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ICAD INC
Form 10-K/A
November 21, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(Amendment No. 1)

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-9341

ICAD, INC.

(Exact name of registrant as specified in its charter)

Delaware

02-0377419

(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

4 Townsend West, Suite 17, Nashua, New Hampshire

03063

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (603) 882-5200

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12 (g) of the Act:

Title of Class
Common Stock, \$.01 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant as required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. YES X NO___.

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) YES NO X .

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price for the registrant's Common Stock on June 28, 2002 was \$43,940,562.

As of March 25, 2003, the registrant had 26,350,248 shares of Common Stock outstanding.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Name	Age	Position	Director Since
----	---	-----	-----
Robert Howard#	79	Chairman of the Board, and Director	1984
W. Scott Parr#	51	President, Chief Executive Officer and Director	1998
Annette Heroux	46	Vice President of Finance, Chief Financial Officer	-
James Harlan*	51	Director	2000
Maha Sallam*	35	Executive Vice President, Director	2002
Brett Smith+	33	Director	2000
Elliot Sussman*	51	Director	2002
Kevin Woods+	36	Vice President of Research and Development Director	2002

 + Class I Director, current term expires in 2003
 * Class II Director, current term expires in 2004
 # Class III Director, current term expires in 2005

The Company's Certificate of Incorporation provides that the Company's Board of Directors is divided into three classes (Class I, Class II and Class III). At each Annual Meeting of Stockholders, directors constituting one class are elected for a three-year term.

Robert Howard, the founder and Chairman of the Board of Directors of the Company, was the inventor of the first impact dot matrix printer. Mr. Howard was

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Chief Executive Officer of the Company from its establishment in 1984 until December of 1993. He was the founder, and from 1969 to April 1980 he served as President and Chairman of the Board, of Centronics Data Computer Corp. ("Centronics"), a manufacturer of a variety of computer printers. He resigned from Centronics' board of directors in 1983. From April 1980 until 1983, Mr. Howard was principally engaged in the management of his investments. Commencing in mid-1982, Mr. Howard, doing business as R.H. Research, developed the ink jet technology upon which the Company was initially based. Mr. Howard contributed this technology, without compensation, to the Company. Mr. Howard was Chairman of the Board of Presstek, Inc. ("Presstek"), a public company which has developed proprietary imaging and consumables technologies for the printing and graphic arts industries from June 1988 to September 1998 and served as Chairman Emeritus of the Board of Presstek from September 1998 to December 2000.

W. Scott Parr joined the Company in January 1998, as President and Chief Executive Officer. He was appointed to the Company's Board of Directors in February 1998. In connection with the merger of ISSI, W. Kip Speyer, the President and Chief Executive Officer of ISSI assumed the position of Chief Executive Officer of the Company and Mr. Parr continued in the position of President of the Company. Upon Mr. Speyer's resignation in September 2002, Mr. Parr was re-appointed as Chief Executive Officer of the Company. Prior to joining iCAD, Mr. Parr served as Divisional Director and a member of the Board

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of Directors of SABi International Ventures, Inc. in 1997, where he was responsible for restructuring and upgrading certain US companies owned by foreign and venture investors. From 1995 to 1997, Mr. Parr was Chief Executive Officer, General Counsel and Director of Allied Logic Corporation, a start-up venture specializing in proprietary molding and manufacturing technologies. From 1990 to 1995 Mr. Parr was General Counsel and a Director of LaserMaster Technologies, Inc.

Annette Heroux joined the Company in October 1987 as Accounting Manager and was named Controller in October 1998 and Vice President of Finance, Chief Financial Officer in July 1999. Prior to joining the Company, Ms. Heroux worked from 1980 to 1987 for Laurier, Inc., a semiconductor equipment manufacturer, in various financial and managerial capacities.

James Harlan has been the Executive Vice President and Chief Financial Officer of HNG Storage Company, a natural gas storage, development and operations company since 1998. From 1991 to 1997 Mr. Harlan served as General Manager and Chief Financial Officer of Pacific Resources Group and planning and finance development work with various manufacturing and distribution businesses in Asia. He also served as operations research and planning analyst for the White House Office of Energy Policy and Planning from 1977 to 1978, the Department of Energy from 1978 to 1981, and U.S. Synthetic Fuels Corporation from 1981 to 1984. He has a PhD in Public Policy with an operations research dissertation from Harvard University and a BS in Chemical Engineering from Washington University.

