

ICAD INC  
Form DEF 14A  
June 06, 2011

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**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 Pursuant to §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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(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):

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.
- o 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:

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(3) Filing Party:

(4) Date Filed:

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**iCAD, Inc.**  
**98 Spit Brook Road, Suite 100**  
**Nashua, New Hampshire 03062**

June 6, 2011

Dear Fellow Stockholders:

You are cordially invited to attend iCAD, Inc.'s Annual Meeting of Stockholders which will be held on Tuesday, July 19, 2011, at 11:00 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

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**iCAD, Inc.**  
**98 Spit Brook Road, Suite 100**  
**Nashua, New Hampshire 03062**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON JULY 19, 2011**

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, July 19, 2011, at 11:00 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 ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011; and
3. 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 May 27, 2011 are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

Your 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. Further, the Board of Directors recommends a 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  
Executive Vice President of Finance and Chief  
Financial Officer, Treasurer and Secretary

June 6, 2011

**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.**

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**iCAD, Inc.  
PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 19, 2011**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors ( 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 July 19, 2011, 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 June 6, 2011.

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 ratify the appointment of BDO USA, LLP as the Company's independent accountants for the fiscal year ending December 31, 2011, and (3) 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 July 19, 2011: This Proxy Statement and the Company's Annual Report to Stockholders are available for review on the Internet at <http://www.cstproxy.com/icadmed/2011>.**

**Your Vote is Important**

Please vote as promptly as possible by signing, dating and returning the enclosed Proxy Card.

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**OUTSTANDING STOCK AND VOTING RIGHTS**

Only holders of the Company's Common Stock at the close of business on May 27, 2011, (the Record Date) are entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, the Company had 54,493,264 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 greatest number of votes cast at the meeting will be elected as directors of the Company. 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. 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.

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. Abstentions and broker non-votes will have no effect on the election of directors. For purposes of determining approval of any other matter presented at the meeting, abstentions will be deemed present and entitled to vote and will, therefore, have the same legal effect as a vote against a matter presented at the meeting. Broker non-votes will be deemed not entitled to vote on the subject matter as to which the non-vote is indicated and will, therefore, have no legal effect on the vote on that particular matter.

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 the shares represented in favor of the proposed nominees for director listed below and to ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011 described below.

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**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 of Directors. Each of the persons named below, who are presently members of the Company's Board of Directors, has indicated to the Board of Directors 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.

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

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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.

| <b>Name</b>         | <b>Age</b> | <b>Principal Occupation<br/>or Employment</b>   | <b>Director<br/>Since</b> |
|---------------------|------------|---|---------------------------|
| Dr. Lawrence Howard | 58         | General Partner of Hudson Ventures, LP  | 2006                      |
| Kenneth Ferry       | 57         | President and Chief Executive Officer, iCAD, Inc.   | 2006                      |
| Rachel Brem, MD     | 52         | Professor and Vice Chair, Department of Radiology, The George Washington University, Washington, DC, Associate Director of the George Washington Cancer Institute | 2004                      |
| Anthony Ecock       | 49         | Senior Operating Executive, Welsh, Carson, Anderson & Stowe   | 2008                      |
| Michael Klein       | 57         | President, Civco Radiation Oncology Division  | 2010                      |
| Steven Rappaport    | 62         | Partner, RZ Capital, LLC  | 2006                      |
| Somu Subramaniam    | 56         | Managing Partner, New Science Ventures  | 2010                      |
| Elliot Sussman, MD  | 59         | President and Chief Executive Officer, Lehigh Valley Health Network   | 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. He was a founder and has been since November 1987, and continues to be, a director of Presstek, Inc. ( Presstek ), a public company which has developed proprietary imaging and consumables technologies for the printing and graphic arts industries, and served in various officer positions at Presstek from October 1987 to June 1993, lastly as its Chief Executive Officer. 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.

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*Kenneth Ferry* has served as the Company's President and Chief Executive Officer since May 2006. 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 Professor and Vice Chairman in the Department of Radiology at The George Washington University Medical Center and Associate Director of the George Washington Cancer Institute. Dr. Brem has been at the George Washington University since 2000. From 1991 to 1999 Dr. Brem was at the Johns Hopkins Medical Institution where she introduced image guided minimally invasive surgery and previously was the Director of Breast Imaging. Dr. Brem is a nationally and internationally recognized expert in new technologies for the improved diagnosis of breast cancer and has published over 80 manuscripts. 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* has been Senior Operating Executive with the private equity investment firm, Welsh, Carson, Anderson & Stowe (WCAS), since 2007. Mr. Ecock has over 9 years of experience in the healthcare technology field and with more than 15 years in senior management positions. At WCAS, Mr. Ecock is responsible for helping portfolio companies identify and implement growth, as well as earnings improvement opportunities. Before joining WCAS, he served as Vice President and General Manager of GE Healthcare's Enterprise Sales organization, a unit of the General Electric Company, from 2003 to 2007. From 1999 to 2003 he served as Senior Vice President and Global General Manager of the Hewlett Packard Company. Mr. Ecock spent most of his career at the consulting firm of Bain & Company, where he was a Partner, Practice Leader for Information Technology and Global 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 market.

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*Michael Klein*, is currently the President at Civco Radiation Oncology Division, previously he was President and CEO of Xoft, Inc, a position he held since 2005 until the sale of Xoft to iCAD, Inc. in December 2010. Mr. Klein led the development, approval and commercialization of Xoft's non-radioactive x-ray technology for radiation therapy. The Xoft platform offering is used to treat breast, vaginal and skin cancers. Prior to joining Xoft, from 2000 to 2004, Mr. Klein served as Chairman, President and CEO of R2 Technology, Inc., a breast and lung cancer computer aided detection company. From 1997 to 2000 he served as General Manager of Varian Medical Systems' Oncology Group where he managed businesses ranging from \$25 million to \$250 million. Mr. Klein has also served on the Board of Sanarus Medical, a breast biopsy and cryo-ablation company focused on the treatment of fibro adenomas. He received his MBA degree from the New York Institute of Technology and completed his post-graduate Executive Education Studies at Harvard University and Babson College. In 2008, Mr. Klein received the R&D Magazine Top 100 Award on behalf of Xoft, where honors were awarded for the 100 most technologically significant new products of 2008. A similar award was received in 2008 from Frost & Sullivan. We believe Mr. Klein's qualifications to serve on our Board include his understanding of our products and market combined with his executive leadership skills and significant experience as an executive in the healthcare industry.

