

RadNet, Inc.
Form DEF 14A
April 29, 2011

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

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14a-12

RADNET, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

- (1) Title of each class of securities to which transaction applies: Not applicable
- (2) Aggregate number of securities to which transaction applies: Not applicable
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): Not applicable
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 - (3) Filing Party:
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RADNET, INC.

1510 Cotner Ave.
Los Angeles, CA 90025

May 4, 2011

Dear Stockholder:

On behalf of the Board of Directors and management, we cordially invite you to attend the Annual Meeting of Stockholders of RadNet, Inc. to be held at our principal executive office at 1510 Cotner Avenue, Los Angeles, CA 90025, on Thursday, June 16, 2011, at 10:00 a.m. (Pacific time). At this meeting, stockholders will vote on matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote by mailing your proxy or voting instruction card using the postage-paid return envelope included for your convenience. If your shares are registered in the name of a broker or other nominee, your nominee may be participating in a program provided through Broadridge Financial Solutions, Inc. that allows you to vote by telephone or the Internet. If so, the voting form that your nominee sends you will provide telephone and Internet instructions.

Thank you for your continued interest in RadNet, Inc. We look forward to seeing you at the Annual Meeting.

Sincerely,

Norman R. Hames
Corporate Secretary

Important Notice Regarding Availability of Proxy Materials for the 2011 Annual Meeting of Stockholders:
The Proxy Statement for the 2011 Annual Meeting of Stockholders and the Annual Report for the year ended December 31, 2010, are available at <http://www.radnet-inc.com>.

RADNET, INC.

1510 Cotner Ave.
Los Angeles, CA 90025

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
June 16, 2011

RadNet, Inc. will hold its Annual Meeting of Stockholders on Thursday, June 16, 2011, at 10:00 a.m. (Pacific time) at our principal executive office at 1510 Cotner Avenue, Los Angeles, CA 90025.

Stockholders of record at the close of business on April 27, 2011, the record date fixed by the Board of Directors, are entitled to notice of, and to vote at, the Annual Meeting of Stockholders. The following items are on the agenda:

1. The election of seven nominees named in the attached Proxy Statement as directors to hold office until the 2012 Annual Meeting of Stockholders;
2. The amendment to the 2006 Equity Incentive Plan to increase the number of shares available for issuance by 4,500,000, from 6,500,000 to 11,000,000;
3. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
4. An advisory vote on the compensation of our named executive officers;
5. An advisory vote on the frequency of the advisory vote on the compensation of our named executive officers; and
6. Other business that may properly come before the Annual Meeting (including adjournments and postponements).

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

By Order of the Board of Directors,

Norman R. Hames
Corporate Secretary

May 4, 2011
Los Angeles, California

Whether or not you expect to attend the Annual Meeting, please complete, sign, date and return the enclosed proxy card as soon as possible to ensure your representation at the meeting. A postage-paid return envelope is enclosed for your convenience. Stockholders holding shares with a broker, bank or other nominee may also be eligible to vote via the Internet or to vote telephonically. If a stockholder's broker, bank or other nominee participates in a program that allows voting via telephone or the Internet, such stockholder may do so by following the instructions on the form they

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receive from their broker, bank or other nominee. Even if you have given your proxy, you may still vote in person if you attend the meeting. Please note, however, that if a broker, bank or other nominee holds your shares of record and you wish to vote at the meeting, then you must obtain from the record holder a proxy issued in your name.

RADNET, INC.

1510 Cotner Ave.
Los Angeles, CA 90025

PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 16, 2011

General Information

The Board of Directors of RadNet, Inc., a Delaware corporation, is providing these proxy materials to you in connection with the solicitation of the enclosed proxy for use at our 2011 Annual Meeting of Stockholders. The meeting will be held at our principal office at 1510 Cotner Avenue, Los Angeles, CA 90025, on Thursday, June 16, 2011, at 10:00 a.m. (Pacific time) or at any adjournment or postponement thereof, for the purposes stated herein. This Proxy Statement summarizes the information that you will need to know to vote in an informed manner.

Voting Rights and Outstanding Shares

We intend to mail this Proxy Statement and the accompanying proxy card on or about May 4, 2011 to all stockholders of record that are entitled to vote. Holders of record at the close of business on April 27, 2011, the record date, are entitled to notice of, and to vote at, the Annual Meeting. Each share is entitled to one vote. On the record date, approximately 37,307,225 shares of our common stock were outstanding.