Maha Sallam has been the Executive Vice President for the Company since June 2002. From 1997 until the acquisition of ISSI in June 2002, Dr. Sallam served as Director and Vice President of Regulatory Affairs and Clinical Testing and Secretary of ISSI. She was one of ISSI's founders and has over eleven years of industry and research experience in image analysis including a doctoral dissertation, conference presentations and several publications on the automated analysis of digital mammograms. Dr. Sallam received her doctorate degree in Computer Science and Engineering from the University of South Florida in May 1997. She also earned a Master of Science from the University of South Florida in 1991 and a Bachelor of Science in Computer Engineering from the University of South Florida in 1990.

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Brett Smith, the son of Mrs. Kit Howard, the wife of the Company's Chairman, has been the Chairman and CEO of ei3 Corporation, a provider of technology services to manufacturing companies utilizing advanced frame relay and internet technologies. Prior to joining ei3 Mr. Smith was a member of the restructuring team for Delta V Technologies, a subsidiary of Presstek, where he served as Director of Business Development from 1996 to 1999. From 1995 to 1996 Mr. Smith worked for the Asia Times newspaper start-up team in Hong Kong. He began his career as an analyst, from 1992 to 1994, at Susquehanna Investment Group. Mr. Smith received a Bachelor of Science from Emory University.

Elliot Sussman is currently President and CEO of Lehigh Valley Hospital and Health Network, a position he has held since 1993. Dr. Sussman is the Leonard Parker Pool Professor of Health Systems Management, Professor of Medicine, and Professor of Health Evaluation Sciences at Pennsylvania State University's College of Medicine. Dr. Sussman served as a Fellow in General Medicine and a

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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 holds a Masters in Business Administration from the Wharton School, University of Pennsylvania, a Medical Degree from Harvard University and a Bachelor of Arts Degree from Yale University.

Kevin Woods has been the Vice President of Research and Development for the Company since June 2002. From 1997 until the acquisition of ISSI in June 2002, Dr. Woods served as Director and Vice President of Research and Development and was one of ISSI's founders. Prior to joining ISSI, Dr. Woods held a competitively awarded, post-doctoral research position funded by the U.S. Army Medical Research and Material Command's Breast Cancer Research Program. He has been researching the automated analysis of digital mammogram images and has been awarded research grants totaling over \$1,400,000 for this purpose. Dr. Woods received his doctoral degree in Computer Science and Engineering from the University of South Florida in 1991. Dr. Woods also received a Master of Science and Bachelor of Science in Computer Engineering from the University of South Florida in 1989.

Key Employees

Name	Age	Position
----	---	-----
Richard Lehman	65	Vice President of Hardware Engineering
William Langille	51	Vice President of Operations
Ernest Henrichon	60	Vice President of Software Engineering

Richard F. Lehman joined the Company in July 1990, as Director of Scanner Engineering. In December 1993, he was named Vice President of Scanner Engineering and in October 1996, he was named Vice President of Engineering. Prior to joining the Company, Mr. Lehman was employed by Xerox Corporation for 23 years where he served in various engineering and managerial capacities.

William A. Langille joined the Company in March 2001 as Vice President of Operations and has also served as President of the Company's Howtek Devices Corporation subsidiary since July 2002. Prior to joining the Company, Mr. Langille worked from 1999 to 2001 for Inspex, a manufacturer of test equipment for the semiconductor industry. From 1973 to 1997, Mr. Langille worked for Nashua Corporation, a fortune 500 multinational manufacturer and distributor of computer products and office supplies, in various manufacturing and managerial

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capacities.

Ernest Henrichon joined the Company in February 2003, as Vice President of Software Engineering. From 1998 to 2002, Dr. Henrichon was Vice President of Engineering at Newpoint Technologies, Inc., a provider of real-time network management software and systems integration services to the satellite and broadcast industries. He was Vice President of Engineering at Imaging Technology Inc. from 1990 to 1997, where he had responsibility for the development of software and hardware components used in OEM image processing applications.