*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. From March 1992 to December 1994, Mr. Rappaport was Executive Vice President of Metallurg, Inc. (Metallurg), a producer and seller of high quality specialty metals and alloys, and President of Metallurg's subsidiary, Shieldalloy Corporation. He served as Director of Metallurg from 1985 to 1998. From March 1987 to March 1992, Mr. Rappaport was Director, Executive Vice President and Secretary of Telerate, Inc. (Telerate), an electronic distributor of financial information. Telerate was acquired by Dow Jones over a number of years commencing in 1985 and culminating in January 1990, when it became a wholly-owned subsidiary. Mr. Rappaport practiced corporate and tax law at the New York law firm of Hartman & Craven from August 1974 to March 1987. He became a partner in the firm in 1979. Mr. Rappaport is currently serving as an independent director of Presstek and a number of open and closed end American Stock Exchange funds of which Credit Suisse serves as the investment adviser and a number of closed end mutual funds of which Aberdeen Investment Trust serves as the adviser. In addition, Mr. Rappaport serves as a director of several privately owned businesses and a few not for profit organizations. 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.

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*Somu Subramaniam*, is currently a Managing Partner and co-founder of New Science Ventures, a New York-based venture capital firm that invests in both early and late stage companies, using novel scientific approaches to address significant unmet needs and create order of magnitude improvements in performance. Mr. Subramaniam serves on several Boards of companies managed in New Science Venture s portfolio, including Achronix Semiconductor Corporation, RF Arrays, Inc., Lightwire, Inc., Silicon Storage Technology, Inc., MagSil Corporation, BioVex Inc., Trellis BioScience, Inc., and BioScale, Inc. Prior to starting New Science Ventures in 2004, Mr. Subramaniam was a Director at McKinsey & Co. and at various times led their Strategy Practice, Technology Practice and Healthcare Practice. While at McKinsey, he advised leading multinational companies in the pharmaceuticals, medical devices, biotechnology, photonics, software and semiconductor industries. He was also a member of McKinsey s Investment Committee. Mr. Subramaniam received his undergraduate degree (B.Tech) from the Indian Institute of Technology and his 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 currently 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 involved in real estate investment trust 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**

**Director Independence**

The Board has determined that Drs. Brem and Sussman and Messrs. Rappaport, Ecock, Klein 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.

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**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 of Directors elects 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, 2010, the Board held thirteen meetings. In addition, the Board took action by unanimous written consent in lieu of meetings. During 2010, 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 of Directors; 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. Six of the then serving seven directors attended last year's Annual Meeting of Stockholders.

**BOARD COMMITTEES**

The Board of Directors 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 SEC rules. The Audit Committee and the Compensation Committee operate under written charters adopted by the Board of Directors. A copy of the Audit Committee charter was filed as Exhibit A to our Definitive Proxy Statement on Schedule 14A filed with the SEC on May 6, 2009. A copy of the Compensation Committee charter was filed as Exhibit B to our Definitive Proxy Statement on Schedule 14A filed with the SEC on May 6, 2009. A copy of the Nominating and Corporate Governance Committee charter was filed as Exhibit A to our Definitive Proxy Statement on Schedule 14A filed with the SEC on May 12, 2010. None of the charters referred to above is available on our website.

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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 Audit Committee held four meetings during 2010. The Audit Committee currently consists of, Mr. Rappaport, Chairperson, and Mr. Ecock and Dr. Sussman. The Board of Directors 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 Nominating and Corporate Governance Committee held one meeting during 2010. The Nominating and Corporate Governance Committee currently consists of, Mr. Ecock, Chairperson, and Dr. Brem and Mr. Subramaniam (who was appointed in May, 2011) each of whom was determined by the Board to have met the criteria of an independent director under applicable NASDAQ rules.

The Compensation Committee of the Board of Directors 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. Under our 2007 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 2010. The Compensation Committee currently consists of, Dr. Sussman, Chairperson, and Dr. Brem and Mr. Klein (who was appointed in May, 2011). The Board of Directors determined that each 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 ( 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, 2010, all filing requirements applicable to all of our officers, directors, and greater than 10% beneficial stockholders were timely complied with.

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**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, 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 of Directors, through its Nominating and Corporate Governance Committee, has established a process for stockholders to send communications to the Board of Directors. Stockholders may communicate with the Board of Directors 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 of Directors.

**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, it 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 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 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 consider the evolving needs of the Board and seek 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 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.

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**DEADLINE AND PROCEDURES FOR SUBMITTING BOARD NOMINATIONS**

Our By-laws requires a stockholder wishing to nominate a candidate for election to our Board of Directors 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 of Directors; and (vi) the written consent of each nominee to serve as our director, if so elected.

**COMPENSATION OF DIRECTORS**

Compensation of Directors is determined by the Board in conjunction with recommendations made by the Compensation Committee. The following is the 2010 compensation paid to those members of the Board who are not employed by us or any of our subsidiaries and were not employed by us or any of our subsidiaries at December 31, 2010, our Non-Employee Directors .

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**2010 Non-Employee Director Compensation:**

**Cash Compensation**

a) Amounts. For 2010, each Non-Employee Director received an annual retainer of \$18,000 (pro-rated for those directors who did not serve for the entire calendar year) except for the Chairperson 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 and the Chairperson of the Compensation Committee received an annual fee of \$3,000. Our designated financial expert also received 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.

Additionally, for each Board or Board Committee meeting attended in person, each Non-Employee Director received \$1,000. For each Board meeting attended telephonically, each Non-Employee Director received \$1,000. For each Board Committee meeting attended telephonically, each Non-Employee Director received \$500.

b) Payment Dates. The Non-Employee Director annual board retainer, Committee Chair retainer and the designated financial expert retainer was paid quarterly, in arrears on the 20th day of April, July, October and January of each year (or if such date was not a business day on the next following business day). The \$1,000 and/or \$500 fees for attendance at Board or Board Committee meetings was also paid in arrears on the 20th day of April, July, October and January of each year (or if such date was not a business day on the next following business day) for meetings attended in the immediately preceding quarter (each a payment date ).

c) Election to receive options in lieu of cash fees.

In lieu of receiving the cash payments set forth above, each Non-Employee Director was entitled to choose to receive five-year non-qualified stock options to purchase that number of shares of our Common Stock that has a Black Sholes value (as determined by us using the same methodology we use to calculate options for purposes of our audited financial statements) on a given payment date equal to the value of the cash fees the director would otherwise be entitled to. An election, once made, was irrevocable and covered all of the cash fees for the ensuing year. Any options issued under this election vested immediately upon the date of issuance and had an exercise price equal to the fair market value of the common stock on the applicable payment date and were not subject to forfeiture as a result of the director ceasing to act as a director of iCAD. In 2010, we had one non-employee director elect to receive options in lieu of cash fees.

**Table of Contents****Equity Compensation****a.) Initial Awards of Options for New Directors.**

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 automatically receives, on the date of election or appointment to the Board, an award of five-year immediately exercisable non-qualified stock options to purchase 25,000 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. Messrs. Klein and Subramaniam were initially appointed as directors on December 31, 2010.

