

ICAD INC
Form 8-K
May 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported) May 3, 2006

iCAD, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-9341
(Commission File Number)

02-0377419
(IRS Employer Identification No.)

4 Townsend West, Suite 17, Nashua, New Hampshire
(Address of Principal Executive Offices)

03063
(Zip Code)

(603) 882-5200

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

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

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

Item 1.01. Entry into a Material Definitive Agreement.

iCAD, Inc (the “Company”) has entered into an employment agreement with Stacey M. Stevens that provides for Ms. Steven’s employment as the Company’s Vice President of Marketing and Strategy for a term commencing on June 1, 2006 and expiring on December 31, 2008, subject to automatic one-year renewals after the expiration of the initial term under certain conditions, at an annual base salary of \$160,000. The employment agreement also provides for Ms. Stevens to receive a signing bonus of \$20,000 and for her eligibility to receive during each employment year during the term of the agreement an annual incentive bonus (“Incentive Bonus”) in each calendar year of up to \$48,000 (except for the 2006 fiscal year where the bonus will not be less than \$24,000) if the Company achieves goals and objectives mutually agreed upon by the Board and Ms. Stevens.

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

Pursuant to the employment agreement and as an inducement to her joining the Company, Ms. Stevens was also granted Non-Qualified Stock Options outside of a shareholder approved plan to purchase 150,000 shares of the Company's common stock, par value \$0.01 per share with an exercise price equal to \$1.98, the closing sale price of the common stock on April 27, 2006, which was the employment inducement date. The options become exercisable as to (i) 30,000 shares on June 1, 2006, (ii) an additional 30,000 shares on December 31, 2006; (iii) an additional 30,000 shares on June 1, 2007; (iv) an additional 30,000 shares on June 1, 2008 and (v) an additional 30,000 shares on June 1, 2009. Vesting of the options accelerates as to the 45,000 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 the Company’s 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. The options expire on June 1, 2011, subject to earlier expiration under certain conditions.

SIGNATURES

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

iCAD, INC.
(Registrant)

By: /s/ Annette Heroux

Annette Heroux
Vice President of Finance, Chief Financial Officer

Date: May 8, 2006