Item 11. Executive Compensation.

The following table provides information on the compensation provided by the Company during fiscal years 2002, 2001 and 2000 to the persons serving as the Company's Chief Executive Officer during fiscal 2002, the Company's most highly compensated executive officers and certain key employees serving at the end of the 2002 fiscal year ("the Named Persons"). Included in this list are only those executive officers and key employees whose total annual salary and bonus exceeded \$100,000 during the 2002 fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)
W. Kip Speyer (1) Chief Executive Officer.....	2002	116,874
W. Scott Parr President, Chief Executive Officer, Director.....	2002	173,762
	2001	145,669
	2000	138,357
Richard F. Lehman Vice President of Hardware Engineering.	2002	126,178
	2001	114,135
	2000	116,986
William A. Langille Vice President of Operations.....	2002	117,479
	2001	71,786

(1) Mr. Speyer served as Chief Executive Officer of iCAD from June 2002 until his resignation in September 2002.

(2) Includes 75,000 options issued by the Company in the merger with ISSI in June 2002, in exchange for ISSI options held by Mr. Speyer.

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OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth certain information regarding stock options granted by the Company to the Named Persons in 2002.

Name -----	Individual Grants -----				Expiration Date -----	Pote Real Assu Rate Pric for 5
	Number of Securities underlying Options Granted(1) -----	Percent of Total Options Granted to Employees in Fiscal Year(2) -----	Exercise of Base Price (\$/Sh) -----	-----		
W. Kip Speyer	75,000 (4) 550,000	25%	.80 3.49	05/29/2011 06/28/2012	3 1,20	
W. Scott Parr	25,000 100,000	5%	1.75 2.69	01/16/2012 11/29/2012	2 16	
Richard F. Lehman	15,372	1%	1.55	11/04/2012	1	
William A. Langille	20,000 34,500	2%	1.75 1.55	01/16/2012 11/04/2012	2 3	

(1) All of the foregoing options vest in installments at various times between January 16, 2002 and June 28, 2005.

(2) The total number of options granted in fiscal 2002 includes 500,000 options of the Company issued in exchange for ISSI options in connection with the merger in June 2002.

(3) The potential realizable value columns of the table illustrate values that might be realized upon exercise of the options immediately prior to their expiration, assuming the Company's Common Stock appreciates at the compounded rates specified over the term of the options. These numbers do not take into account provisions of options providing for termination of the option following termination of employment or non transferability of the options and do not make any provision for taxes associated with exercise. Because actual gains will depend upon, among other things, future performance of the Common Stock, there can be no assurance that the amounts reflected in this table will be achieved.

(4) Represents options of the Company issued in exchange for ISSI options in connection with the merger in June 2002.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table sets forth information regarding the exercise of stock options during the Company's last completed fiscal year by each of the Named Persons and the fiscal year-end value of unexercised options.

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Name	Shares Acquired on Exercise (#)	Value Realized	Number of Securities Underlying Unexercised Options at FY-End (#) Exercisable/ Unexercisable
----	-----	-----	-----
W. Kip Speyer (2)	0	0	625,000 / -0-
W. Scott Parr (2)	0	0	510,050 / 21,468
Richard F. Lehman (2)	0	0	64,628 / 15,372
William A. Langille (2)	0	0	73,000 / 74,500

(1) Based upon the closing price of the Common Stock on December 31, 2002, of \$2.51 per share.

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(2) Options granted pursuant to the Company's merger and 1993 and 2001 Stock Option Plans.

The Company does not have any employment agreements with its executive officers or key employees.