**b.) Quarterly Option Awards.**

On each payment date in 2010, each Non-Employee Director was granted five-year immediately exercisable non-qualified options to purchase shares of our Common Stock. The options were payable in arrears for Board or Board Committee services rendered by the Non-Employee Director in the three month period immediately preceding the date of the award or Service Period. The exercise price of these options are equal to the fair market value of the Common Stock on the applicable quarterly payment date and are not subject to forfeiture as a result of the director ceasing to act as our director. A total of 3,750 options were granted to each director who served for the entire Service Period. Any Non-Employee Director who served for only a portion of the Service Period received proportionately fewer options.

The following table provides information on director compensation paid by us to our Non-Employee Directors during 2010. An executive officer who serves on our Board does not receive additional compensation for serving on the Board.

**DIRECTOR COMPENSATION**

| <b>Name (3)</b>     | <b>Fees earned or paid in cash (1)<br/>(\$)</b> | <b>Option Awards (2)<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|---------------------|---|-----------------------------------|-----------------------|
| Dr. Lawrence Howard | 47,000  | 9,885                             | 56,885                |
| Dr. Rachel Brem     | 33,000  | 9,885                             | 42,885                |
| Anthony Ecock       | 32,500  | 9,885                             | 42,385                |
| Steven Rappaport    |   | 49,385                            | 49,385                |
| Maha Sallam (4)     | 23,500  | 7,818                             | 31,318                |
| Dr. Elliot Sussman  | 37,000  | 9,885                             | 46,885                |
| Michael Klein       |   | 13,643                            | 13,643                |
| Somu Subramaniam    |   | 13,643                            | 13,643                |

- (1) These amounts do not include fees that were earned but paid in options pursuant to the election by certain directors to receive options in lieu of cash fees.
- (2) 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. All options granted to directors in 2010 vested immediately. The amounts included options that were issued in lieu of cash fees pursuant to an election made by certain of the directors.
- (3) As of December 31, 2010, the aggregate number of unexercised stock options held by each person who was a Non-Employee director was as follows: Dr. Howard 81,250; Dr. Brem 231,575; Mr. Ecock 62,500; Mr. Rappaport 236,653; Dr. Sussman 209,407; Mr. Klein 25,000 and Mr. Subramaniam 25,000.
- (4) Dr. Sallam resigned as a member of the Company's Board of Directors on October 1, 2010.



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**2011 Non-Employee Director Compensation:**

Our Compensation Committee and Board of Directors determined to continue to compensate our Non-Employee Directors in 2011 and beyond at the same rate as the 2010 compensation discussed above and will review it periodically as necessary.

**EXECUTIVE OFFICERS**

All officers serve at the direction of our Board of Directors. The Board elects our officers.

In addition to Mr. Kenneth Ferry, our President and Chief Executive Officer, our other executive officers are Mr. Kevin Burns, our Executive Vice President of Finance and Chief Financial Officer, Mr. Jeffrey Barnes, our Executive Vice President of Global Commercial Operations, 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*, 40, has served as the Company's Executive Vice President of Finance and Chief Financial Officer and Treasurer since April 2011. Mr. Burns has approximately twenty years of professional experience in finance primarily in the technology industry. Most recently, 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 effected a successful sale of the company. Prior to joining AMICAS, Mr. Burns was responsible for 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.

*Jeffrey Barnes*, 48, was promoted to Executive Vice President of Global Commercial Operations of the Company in October 2009. Previous to that he served as the Company's Senior Vice President of Sales since May 2006. As Executive Vice President of Commercial Operations, Mr. Barnes leads iCAD's Global Sales and Service Operations. For the 17 years prior to joining the Company, Mr. Barnes served in a variety of sales and marketing management positions with Philips Medical Systems, Agilent Technologies, Inc. and Hewlett Packard Healthcare Solutions Group (which was acquired in 2001 by Philips Medical Systems). From November 2002 to May 2006, he was Vice President Sales and National Sales Manager for Cardiac Resuscitation Solutions at Philips Medical Systems, where he worked closely with iCAD's Chief Executive Officer, Kenneth Ferry. Mr. Barnes was responsible for sales and service operations at Philips' market-leading defibrillation field organization. From May 2000 to November 2002, Mr. Barnes served as Vice President of Marketing, Americas, for the Cardiac and Monitoring Systems unit of Hewlett-Packard/Agilent and Philips Medical Systems. He was responsible for all marketing activities and certain direct sales activities for the North and South American field operation. Mr. Barnes earned a Bachelor of Arts degree in Economics from St. Lawrence University and an MBA degree from New York University's Leonard N. Stern School of Business.

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*Stacey Stevens*, 42, has served as the Company's Senior Vice President of Marketing and Strategy since June 2006. During the past 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*, 47, 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.

**Table of Contents****EXECUTIVE COMPENSATION**

The following table provides information on the compensation provided by us during fiscal years 2010 and 2009 to (i) those persons who served in the capacity as our Chief Executive Officer, and (ii) the two most highly compensated executive officers other than the Chief Executive Officer, who served in such capacity during 2010 and at the end of 2010 whose total compensation exceeded \$100,000 (collectively the Named Executive Officers).

**SUMMARY COMPENSATION TABLE**

| Name and Principal Position   | Year | Salary<br>\$ | Bonus<br>(1)<br>\$ | Stock<br>Awards<br>(2)<br>\$ | Non-Equity<br>Incentive           |  | Total<br>\$ |
|---|------|--------------|--------------------|------------------------------|-----------------------------------|--|-------------|
|   |      |              |                    |                              | Plan<br>Compensation<br>(3)<br>\$ | All Other<br>Compensation<br>(4)<br>\$ |             |
| Kenneth Ferry<br>President, Chief Executive Officer   | 2010 | 368,474      | 51,500             | 214,500                      | 203,500                           | 28,540                                 | 866,514     |
|   | 2009 | 356,314      | 120,000            |                              |                                   | 29,536                                 | 505,850     |
| Kevin Burns (5)<br>Executive Vice President of<br>Finance, Chief Financial Officer                  | 2010 |              |                    |                              |                                   |  |             |
| Darlene Deptula-Hicks (6)<br>former Executive Vice President of<br>Finance, Chief Financial Officer | 2010 | 243,976      | 17,000             | 71,500                       | 98,000                            | 18,000                                 | 448,476     |
|   | 2009 | 235,869      | 60,000             | 0                            | 0                                 | 18,000                                 | 313,869     |
| Jeffrey Barnes<br>Executive Vice President of Global<br>Commerical Operations                       | 2010 | 223,902      | 50,000             | 64,350                       | 45,000                            | 18,000                                 | 401,252     |
|   | 2009 | 215,796      | 85,000             | 200,000                      |                                   | 18,000                                 | 518,796     |

