

- The amounts included in the Option Awards column represents the grant date fair value of the stock option awards to directors, computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 5 to our Consolidated financial statements on Form 10K. Options granted to directors in 2014 vest on the anniversary of the grant date.
- As of December 31, 2014, the aggregate number of exercisable and unexercised stock options held by each person who was a Non-Employee director was as follows: Dr. Howard 24,850; Dr. Brem 30,104; Mr. Ecock 17,600; Dr. Goodman 8,583; Mr. Rappaport 40,556; Mr. Subramaniam 18,850 and Dr. Sussman 69,047. Compensation of Directors is determined by the Board in conjunction with recommendations made by the Compensation Committee.

#### 2014 Compensation:

During fiscal 2014, each of our non-employee directors received an annual retainer of \$18,000 (pro-rated for those directors who did not serve for the entire calendar year) except for the Chairman of the Board, who received an annual retainer of \$35,000. In addition to the \$18,000 retainer, the Chairperson of the Audit Committee received an annual fee of \$7,500, the Chairperson of the Compensation Committee received an annual fee of \$3,000, and the Chairperson of the Nominating and Corporate Governance Committee received an annual fee of \$2,000 for service during 2014. Our designated financial expert receives an additional annual fee of \$5,000 unless the financial expert is also the Chairperson of the Audit Committee and received the \$7,500 fee for acting as such Chairperson, in which case the \$5,000 is included in the \$7,500 fee. Our Chairperson of the Audit Committee is currently also our designated financial expert.

Additionally, for each Board or Board Committee meeting attended either in person or telephonically, each non-employee director received \$1,000.



In lieu of receiving the cash payments set forth above, each non-employee director was able to elect to receive five-year non-qualified stock options to purchase that number of shares of our Common Stock equal to the value of the cash fees to which the director would otherwise be entitled. An election, once made, was irrevocable and covers all of the cash fees for the ensuing year. Any options issued under this election vest immediately upon the date of issuance and have an exercise price equal to the fair market value of the Common Stock on the applicable payment date and are not subject to forfeiture as a result of the director ceasing to act as our director. One director received 7,610 stock options under this election during 2014.

Any person who is elected or appointed as a non-employee director and who has not served as our director in the prior calendar year receives, on the date of election or grant date determined by the Board, an award of five-year non-qualified stock options to purchase 5,000 shares of Common Stock at an exercise price equal to the fair market value of Common Stock on the date of grant and that will not be subject to forfeiture as a result of the director ceasing to act as our director. The options become exercisable on the first anniversary of the grant date.

Each non-employee director also receives an annual grant of five-year non-qualified options to purchase shares of our Common Stock. The options become exercisable on the anniversary of the grant date. The exercise price of these options is equal to the fair market value of the Common Stock on the payment date and are not subject to forfeiture as a result of the director ceasing to act as our director. In fiscal 2014, a total of 4,300 options were granted to each director who served for the entire year (pro-rated for those directors who did not serve for the entire calendar year).

#### 2015 Compensation:

Our Compensation Committee and Board determined to compensate our non-employee directors in 2015 as follows. Each such director received (i) options to purchase 4,300 shares of the Company's common stock and (ii) 2,000 shares of the Company's restricted stock, which was fully vested at grant. For 2015, cash compensation for each member of the Board shall be \$35,000 per year. The Chairman of the Board shall receive an additional \$30,000 annual fee for a total annual payment for 2015 of \$65,000. Additionally, members of the committees shall receive the following additional amounts for 2015:

Audit Committee Chair	\$ 15,000
Audit Committee Members, not including the Chair	\$ 7,500
Compensation Committee Chair	\$ 10,000
Compensation Committee Members, not including the Chair	\$ 5,000
Nominating and Governance Committee Chair	\$ 5,000
Nominating and Governance Committee Members, not including the Chair	\$ 2,500

Beginning in 2015, directors no longer have the ability to elect to receive the cash portion of his or her fees in stock options.

### EXECUTIVE OFFICERS

All officers serve at the direction of our Board. The Board appoints our officers.

In fiscal 2014, Mr. Kenneth Ferry served as our President and Chief Executive Officer. On February 5, 2015, Mr. Ferry stepped down as our President, and continues to be our Chief Executive Officer. On that same date, Mr. Kevin Burns was promoted to President, as well as continuing to serve as our Chief Operating Officer and Chief Financial Officer.