In September 2002, the Company entered into a Separation Agreement with each of W. Kip Speyer, the former Chief Executive Officer of iCAD and Gregory J. Stepic, the former Vice President of Finance of iCAD. The Separation Agreements acknowledged the resignations of each of Messrs. Speyer and Stepic and provided for severance payments to Messrs. Speyer and Stepic of \$500,000 and \$148,000, respectively, in lieu of any severance payments to which they may have been entitled to under their employment agreements. The severance payments, less any required withholding by the Company, are payable to Mr. Speyer in equal installments over a 30 month period and to Mr. Stepic in equal installments over a 12 month period, in each case subject to the right to accelerate payments upon the sale of the outstanding stock of the Company or upon a sale by the Company of substantially all of its assets. Under the Separation Agreements, each of Messrs. Speyer and Stepic was entitled to retain his outstanding options of the Company which remain exercisable in accordance with their respective terms. Also, pursuant to the Separation Agreements Messrs. Speyer and Stepic each agreed to remain bound by the confidentiality and non-competition provisions of their employment agreements for the periods set for in the employment agreements.

Compensation of Directors

The Company does not pay cash compensation to members of its board of directors for their services as board members. The Company does reimburse members of the board for out-of-pocket expenses incurred for attendance at board and board committee meetings.

During fiscal 2002 the Company granted the following ten year options to its board members: an aggregate of 125,000 options exercisable at prices ranging from \$1.75 to \$2.69 per share to W. Scott Parr, which options were immediately exercisable; 75,000 options exercisable at \$1.55 per share to James Harlan, which options vest annually in three equal installments beginning on September

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30, 2003; 100,000 options exercisable at \$3.49 per share to Maha Sallam, which options were immediately exercisable; 20,000 options exercisable at \$1.55 per share to Brett Smith, which options vest annually in three equal installments beginning on September 30, 2003; 45,000 options exercisable at \$1.55 per share to Dr. Elliot Sussman, which options vest annually in three equal installments beginning on September 30, 2003; and 155,000 options exercisable at \$3.49 per share to Kevin Woods, which options were immediately exercisable.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

There is no Compensation Committee or other committee of the Company's Board of Directors performing similar functions. The person who performed the equivalent function in 2002 was Robert Howard, Chairman of the Board under the direction of the Board of Directors. W. Scott Parr, Chief Executive Officer and a director, participated in discussions with Mr. Howard during the past completed fiscal year in his capacity as an executive officer in connection with executive officer compensation. During 2002 none of the executive officers of the Company served on the Board of Directors or Compensation Committee of any other entity.

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Item 12. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth certain information regarding the Common Stock, Series A and Series B Convertible Preferred Stock of the Company owned on March 25, 2003, by (i) each person who is known to the Company to own beneficially more than 5% of the outstanding shares of the Company's Common Stock (ii) each executive officer and key employee named in the Summary Compensation Table, (iii) each director of the Company, and (iv) all current executive officers and directors as a group. The table also provides information regarding beneficial owners of more than 5% of the outstanding shares of the Company's Series A and Series B Convertible Preferred Stock. Unless otherwise indicated below, the address of each beneficial owner is c/o iCAD, Inc. 4 Townsend West, Suit 17, Nashua, New Hampshire 03063.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Name and Address of Beneficial Owner -----	Title of Class -----	Number of Shares Beneficially Owned (1) (2) -----
Robert Howard 145 East 57th Street New York, New York 10022	Common	5,184,863 (3)
Maha Sallam 4902 Eisenhower Blvd. Tampa, FL 33634	Common	2,346,000 (4)
Donald Chapman 8650 South Ocean Drive Jenson Beach, FL 34957	Common Preferred Series A Preferred Series B	1,950,706 (5) 4,600 680
W. Kip Speyer 10361 Parkstone Way Boca Raton, FL 33498	Common	1,860,000 (6)
Kevin Woods	Common	1,557,275 (7)

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4902 Eisenhower Blvd.
Tampa, FL 33634

W. Scott Parr	Common	636,179	(8)
	Preferred Series A	550	
	Preferred Series B	50	
Edgar Ball	Preferred Series B	200	
PO Box 560726			
Rockledge, FL 32956			
Dr. Lawrence Howard	Preferred Series A	1,000	
660 Madison Avenue			
New York, NY 10021			
John McCormick	Preferred Series A	1,000	
11340 SW Aventine Circus			
Portland, OR 97219			
Dr. Herschel Sklaroff	Preferred Series B	100	
1185 Park Avenue			
New York, NY 10128			
John Westerfield	Preferred Series B	100	
4522 SW Bimini Circle N.			
Palm City, FL 34990			
James Harlan	Common	104,000	(9)
Brett Smith	Common	36,588	(10)
	Preferred Series B	20	
Dr. Elliot Sussman	Common	3,000	
Richard Lehman	Common	65,628	(11)
William Langille	Common	79,389	(12)
All current executive officers and	Common	9,981,222	(3), (
directors as a group (8 persons)			(7) through (10)
	Preferred Series A	550	
	Preferred Series B	70	