- (1) Represents discretionary bonuses earned for 2010 and 2009 paid in 2011 and 2010, respectively, that were awarded to the Named Executive Officers in lieu of or in addition to any incentive bonus to which they were otherwise entitled to under the terms of their respective employment agreements.
- (2) The amounts included in the Stock Awards column represents the grant date fair value of the restricted stock awards granted to the Named Executive Officers, computed in accordance with FASB ASC Topic 718.
- (3) Represents performance-based cash incentive bonuses paid in 2011 that were earned in 2010 under the Named Executive Officers respective employment agreements. The 2010 performance target for Messrs. Ferry and Barnes and Ms. Deptula-Hicks was the Company's achievement of approximately \$7.6 million of pretax profit before FAS123R expense, which represents 90% of the targeted pretax profit before FAS 123R expense established by the Board of Directors. In addition, the 2008 performance target for Mr. Barnes was the Company's achievement of approximately \$37.5 million of revenue, which represents 93% of the targeted revenue established by the Board of Directors. For the year ended December 31, 2010, Messrs. Ferry and Barnes and Ms. Deptula-Hicks received cash bonuses of \$203,500, \$90,000 and \$98,000, respectively, pursuant to their employment agreements. With respect to the year ended December 31, 2009, no performance-based cash incentive bonuses were paid to Messrs. Ferry and Barnes and Ms. Deptula-Hicks as the Company did not achieve

the revenue and pretax profit before FAS123R expense targets of \$32.5 million and \$1.3 million, respectively, established by the Board of Directors. In lieu of performance-based cash incentive bonuses Messrs. Ferry and Barnes and Ms. Deptula-Hicks were paid discretionary bonuses as outlined in footnote 1 above.

- (4) The amounts shown in the All Other Compensation column for Mr. Ferry consists of an automobile allowance of \$26,400 for 2010 and 2009, respectively, and \$2,140 and \$3,136 of life insurance premiums paid by us each year. For the other Named Executive Officers the amounts represent payments of an automobile allowance.
- (5) Mr. Burn's employment with the Company commenced on April 26, 2011.
- (6) Ms. Deptula-Hicks and the Company mutually agreed to enter into a Separation Agreement on April 27, 2011.

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**Narrative Disclosure to Summary Compensation Table**

***Employment Contracts for our Named Executive Officers***

We have entered into the following employment agreements with our Named Executive Officers and their compensation is determined, in part, based upon these employment agreements:

*Mr. Kenneth Ferry, our President and Chief Executive Officer.* On June 25, 2008, we entered into a new employment agreement, effective as of June 1, 2008, with Mr. Ferry. This agreement replaced and superseded the previous employment agreement entered into between us and Mr. Ferry in May 2006. Mr. Ferry's employment agreement provides for his employment as our Chief Executive Officer and President for an initial term through December 31, 2012, subject to automatic one-year renewals after the expiration of the initial term under certain conditions, at an annual base salary of \$355,000 with such increases as determined by the Board. Mr. Ferry is also entitled to customary benefits, including participation in employee benefit plans, and reasonable travel and entertainment expenses as well as a monthly automobile allowance. The agreement also provides for his eligibility to receive, during each employment year during the term of the agreement, a target annual incentive bonus of 55% of his base salary if we achieve goals and objectives determined by the Board. Mr. Ferry will also be eligible to receive such other cash bonuses and such other compensation as may from time to time be awarded to him by the Board.

The employment agreement provides that if his employment is terminated without cause or if he terminates his employment for good reason, Mr. Ferry will receive an amount equal to his base salary then in effect for one (1) year plus the pro rata portion of any incentive bonus earned in any employment year through the date of his termination. In the event that within six months of a change in control, either (i) Mr. Ferry is terminated by the Company without cause or (ii) he terminates his agreement for good reason, as all such terms are defined in the employment agreement, he will be entitled to receive his base salary then in effect for two (2) years from the date of termination plus any incentive bonus which otherwise would have been payable to him for any employment year in which the date of his termination occurred.

Pursuant to his agreement, Mr. Ferry was also granted, in 2008, a restricted stock award of 100,000 shares of Common Stock. The restricted stock award vested in three equal annual installments with the final installment vesting on May 31, 2011. The unvested portion of the award will automatically vest if Mr. Ferry's employment is terminated without cause or for good reason within six (6) months of a change in control.

On March 1, 2010, the Company's Board of Directors, upon the recommendation and approval of the Compensation Committee of the Board, increased Mr. Ferry's annual base salary to \$370,000 and awarded him 150,000 shares of restricted common stock. The new restricted stock award will vest in three equal annual installments with the first installment vesting on March 1, 2011.

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On March 29, 2011, the Company's Board of Directors, upon the recommendation and approval of the Compensation Committee of the Board, increased Mr. Ferry's annual base salary to \$385,000 (retroactively to March 1, 2011) and granted him options to purchase, under the Company's 2007 Stock Incentive Plan, 300,000 shares of the Company's Common Stock, at an exercise price equal to the closing price of the Company's Common Stock on March 29, 2011, such options to be exercisable in three equal annual installments with the first installment commencing on March 29, 2012 and the options expiring on the ten year anniversary of the grant date.

*Kevin Burns, our Executive Vice President of Finance and Chief Financial Officer* On April 26, 2011, we entered into an employment agreement, with Mr. Burns. Mr. Burns employment agreement provides for his employment as our Executive Vice President of Finance and Chief Financial Officer for an initial term through April 30, 2014, subject to automatic one-year renewals after the expiration of the initial term under certain conditions, at an annual base salary of \$255,000 with such increases as determined by the Board. Mr. Burns is also entitled to customary benefits, including participation in employee benefit plans, and reasonable travel and entertainment expenses as well as a monthly automobile allowance. The agreement also provides for his eligibility to receive, during each employment year during the term of the agreement, a target annual incentive bonus of 40% of his base salary if we achieve goals and objectives determined by the Board. Mr. Burns will also be eligible to receive such other cash bonuses and such other compensation as may from time to time be awarded to him by the Board.

The employment agreement provides that if his employment is terminated without cause, Mr. Burns will receive an amount equal his base salary then in effect for the remainder of his original term of employment plus the pro rata portion of the Incentive Bonus, if any, earned in the employment year through the date of his termination as determined at the discretion of the Board. In the event that within six months of a change in control, either (i) Mr. Burns is terminated by the Company without cause or (ii) he terminates the agreement for good reason (as all such terms are defined in the employment agreement), he will be entitled to receive his base salary then in effect for the greater of the remainder of his original term of employment or one (1) year from the date of termination plus any Incentive Bonus which otherwise would have been payable to him for any employment year in which the date of his termination occurred.

Pursuant to the employment agreement and as an inducement to his joining the Company, Mr. Burns was also granted Non-Qualified Stock Options outside of a shareholder approved plan to purchase 500,000 shares of the Company's common stock, par value \$0.01 per share on April 26, 2011, with an exercise price equal to \$1.12, the closing sale price of the common stock on that date. The options become exercisable as to one third of the shares covered thereby on the first, second and third year anniversary of the date of grant. The options expire on April 26, 2021, subject to earlier expiration under certain conditions. The unvested portion of these options will automatically vest if Mr. Burns employment is terminated by the Company or by Mr. Burns for good reason without cause within six (6) months of a change in control as such terms are defined in his employment agreement.