In addition to Mr. Ferry, our Chief Executive Officer, and Mr. Burns, our President, Chief Operating Officer and Chief Financial Officer, our other executive officers are Ms. Stacey Stevens, our Senior Vice President of Marketing and Strategy, and Mr. Jonathan Go, our Senior Vice President of Research and Development.

*Kevin Burns*, 44, became the Company's President in February 2015. He previously had been named as the Company's Chief Operating Officer in November 2013. Since April 2011, Mr. Burns has served as our Chief Financial Officer and Treasurer. Mr. Burns has 20 years of professional experience in finance, primarily in the technology and healthcare industries. From 2006 to 2010, Mr. Burns served as senior vice president and chief financial officer at AMICAS, Inc., a publicly traded image and information management solutions company. During his tenure at AMICAS, from November 2004 to May 2010, Mr. Burns led significant revenue and profit growth and culminating in a successful sale of the company. Prior to joining AMICAS, Mr. Burns worked in finance and corporate planning at NMS Communications, a public telecom equipment company in the wireless applications and infrastructure market, from November 2003 to November 2004. Previously, Mr. Burns was the director of corporate development at Demantra, Inc. and has also held senior management positions in finance, accounting and corporate development at MAPICS, Inc. and Marcam Corporation, both public software companies. Mr. Burns earned both a Bachelor of Science degree in Finance and an MBA degree from Babson College.

*Stacey Stevens*, 47, has served as the Company's Senior Vice President of Marketing and Strategy since June 2006. During the past approximately 20 years, Ms. Stevens has served in a variety of sales, business development, and marketing management positions with Philips Medical Systems, Agilent Technologies, Inc. and Hewlett Packard's Healthcare Solutions Group (which was acquired in 2001 by Philips Medical Systems). From February 2005 until joining the Company she was Vice President, Marketing Planning at Philips Medical Systems, where she was responsible for the leadership of all global marketing planning functions for Philips' Healthcare Business. From 2003 to January 2005, she was Vice President of Marketing for the Cardiac and Monitoring Systems Business Unit of Philips where she was responsible for all marketing and certain direct sales activities for the America's Field Operation. Prior to that, Ms. Stevens held several key marketing management positions in the Ultrasound Business Unit of Hewlett-Packard/Agilent and Philips Medical Systems. Ms. Stevens earned a Bachelor of Arts Degree in Political Science from the University of New Hampshire, and an MBA from Boston University's Graduate School of Management.

*Jonathan Go*, 52, has served as the Company's Senior Vice President of Research and Development since October 2006. Mr. Go brings more than twenty years of software development experience in the medical industry to his position with the Company. From February 1998 to May 2006, Mr. Go served as Vice President of Engineering at Merge eMed Inc., a provider of Radiology Information System and Picture Archiving and Communication Systems solutions for imaging centers, specialty practices and hospitals. At Merge eMed, Mr. Go was responsible for software development, product management, testing, system integration and technical support for all of eMed's products. From July 1986 to January 1998, Mr. Go held various development roles at Cedara Software Corp. in Toronto culminating as Director of Engineering. Cedara Software is focused on the development of custom engineered software applications and development tools for medical imaging manufacturers. At Cedara Mr. Go built the workstation program, developing multiple specialty workstations that have been adopted by a large number of partners. Mr. Go earned a Bachelor of Science in Electrical Engineering from the University of Michigan and a Masters of Science in Electrical Engineering and Biomedical Engineering from the University of Michigan.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

For fiscal 2014, we have determined that our Chief Executive Officer, our Chief Financial Officer, and our two other most highly compensated executive officers whose total compensation for the fiscal year ended December 31, 2014 exceeded \$100,000 are our Named Executive Officers, as follows:

The following table sets forth summary information relating to all compensation awarded to, earned by or paid to our Named Executive Officers for all services rendered in all capacities to us during the fiscal years noted below.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary \$	Bonus (1) \$	Stock	Option	Non-Equity	All	(5) Total \$
				Awards (2) \$	Awards (3) \$	Compensation (4) \$	Other Compensation (4) \$	
Kenneth Ferry Chief Executive Officer	2014	435,000		400,800	189,765	358,875	70,144	1,454,584
	2013	412,427		300,000		285,300	51,364	1,049,091
	2012	398,048			272,050	231,000	39,533	940,631
Kevin C. Burns President, Chief Operating Officer, and Chief Financial Officer	2014	310,000		267,200	126,510	232,500	33,287	969,497
	2013	278,580	50,000	150,000		175,000	29,696	683,276
	2012	267,862			89,600	113,400	28,000	498,862
Jonathan Go Senior Vice President of R&D	2014	255,000		66,800	31,627	122,400	25,632	501,459
	2013	242,692		125,000		107,800	28,200	503,692
	2012	232,962			77,050	98,700	27,434	436,145
Stacey Stevens Senior Vice President of Marketing and Strategy	2014	270,000		133,600	63,255	162,000	28,331	657,186
	2013	253,580		125,000		127,500	29,862	535,942
	2012	243,850			82,400	102,900	24,240	453,390

- (1) Represents a sign on bonus in connection with Mr. Burns' promotion to Chief Operating Officer in 2013.
- (2) The amounts included in the Stock Awards column represent the grant date fair value of the restricted stock awards granted to the Named Executive Officers, computed in accordance with ASC Topic 718. For a discussion of valuation assumptions, see Note 5 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The grant date fair value for the restricted stock awards was calculated based upon the probable outcome of the performance conditions on the grant date and is consistent with our estimate of aggregate compensation cost to be recognized over the service period determined under ASC Topic 718, excluding the effect of estimated forfeitures. For this purpose, the probable outcome was assumed to be at maximum level attainment. The performance-based restricted stock awards issued to the Named Executive Officers in 2014 did not vest. See Compensation Discussion and Analysis - The Components of the Executive Compensation Program - Equity Awards for a further discussion of the Company's performance-based restricted stock awards made in fiscal 2014.
- (3) The amounts included in the Option Awards column represent the grant date fair value of the stock option awards granted to the Named Executive Officers, computed in accordance with ASC Topic 718. For a discussion of valuation assumptions, see Note 5 of our Annual Report on Form 10-K for the fiscal year ended December 31,

2014.

- (4) For fiscal 2014, the 2014 performance target for Messrs. Ferry (100%) and Burns (100%), and Ms. Stevens (50%) was the Company's achievement of the adjusted EBITDA goal of \$4.2 million, as established by the Compensation Committee and approved by the Board. The Company's actual adjusted EBITDA was \$6.4 million. In addition, 50% of the 2014 performance target for Ms. Stevens was the achievement of the Company's revenue goal. The Company's actual results were at 150% of the goal as established by the Compensation Committee. For the year ended December 31, 2014, Messrs. Ferry, Burns and Go. and Ms. Stevens received performance-based cash incentive bonuses of \$358,875, \$232,500, \$122,400 and \$162,000, respectively, pursuant to their employment agreements
- (5) The All Other Compensation column for the fiscal year ended December 31, 2014 includes the following compensation items: (i) for Mr. Ferry, an automobile allowance of \$27,415, a housing allowance of \$26,169, \$2,277 of life insurance premiums paid by the Company, and \$14,283 in employer contributions to the 401(k) Retirement Plan; (ii) for Mr. Burns, an automobile allowance of \$22,431 and \$10,856 in employer contributions to the 401(k) Retirement Plan; (iii) for Ms. Stevens, an automobile allowance of \$22,431 and \$5,900 in employer contributions to the 401(k) Retirement Plan; and (iv) for Mr. Go, an automobile allowance of \$18,692 and \$6,940 in employer contributions to the 401(k) Retirement Plan.

**Grants of Plan-Based Awards in Fiscal Year Ended December 31, 2014**

The following table sets forth information regarding grants of plan-based awards to our Named Executive Officers during the fiscal year ended December 31, 2014.

<b>Estimated Possible Payouts Under Non-Equity Incentive Plan Awards</b>	<b>Estimated Possible Payouts Under Equity Incentive Plan Awards</b>	<b>All Other Stock Awards: Number of</b>	<b>All Other Option Awards: Number of Securities Underlying</b>	<b>Grant Date Fair Value of Stock and Option Awards<sup>(2)</sup></b>
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