* 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 March 25, 2003, upon the exercise of options, warrants or rights; through the conversion of a security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or 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 March 25, 2003, have been exercised.
- 2) Unless otherwise noted, the Company believes 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 10,000 shares of the Company's Common Stock at \$1.72 per share. Also, includes 40,000 shares beneficially owned by Mr. Howard's wife.
- 4) Includes 183,625 shares owned by Dr. Sallam's husband. Also includes options to purchase 56,250 shares of the Company's Common Stock at \$0.80

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per share and 100,000 shares at \$3.49 per share.

- 5) Includes 28,000 shares owned by Mr. Chapman's wife, 460,000 shares of Common Stock issuable upon conversion of 4,600 shares of Series A Convertible Preferred Stock and 340,000 shares of Common Stock issuable upon conversion of 680 shares of Series B Convertible Preferred Stock owned by Mr. Chapman.
- 6) Includes options to purchase 75,000 shares of the Company's Common Stock at \$0.80 per share and 550,000 shares at \$3.49 per share.
- 7) Includes options to purchase 56,250 shares of the Company's Common Stock at \$0.80 per share and 155,000 shares at \$3.49 per share.
- 8) Includes 11,000 shares owned by Mr. Parr's wife. Also includes options to purchase 275,268 shares of the Company's Common Stock at \$1.13 per share, 103,532 shares at \$0.81 per share, 2,250 shares at \$1.00 per share, 4,000 shares at \$0.95 per share, 25,000 shares at \$1.75 per share and 100,000 shares at \$2.69 per share, 55,000 shares of Common Stock issuable upon conversion of 550 shares of Series A Convertible Preferred Stock and 25,000 shares of Common Stock issuable upon conversion of 50 shares of Series B Convertible Preferred Stock owned by Mr. Parr.
- 9) Includes options to purchase 25,000 shares of the Company's Common Stock at \$1.75 per share.
- 10) Includes options to purchase 25,000 of the Company's Common Stock at \$3.00 per share. Also, includes 10,000 shares of Common Stock issuable upon conversion of 20 shares of Series B Convertible Preferred Stock.

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- 11) Includes 1,000 shares owned by Mr. Lehman's wife. Also includes options to purchase 26,500 of the Company's Common Stock at \$1.72 per share, 16,376 shares at \$1.13 per share, 7,752 shares at \$1.00 per share, 5,000 shares at \$0.81 per share, 5,000 shares at \$1.75 per share and 4,000 shares at \$0.95 per share.
- 12) Includes options to purchase 30,000 shares of the Company's Common Stock at \$1.75 per share and 43,000 shares at \$0.95 per share.

Equity Compensation Plan

The following table provides certain information with respect to all of the Company's equity compensation plans in effect as of December 31, 2002.

	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 remaining issuance compensation securities col

Plan Category:			
Equity compensation plans approved by security holders:	3,774,748	\$2.04	7

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Equity compensation plans not approved by security holders (1):	57,000	\$2.56
<hr style="border-top: 1px dashed black;"/>		
Total	3,831,748	\$2.05
<hr style="border-top: 1px dashed black;"/>		

(1) Represents the aggregate number of shares of common stock issuable upon exercise of individual arrangements with option and warrant holders. These options and warrants are five years in duration, expire at various dates between December 31, 2004 and February 28, 2005, 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 8 of Notes to the Consolidated Financial Statements for a description of the Company's Stock Option Plans.

Item 13. Certain Relationships and Related Transactions.