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*Ms. Darlene Deptula-Hicks, our former Executive Vice President of Finance and Chief Financial Officer.* On April 27, 2011, the Company and Ms. Deptula-Hicks, mutually agreed to enter into a Separation Agreement. The Separation Agreement provides that in accordance with the employment agreement, Ms. Deptula-Hicks will receive severance payments in an amount equal to her base salary in installments over a one-year period, that the unvested shares of restricted stock previously awarded to her will continue to vest in accordance with the terms of the restricted stock agreements governing such awards. Ms. Deptula-Hicks continued to serve as a non-executive employee of the Company until May 13, 2011. Ms. Deptula-Hicks also agreed to be bound by her confidentiality, non-competition and non-solicitation obligations under the employment agreement.

*Mr. Jeffrey Barnes, our Executive Vice President of Global Commercial Operations.* On June 25, 2008, we entered into a new employment agreement, effective as of June 1, 2008, with Mr. Barnes. This agreement replaced and superseded the previous employment agreement entered into between us and Mr. Barnes in May 2006. Mr. Barnes's employment agreement provides for his employment for an initial term through December 31, 2011, subject to automatic one-year renewals after the expiration of the initial term under certain conditions, at an annual base salary of \$215,000 with such increases as determined by the Board. Mr. Barnes is also entitled to customary benefits, including participation in employee benefit plans, and reasonable travel and entertainment expenses as well as a monthly automobile allowance. The agreement also provides for his eligibility to receive, during each employment year during the term of the agreement, a target annual incentive bonus of 40% of his base salary if we achieve goals and objectives determined by the Board. Mr. Barnes will also be eligible to receive such other cash bonuses and such other compensation as may from time to time be awarded to him by the Board.

The employment agreement provides that if his employment is terminated without cause or if he terminates his employment for good reason, Mr. Barnes will receive an amount equal to his base salary then in effect for one (1) year plus the pro rata portion of any incentive bonus earned in any employment year through the date of his termination. In the event that within six months of a change in control, either (i) Mr. Barnes is terminated by the Company without cause or (ii) he terminates his agreement for good reason, as all such terms are defined in the employment agreement, he will be entitled to receive his base salary then in effect for one (1) year from the date of termination plus any incentive bonus which otherwise would have been payable to him for any employment year in which the date of his termination occurred.

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Pursuant to his agreement, Mr. Barnes was also granted, in 2008, a restricted stock award of 37,500 shares of Common Stock. The restricted stock award vested in three equal annual installments with the final installment vesting on May 31, 2011. The unvested portion of the award will automatically vest if Mr. Barnes's employment is terminated without cause or for good reason within six (6) months of a change in control.

On October 13, 2009, Mr. Barnes was promoted from the position of Senior Vice President of Sales to the position of Executive Vice President of Global Commercial Operations of the Company. The Company's Board of Directors, upon the recommendation and approval of the Compensation Committee of the Board, approved the following: (i) two cash bonuses, the first cash bonus of \$50,000 was paid to Mr. Barnes on October 15, 2009 and the second \$50,000 cash bonus was paid to Mr. Barnes on April 15, 2010; and (ii) a restricted stock award of 100,000 shares of the Company's common stock which vested in three equal annual installments with the first installment vesting on October 11, 2010.

On March 1, 2010, the Company's Board of Directors, upon the recommendation and approval of the Compensation Committee of the Board, increased Mr. Barnes's annual base salary to \$225,000 and awarded him 45,000 shares of restricted common stock. The new restricted stock award will vest in three equal annual installments with the first installment vesting on March 1, 2011.

On March 29, 2011, the Company's Board of Directors, upon the recommendation and approval of the Compensation Committee of the Board, increased Mr. Barnes's annual base salary to \$235,000 (retroactively to March 1, 2011) and granted him options to purchase, under the Company's 2007 Stock Incentive Plan, 100,000 shares of the Company's Common Stock, at an exercise price equal to the closing price of the Company's Common Stock on March 29, 2011, such options to be exercisable in three equal annual installments with the first installment commencing on March 29, 2012 and the options expiring on the ten year anniversary of the grant date.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth information regarding stock options and restricted stock held by each of the Named Executive Officers at December 31, 2010.

| Name                      | Option Awards   |   |                            |                        | Stock Awards  |  |
|---------------------------|---|---|----------------------------|------------------------|---|--|
|                           | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares of Restricted Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) |
| Kenneth Ferry             | 750,000(1)  |   | 1.59                       | 3/15/2011              | 66,666(3)   | 89,999   |
|                           | 200,000(2)  |   | 3.89                       | 7/18/2012              | 150,000(4)  | 202,500  |
| Kevin Burns               |   |   |                            |                        |   |  |
|                           |   |   |                            |                        |   |  |
| Darlene Deptula-Hicks (6) | 275,000(1)  |   | 1.80                       | 9/11/2011              | 25,000(3)   | 33,750   |
|                           | 100,000(2)  |   | 3.89                       | 7/18/2012              | 50,000(4)   | 67,500   |
| Jeffrey Barnes            | 225,000(1)  |   | 1.59                       | 3/15/2011              | 25,000(3)   | 33,750   |
|                           | 100,000(2)  |   | 3.89                       | 7/18/2012              | 45,000(4)   | 60,750   |
|                           |   |   |                            |                        | 66,666(5)   | 89,999   |

- (1) The foregoing options vested in five installments at various times between May 15, 2006 and October 23, 2009. The first installment vested on the grant date of the option, the second installment vested between 6 to 7 months following the grant date and the remaining three installments vested annually on or about the grant date of each option. Vesting of the options accelerated as to the shares to which the options become exercisable at the latest date (to the extent any such shares remain unvested at the time), upon the closing sale price of our common stock for a period of twenty (20) consecutive trading days exceeding (i) 200% of the exercise price of the per share of the options; (ii) 300% of the exercise price per share of the options or (iv) 400% of the exercise price per share of the options.
- (2) Each of these options vested in three equal annual installments with the first installment having vested on July 18, 2008.
- (3) Each of these restricted stock awards vest on May 31, 2011.
- (4) Each of these restricted stock awards vest in three equal annual installments with the first installment vesting on March 1, 2011.
- (5) Each of these restricted stock awards vest in two equal annual installments with the first installment vesting on October 11, 2011.
- (6) Ms. Deptula-Hicks is the former Executive Vice-President of Finance and Chief Financial Officer.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.**

The following table sets forth certain information regarding our Common Stock owned on May 27, 2011 by (i) each person who is known to us to own beneficially more than 5% of the outstanding shares of our Common Stock, (ii) each of our Named Executive Officers, (iii) each of our directors and (iv) all current executive officers and directors as a group. Unless otherwise indicated below, the address of each beneficial owner is c/o iCAD, Inc. 98 Spit Brook Road, Suite 100, Nashua, New Hampshire 03062.

| <b>Title of Class</b> | <b>Name of Beneficial Owner</b>                                      | <b>Beneficially Owned (1) (2)</b> | <b>Percentage of Class</b> |
|-----------------------|--|-----------------------------------|----------------------------|
| Common                | Robert Howard  | 5,359,953(3)                      | 9.8%                       |
| Common                | Dr. Lawrence Howard  | 1,827,103(4)                      | 3.3%                       |
| Common                | Kenneth Ferry  | 1,688,000(5)                      | 3.0%                       |
| Common                | Dr. Rachel Brem  | 239,075(6)                        | *                          |
| Common                | Anthony Ecock  | 70,000(7)                         | *                          |
| Common                | Steven Rappaport   | 464,129(8)                        | *                          |
| Common                | Dr. Elliot Sussman   | 331,360(9)                        | *                          |
| Common                | Michael Klein  | 341,288(10)                       | *                          |
| Common                | Somu Subramaniam   | 1,881,230(11)                     | 3.5%                       |
| Common                | Kevin Burns  | (12)                              | *                          |
| Common                | Jeffrey Barnes   | 393,732(13)                       | *                          |
| Common                | All current executive officers and directors as a group (12 persons) | 7,989,656(14)                     | 14.0%                      |

\* Less than one percent

- 1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from May 27, 2011, upon (i) the exercise of options; (ii) vesting of restricted stock; (iii) warrants or rights; (iv) through the conversion of a security; (v) pursuant to the power to revoke a trust, discretionary account or similar arrangement; or (vi) pursuant to the automatic termination of a trust, discretionary account or similar arrangement. Each beneficial owner's percentage ownership is determined by assuming that the options or other rights to acquire beneficial ownership as described above, that are held by such person (but not those held by any other person) and which are exercisable within 60 days from May 27, 2011, have been exercised.
- 2) Unless otherwise noted, we believe that the persons referred to in the table have sole voting and investment power with respect to all shares reflected as beneficially owned by them.
- 3) Includes options to purchase 15,000 shares of Common Stock at \$2.82 per share, 3,750 shares at \$3.50 per share, 3,750 shares at \$3.90 per share, 3,750 shares at \$2.91 per share and 1,263 shares at \$2.00 per shares and 20,000 shares beneficially owned by Mr. Howard's wife. The address of Mr. Howard is 145 East 57th Street, 4th Floor, New York, NY 10022.
- 4) Includes options to purchase 25,000 shares of Common Stock at \$2.82 per share, 3,750 shares at \$3.50 per share, 3,750 shares at \$3.90 per share, 3,750 shares at \$2.91 per share, 3,750 shares at \$2.00 per share, 3,750 shares at \$2.73 per share, 3,750 shares at \$2.90 per share, 3,750 shares at \$2.78 per share, 3,750 shares at \$1.39 per share, 3,750 shares at \$1.01 per share, 3,750 shares at \$1.22 per share, 3,750 shares at \$2.03 per share, 3,750 shares at \$1.49 per share, 3,750 shares at \$1.81 per share, 3,750 shares at \$1.95 per share, 3,750 shares at \$1.51 per share, 3,750 shares at \$1.42 per share and 3,750 shares at \$1.15 per share. Also includes 11,500 shares beneficially

owned by Dr. Howard's wife and 242,500 shares beneficially owned by Dr. Howard's children.

- 5) Includes options to purchase 750,000 shares of Common Stock at \$1.59 per share and 200,000 shares at \$3.89 per share.

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- 6) Consists of options to purchase 45,000 shares of Common Stock at \$3.35 per share, 25,000 shares at \$2.82 per share, 9,111 shares at \$3.50 per share, 7,854 shares at \$3.90 per share, 8,860 shares at \$2.91 per share, 12,040 shares at \$2.00 per share, 9,813 shares at \$2.73 per share, 11,297 shares at \$2.90 per share, 9,220 shares at \$2.78 per share, 14,990 shares at \$1.39 per share, 20,454 shares at \$1.01 per share, 18,564 shares at \$1.22 per share, 12,679 shares at \$2.03 per share, 15,443 shares at \$1.49 per share, 3,750 shares at \$1.81 per share, 3,750 shares at \$1.95 per share, 3,750 shares at \$1.51 per share, 3,750 shares at \$1.42 per share and 3,750 shares at \$1.15 per share.
- 7) Consists of options to purchase 25,000 shares of Common Stock at \$3.33 per share, 3,750 shares at \$2.90 per share, 3,750 shares at \$2.78 per share, 3,750 shares at \$1.39 per share, 3,750 shares at \$1.01 per share, 3,750 shares at \$1.22 per share, 3,750 shares at \$2.03 per share, 3,750 shares at \$1.49 per share, 3,750 shares at \$1.81 per share, 3,750 shares at \$1.95 per share, 3,750 shares at \$1.51 per share, 3,750 shares at \$1.42 per share and 3,750 shares at \$1.15 per share.
- 8) Includes options to purchase 25,000 shares of Common Stock at \$3.18 per share, 3,750 shares at \$3.50 per share, 3,750 shares at \$3.90 per share, 3,750 shares at \$2.91 per share, 3,750 shares at \$2.00 per share, 12,214 shares at \$2.73 per share, 13,065 shares at \$2.90 per share, 11,582 shares at \$2.78 per share, 20,865 shares at \$1.39 per share, 25,674 shares at \$1.01 per share, 21,698 shares at \$1.22 per share, 15,942 shares at \$2.03 per share, 20,615 shares at \$1.49 per share, 18,669 shares at \$1.81 per share, 13,950 shares at \$1.95 per share, 22,379 shares at \$1.51 per share, 21,667 shares at \$1.42 per share and 3,750 shares at \$1.15 per share.
- 9) Includes options to purchase 15,000 shares of Common Stock at \$1.55 per share, 15,000 shares at \$2.82 per share, 10,068 shares at \$3.50 per share, 7,683 shares at \$3.90 per share, 9,325 shares at \$2.91 per share, 13,422 shares at \$2.00 per share, 10,571 shares at \$2.73 per share, 12,004 shares at \$2.90 per share, 10,463 shares at \$2.78 per share, 18,566 shares at \$1.39 per share, 23,934 shares at \$1.01 per share, 19,134 shares at \$1.22 per share, 14,396 shares at \$2.03 per share, 18,591 shares at \$1.49 per share, 3,750 shares at \$1.81 per share, 3,750 shares at \$1.95 per share, 3,750 shares at \$1.51 per share, 3,750 shares at \$1.42 per share and 3,750 shares at \$1.15 per share.
- 10) Includes options to purchase 25,000 shares of Common Stock at \$1.40 per share and 3,750 shares at \$1.15 per share.
- 11) Includes options to purchase 25,000 shares of Common Stock at \$1.40 per share and 3,750 shares at \$1.15 per share.
- 12) Options to purchase 500,000 shares of Common Stock at \$1.12 per share have been excluded, as they are not exercisable within 60 days of May 27, 2011.
- 13) Includes options to purchase 225,000 shares of Common Stock at \$1.59 per share and 100,000 shares at \$3.89 per share.
- 14) Includes options to purchase 77,562 shares of Common Stock at \$1.01 per share, 26,250 shares at \$1.15 per share, 66,896 shares at \$1.22 per share, 61,921 shares at \$1.39 per share, 50,000 shares at \$1.40 per share, 36,667 shares at \$1.42 per share, 62,149 shares at \$1.49 per share, 37,379 shares at \$1.51 per share, 15,000 shares at \$1.55 per share, 975,000 shares at \$1.59 per share, 275,000 shares at \$1.80 per share, 33,669 shares at \$1.81 per share, 28,950 shares at \$1.95 per share, 135,000 shares at \$1.98 per share, 34,225 shares at \$2.00 per share, 50,517 shares at \$2.03 per share, 200,000 shares at \$2.27 per share, 36,348 shares at \$2.73 per share, 38,765 shares at \$2.78 per share, 80,000 shares at \$2.82 per share, 43,866 shares at \$2.90 per share, 29,435 shares at