The Company has a Revolving Loan and Security Agreement (the "Loan Agreement") with Mr. Robert Howard, Chairman of the Board of Directors of the Company, under which Mr. Howard has agreed to advance funds, or to provide guarantees of advances made by third parties in an amount up to \$3,000,000. The Loan Agreement expires January 4, 2004, subject to extension by the parties. Outstanding advances are collateralized by substantially all of the assets of the Company and bear interest at prime interest rate plus 2%. Mr. Howard is entitled to convert outstanding advances made by him under the Loan Agreement into shares of

the Company's common stock at any time based on the outstanding closing market price of the Company's common stock at the lesser of the market price at the time each advance is made or at the time of conversion.

In March 2002, Mr. Howard converted \$500,000 of advances made under the Loan Agreement into 215,517 shares of restricted common stock of the Company.

During the second quarter of 2002 the Company borrowed \$250,000 and in November 2002 the Company repaid Mr. Howard \$50,000 pursuant to the Loan Agreement. As of December 31, 2002, \$200,000 was owed by the Company and the Company had \$2,800,000 available for future borrowings under the Loan Agreement.

In connection with the merger of Howtek, Inc. and ISSI in June 2002, the Company issued 2,000,000 shares of common stock to an entity owned by Mr. Robert Howard in exchange for 1,600,000 shares of ISSI common stock owned by the entity.

The Company had Secured Demand Notes and Security Agreements (the "Notes") owed to Mr. Robert Howard. The principal of these Notes was due and payable in full, together with interest accrued and any penalties provided for, on demand. Under the terms of the Notes the Company agreed to pay interest at the lower rate of (a) 12% per annum, compounded monthly or (b) the maximum rate permitted by applicable law. Payment of the Notes was secured by a security interest in certain assets of the Company. In March 2002 the Company repaid the principal balance due in the amount of \$500,000 and the Notes were discharged.

The facility formerly housing the Company's principal executive offices and research and development laboratory was leased by the Company from Mr. Robert

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Howard. Rental expense for the year ended December 31, 2002 was \$78,500. The Company relocated in January 2003 to a facility leased from an unaffiliated party.

Item 14. Controls and Procedures

Within the 90 days prior to the filing date of this Annual Report on Form 10-K, an evaluation was carried out (the "Controls Evaluation"), under the supervision and with the participation of Company's management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), of the effectiveness of the Company's "disclosure controls and procedures" (as defined in Section 13a-14 (c) and 15d-14 (c) of the Securities Exchange Act of 1934 ("Disclosure Controls"). Based upon that evaluation, the CEO and CFO have concluded that the Disclosure Controls are effective to ensure that the information required to be disclosed by the Company in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as required by the rules and forms of the Securities and Exchange Commission.

The CEO and CFO note that, since the date of the Controls Evaluation to the date of this Annual Report on Form 10-K, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

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PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

a) The following documents are filed as part of this Annual Report on Form 10-K:

- i. Financial Statements - See Index on page 55.
- ii. Financial Statement Schedule - See Index on page 55. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable and, therefore, have been omitted.
- iii. Exhibits - the following documents are filed as exhibits to this Annual Report on Form 10-K:
 - 2(a) Plan and Agreement of Merger dated February 15, 2002, by and among the Registrant, ISSI Acquisition Corp. and Intelligent Systems Software, Inc., Maha Sallam, Kevin Woods and W. Kip Speyer. [incorporated by reference to Annex A of the Company's proxy statement/prospectus dated May 24, 2002 contained in the Registrant's Registration Statement on Form S-4, File No. 333-86454]
 - 3(a) Certificate of Incorporation of the Registrant filed with the Secretary of State of the State of Delaware on February 24, 1984 [incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form

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S-18 (Commission File No. 2-94097 NY), filed on October 31, 1984]

- 3(b) Certificate of Amendment of Certificate of Incorporation of the Registrant, filed with the Secretary of State of the State of Delaware on May 31, 1984 [incorporated by reference to Exhibit 3.1(a) to the Registrant's Registration Statement on Form S-18 (Commission File No. 2-94097-NY), filed on October 31, 1984]
- 3(c) Certificate of Amendment of Certificate of Incorporation of the Registrant filed with the Secretary of State of the State of Delaware on August 22, 1984 [incorporated by reference to Exhibit 3.1(b) to the Registrant's Registration Statement on Form S-18 (Commission File No. 2-94097-NY), filed on October 31, 1984].