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\$2.91 per share, 25,000 shares at \$3.18 per share, 25,000 shares at \$3.33 per share, 45,000 shares at \$3.35 per share, 30,429 shares at \$3.50 per share, 575,000 shares at \$3.89 per share and 26,787 shares at \$3.90 per share.

**Table of Contents****Equity Compensation Plans**

The following table provides certain information with respect to all of our equity compensation plans in effect as of December 31, 2010.

| Plan Category:  | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|---|---|--|
| Equity compensation plans approved by security holders:         | 3,708,524   | \$ 2.75   | 2,304,825  |
| Equity compensation plans not approved by security holders (1): | 1,585,000   | \$ 1.75   | -0-  |
| Total   | 5,293,524   | \$ 2.45   | 2,304,825  |

- (1) Represents the aggregate number of shares of common stock issuable upon exercise of individual arrangements with non-plan option holders. These options are five years in duration, expire at various dates between April 15, 2011 and November 3, 2011, contain anti-dilution provisions providing for adjustments of the exercise price under certain circumstances and have termination provisions similar to options granted under stockholder approved plans. See Note 5 of Notes to our consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2010 for a description of our Stock Option and Stock Incentive Plans and certain information regarding the terms of the non-plan options.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS****Review, Approval or Ratification of Transactions with Related Persons**

Our Audit Committee is responsible for reviewing and approving or ratifying related-persons transactions. A related person is any executive officer, director, nominee for director or more than 5% stockholder of the Company, including any of their immediate family members, and any entity owned or controlled by such persons. In addition, pursuant to our Code of Business Conduct and Ethics, all of our employees and directors who have become aware of a conflict or potential conflict of interest, are required to notify our Chief Executive Officer. There are no written procedures governing any review of related person transactions.

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**AUDIT COMMITTEE REPORT**

The Audit Committee met with management and representatives of BDO USA, LLP to review preparations for the audit and the procedures and timing of the audit of our financial statements. Following completion of the audit of the financial statements, the Audit Committee met with representatives of BDO USA, LLP and management to review the audit findings. The Audit Committee also discussed with representatives of BDO USA, LLP the matters required to be discussed by Statement on Auditing Standards 61, as amended, *Communication with Audit Committees*, as adopted by the Public Accounting Oversight Board.

The Audit Committee received the written disclosures and the confirming letter from BDO USA, LLP required by applicable requirements of the Public Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and discussed with BDO USA, LLP its independence from the Company.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2010.

*The Audit Committee*

*Steven Rappaport (Chairperson), Anthony Ecock, Elliot Sussman, M.D.*

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The following is a summary of the fees billed to the Company by its independent registered public accountants, BDO USA, LLP (formerly BDO Seidman, LLP) for professional services rendered for the years ended December 31, 2010 and 2009:

**Audit Fees.** The aggregate fees billed by BDO USA, LLP for professional services rendered for the audit of the Company's annual financial statements for the years ended December 31, 2010 and 2009, the review of the financial statements included in the Company's Forms 10-Q and consents issued in connection with the Company's filings on Form S-3 and S-8 for 2010 and 2009 totaled \$289,000 and \$257,000, respectively.

**Audit-Related Fees.** The fees billed by BDO USA, LLP for audit fees related to the Xoft acquisition for the year ended December 31, 2010 was \$129,000. No audit-related fees were paid to BDO USA, LLP for the year ended December 31, 2009, that are not disclosed in the paragraph captions *Audit Fees* above.

**Tax and all other Fees.** No tax fees or other fees were paid to BDO USA, LLP for the years ended December 31, 2010 and 2009.

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**Pre-Approval Policies and Procedures**

The Audit Committee has established its pre-approval policies and procedures, pursuant to which the Audit Committee approved the foregoing audit services provided by BDO USA, LLP in 2010. Consistent with the Audit Committee's responsibility for engaging the Company's independent auditors, all audit and permitted non-audit services require pre-approval by the Audit Committee. The full Audit Committee pre-approves proposed services and fee estimates for these services. The Audit Committee chairperson or their designee has been designated by the Audit Committee to pre-approve any services arising during the year that were not pre-approved by the Audit Committee. Services pre-approved by the Audit Committee chairperson are communicated to the full Audit Committee at its next regular meeting and the Audit Committee reviews services and fees for the fiscal year at each such meeting. Pursuant to these procedures, the Audit Committee pre-approved the foregoing audit services provided by BDO USA, LLP.

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**STOCK PERFORMANCE GRAPH**

The following chart sets forth a line graph comparing performance of the Company's Common Stock, over the past five years. This graph assumes the investment of \$100 on December 31, 2005, in the Company's Common Stock, and compares the performance with the Nasdaq Composite Index, and the Nasdaq Medical Devices and Supplies, Manufacturers and Distributors Index. Measurement points are at December 31 for each respective year. Those companies which compete with the Company in its principal market are either small subsidiaries or divisions of large United States corporations or are foreign companies which are either not quoted on a stock exchange or for which data is difficult to obtain. For this reason the Company believes that the Nasdaq Medical Devices Index is representative of its peer group. The Company pays no dividends on its Common Stock. The Nasdaq Composite Index and the Nasdaq Medical Devices Index reflect a cumulative total return based upon the reinvestment of dividends of the stocks included in those indices. The historical information set forth below is not necessarily indicative of future performance.

**Comparative 5-year Cumulative Total Return Among iCAD, Nasdaq Composite Index, and the Nasdaq Medical Devices and Supplies, Manufacturers and Distributors Index**

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**PROPOSAL II  
RATIFICATION OF THE  
APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

BDO USA, LLP has audited and reported upon the financial statements of the Company for the fiscal year ended December 31, 2010. The Audit Committee of the Board of Directors has re-appointed BDO USA, LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending December 31, 2011, and the Board is asking stockholders to ratify that selection. Although, current law, rules, and regulations, as well as the charter of the Audit Committee, require the Audit Committee to engage, retain, and supervise the Company's independent registered public accounting firm, the Board considers the selection of the independent registered public accounting firm to be an important matter of stockholder concern and is submitting the selection of BDO USA, LLP for ratification by stockholders as a matter of good corporate practice. The Audit Committee reserves the right, even after ratification by stockholders, to change the appointment of BDO USA, LLP as auditors, at any time during the 2011 fiscal year, if it deems such change to be in the best interest of the Company. If the stockholders do not ratify the selection of BDO USA, LLP, the Audit Committee will review the Company's relationship with BDO USA, LLP and take such action as it deems appropriate, which may include continuing to retain BDO USA, LLP as the Company's independent registered public accounting firm. A representative of BDO USA, LLP is expected to be present at the Annual Meeting with the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

**Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011.**

**STOCKHOLDER PROPOSALS FOR 2012 ANNUAL MEETING**

Stockholders who wish to present proposals appropriate for consideration at our annual meeting of stockholders to be held in the year 2012 must submit a notice containing the proposal in proper form consistent with our By-Laws, addressed to the attention of our Corporate Secretary at our address set forth on the first page of this proxy statement and in accordance with applicable regulations under Rule 14a-8 of the Exchange Act, not later than February 7, 2012 in order for the proposition to be considered for inclusion in our proxy statement and form of proxy relating to such annual meeting. Under our By-Laws, to be in proper form, each such notice must set forth as to each matter the stockholder proposes to bring before the meeting: (i) a description of each item of business proposed to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and record address of the stockholder proposing to bring such item of business before the meeting; (iii) the class or series and number of shares of our stock which are held of record or owned beneficially and represented by proxy by such stockholder as of the record date for the meeting (if such date then shall have been made publicly available) and as of the date of such notice; (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business; (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting, and (vi) all other information which would be required to be included in a proxy statement filed with the SEC if, with respect to any such item of business, such stockholder were a participant in a solicitation subject to Section 14 of the Exchange Act.

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If a stockholder submits a proposal after the February 7, 2012 deadline required under Rule 14a-8 of the Exchange Act but still wishes to present the proposal at our annual meeting of stockholders (but not in our proxy statement) for the fiscal year ending December 31, 2011 to be held in 2012, the proposal, which must be presented in a manner consistent with our By-Laws and applicable law, must be submitted to our Corporate Secretary in proper form at the address set forth above so that it is received by our Corporate Secretary not less than 50 nor more than 75 days prior to the meeting unless less than 65 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, in which case, no less than the close of business on the tenth day following the date on which the notice of the date of the meeting was mailed or other public disclosure of the date of the meeting was made.

We did not receive notice of any proposed matter to be submitted by stockholders for a vote at this Annual Meeting and, therefore, in accordance with Exchange Act Rule 14a-4(c) any proxies held by persons designated as proxies by our Board of Directors and received in respect of this Annual Meeting will be voted in the discretion of our management on such other matter which may properly come before the Annual Meeting.

**OTHER INFORMATION**

Proxies for the Annual Meeting will be solicited by mail and through brokerage institutions and all expenses involved, including printing and postage, will be paid by the Company.

A COPY OF THE COMPANY'S ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 IS BEING FURNISHED HEREWITH TO EACH STOCKHOLDER OF RECORD AS OF THE CLOSE OF BUSINESS ON MAY 27, 2011. COPIES OF OUR ANNUAL REPORT ON FORM 10-K, AND ANY AMENDMENTS TO THE FORM 10-K, WITHOUT EXHIBITS, WILL BE PROVIDED UPON WRITTEN REQUEST. EXHIBITS TO THE FORM 10-K WILL BE PROVIDED FOR A NOMINAL CHARGE. A WRITTEN REQUEST FOR THE FORM 10-K SHOULD BE MADE TO:

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ICAD, INC.  
98 SPIT BROOK ROAD, SUITE 100  
NASHUA, NEW HAMPSHIRE 03062  
ATTENTION: KEVIN BURNS

The Board of Directors is aware of no other matters, except for those incident to the conduct of the Annual Meeting, that are to be presented to stockholders for formal action at the Annual Meeting. If, however, any other matters properly come before the Annual Meeting or any adjournments thereof, it is the intention of the persons named in the proxy to vote the proxy in accordance with their judgment.

By order of the Board of Directors,  
Kenneth Ferry,  
President and Chief Executive  
Officer  
June 6, 2011

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**iCAD, Inc.**

**98 Spit Brook, Suite 100**

**Nashua, New Hampshire 03062**

**PROXY FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JULY 19, 2011.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints KENNETH FERRY and KEVIN BURNS, and each of them, Proxies, with full power of substitution in each of them, in the name, place and stead of the undersigned, to vote at the Annual Meeting of Stockholders of iCAD, Inc. (the Company ) on Tuesday, July 19, 2011, at 11:00 AM or at any adjournment or adjournments thereof, according to the number of votes that the undersigned would be entitled to vote if personally present, upon the following matters:

**(Continued and to be dated and signed on reverse side)**

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

The Proxy Statement and Annual Report to Stockholders are available at  
<http://www.cstproxy.com/icadmed/2011>

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**PROXY**

**THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ABOVE. IF NO INSTRUCTIONS ARE GIVEN, THIS PROXY WILL BE VOTED FOR THOSE NOMINEES AND THE PROPOSALS LISTED BELOW.**

Please mark your votes like this

| 1. Election of Directors:   |                       | FOR  | AGAINST               | ABSTAIN   |                       |                       |                       |
|---|-----------------------|--|-----------------------|---|-----------------------|-----------------------|-----------------------|
| FOR all nominees listed below (except as indicated to the contrary) | <input type="radio"/> | WITHHOLD AUTHORITY to vote for all nominees listed below | <input type="radio"/> | 2. To ratify the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
|   |                       |  |                       | 3. To transact such other business as may properly come before the meeting.   |                       |                       |                       |

Dr. Lawrence Howard, Kenneth Ferry, Dr. Rachel Brem, Anthony Ecock, Michael Klein, Steven Rappaport, Somu Subramaniam, Dr. Elliot Sussman,  
 (INSTRUCTION: To withhold authority to vote for any individual nominee, write that nominee's name in the space below)

**COMPANY ID:**

**PROXY NUMBER:**

**ACCOUNT NUMBER:**

Signature \_\_\_\_\_ Signature if held jointly \_\_\_\_\_  
 \_\_\_\_\_ Dated \_\_\_\_\_ 2011

Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.