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- 3(d) Certificate of Amendment of Certificate of Incorporation of the Registrant filed with the Secretary of State of the State of Delaware on October 22, 1987 [incorporated by reference to Exhibit 3(d) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1988].
- 3(e) Certificate of Amendment of Certificate of Incorporation of the Registrant filed with the Secretary of State of the State of Delaware on September 28, 1999 [incorporated by reference to Exhibit 3(d) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001].
- 3(f) Certificate of Amendment of Certificate of Incorporation of the Registrant filed with the Secretary of State of the State of Delaware on June 28, 2002 [incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly report on Form 10-Q for the quarter ended June 30, 2002].
- 3(g) By-laws of Registrant [incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-18 (Commission File No. 2-94097-NY), filed on October 31, 1984].
- 10(a) Revolving Loan and Security Agreement, and Convertible Revolving Credit Promissory Note between Robert Howard and Registrant dated October 26, 1987 (the "Loan Agreement") [incorporated by reference to Exhibit 10 to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1987].
- 10(b) Letter Agreement dated June 28, 2002, amending the Revolving Loan and Security Agreement, and Convertible Revolving Credit Promissory Note between Robert Howard and Registrant dated October 26, 1987. #
- 10(c) Form of Secured Demand Notes between the Registrant and Mr. Robert Howard. [incorporated by reference to

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Exhibit 10(e) to the Registrant's Report on Form 10-K for the year ended December 31, 1998].

10(d) Form of Security Agreements between the Registrant and Mr. Robert Howard [incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-K for the year ended December 31, 1998].

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10(e) Certificate of Designation of 7% Series A Convertible Preferred Stock dated December 22, 1999. [incorporated by reference to Exhibit 10(i) to the Registrant's Report on Form 10-K for the year ended December 31, 1999].

10(f) Certificate of Designation of 7% Series B Convertible Preferred Stock dated October 16, 2000 [incorporated by reference to Exhibit 10(j) to the Registrant's Report on Form 10-K for the year ended December 31, 2000].

10(g) Separation agreement dated September 24, 2002 between the Registrant and W. Kip Speyer [incorporated by reference to Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2002].*

10(h) Separation agreement dated September 30, 2002 between the Registrant and Gregory J. Stepic [incorporated by reference to Exhibit 10.2 to the Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2002].*

10(i) 1993 Stock Option Plan [incorporated by reference to Exhibit A to the Registrant's proxy statement on Schedule 14-A filed with the Securities and Exchange Commission on August 24, 1999].*

10(j) 2001 Stock Option Plan [incorporated by reference to Annex A of the Registrant's proxy statement on Schedule 14-A filed with the Securities and Exchange Commission on June 29, 2001].*

10(k) 2002 Stock Option Plan [incorporated by reference to Annex F to the Registrant's Registration Statement on Form S-4 (File No. 333-86454)].*

10(l) Exclusive Distribution Agreement between Intelligent Systems Software, Inc. and Instrumentarium Imaging, Inc., dated August 15, 2001.**#

10(m) License Agreement between Scanis, Inc. and the Registrant dated February 18, 2003.**#

21 Subsidiaries#

23(a) Consent of BDO Seidman, LLP.#

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31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, implementing Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, implementing Section 302 of the Sarbanes-Oxley Act of 2002.

99.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.#

99.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.#

* Denotes a management compensation plan or arrangement.

** Portions of these documents have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment of the omitted portions.

previously filed with the Registrant's Form 10-K for the fiscal year ended December 31, 2002.

(b) During the last quarter of the period covered by this Annual Report on Form 10-K the Company filed no reports on Form 8-K.

(c) Exhibits - See (a) iii above.

(d) Financial Statement Schedule - See (a) ii above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICAD, INC.

Date: November 21, 2003

By: /s/ W. Scott Parr

W. Scott Parr
President, Chief Executive Officer

/s/ Annette Heroux

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Chief Financial Officer (Principal
Accounting Officer)