We will have a quorum to conduct the business of the Annual Meeting if holders of a majority of the shares of our common stock are present in person or represented by proxy. Consequently, we will need to have 18,653,613 shares present in person or represented by proxy at the Annual Meeting in order to establish a quorum. Abstentions and broker non-votes (i.e., shares of common stock held by a broker, bank or other nominee that are represented at the meeting, but that the broker, bank or other nominee is not empowered to vote on a particular proposal) will be counted in determining whether a quorum is present at the meeting.

With respect to the election of directors, stockholders may vote for, against or withhold the vote for each nominee for director. With respect to the frequency of the advisory vote on executive compensation, stockholders may vote for such advisory vote to occur every 1, 2 or 3 years or abstain from voting. With respect to each other proposal, stockholders may vote for the proposal, against the proposal or abstain from voting.

Broker-dealers who hold their customers' shares in street name may, under the applicable rules of the exchanges and other self-regulatory organizations of which the broker-dealers are members, vote the shares of their customers on routine proposals, which under such rules typically include the ratification of auditors, when they have not received instructions from their customers. Under these rules, brokers may not vote shares of their customers on non-routine matters without instructions from their customers. A broker non-vote occurs with respect to any proposal when a broker holds shares of a customer in its name and is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction is given.

The election of directors requires a plurality of votes cast by shares present or represented at the meeting. Accordingly, the directorships to be filled at the Annual Meeting will be filled by the nominees receiving the

highest number of votes in favor of their election. Shares not present at the meeting and broker non-votes will have no impact on the election of directors. Please note that a bank, broker or nominee is not permitted to vote on behalf of beneficial owners with respect to uncontested elections of directors. You must instruct your bank, broker or nominee on how to vote your shares for the election of directors.

The amendment to the 2006 Equity Incentive Plan (the “2006 Plan”) to increase the number of shares available to 11,000,000 must be approved by a majority of the shares present in person or represented by proxy and entitled to vote on such matters at the Annual Meeting. With respect to such proposal, abstentions will be included in the number of shares present and entitled to vote with respect to such proposals and, accordingly, will have the effect of a vote “AGAINST” the proposal. However, broker non-votes with respect to such proposal will not be counted as shares present and entitled to vote and, accordingly, will not have any effect with respect to the approval of such proposal (other than to reduce the number of affirmative votes required to approve the proposal).

The ratification of the appointment of our independent registered public accounting firm must be approved by a majority of the shares present in person or represented by proxy and entitled to vote on such matters at the Annual Meeting. With respect to such proposal, abstentions will be included in the number of shares present and entitled to vote with respect to such proposals and, accordingly, will have the effect of a vote "AGAINST" the proposal. However, broker non-votes with respect to such proposal will not be counted as shares present and entitled to vote and, accordingly, will not have any effect with respect to the approval of such proposal (other than to reduce the number of affirmative votes required to approve the proposal).

The advisory vote on the compensation of our named executive officers will be approved if a majority of the shares present in person or represented by proxy and entitled to vote on such matters at the Annual Meeting vote in favor of such proposal. With respect to such proposal, abstentions will be included in the number of shares present and entitled to vote with respect to such proposals and, accordingly, will have the effect of a vote "AGAINST" the proposal. However, broker non-votes with respect to such proposal will not be counted as shares present and entitled to vote and, accordingly, will not have any effect with respect to the approval of such proposal (other than to reduce the number of affirmative votes required to approve the proposal).

The advisory vote on the frequency of future non-binding votes on executive compensation asks stockholders to vote on whether future non-binding votes on named executive officer compensation should occur every year, every two years or every three years. If none of the frequency options receives a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the stockholders.

Although the vote on the compensation of our named executive officers and the frequency of such vote, Proposals 4 and 5, respectively, is advisory only, meaning that it is not binding on the Company, our Board of Directors will consider the results of the votes in its future consideration of the compensation of our named executive officers and the frequency of the advisory votes on such compensation.

Voting Shares Registered in Your Name

If you are a stockholder of record, you may vote in one of two ways:

Attend the 2011 Annual Meeting of Stockholders and vote in person; or

Complete, sign, date and return the enclosed proxy card.

Voting Shares Registered in the Name of a Broker, Bank or Other Nominee

Most beneficial owners whose stock is held in street name will receive instructions for voting their shares from their broker, bank or other nominee, rather than our proxy card.

A number of brokers and banks participate in a program that allows stockholders to grant their proxy to vote shares by means of the telephone or Internet. If your shares are held in an account with a broker or bank participating in such a program, then you may vote your shares via the Internet or telephonically by following the instructions on the form received from your broker or bank.

If you wish to vote in person at the Annual Meeting, then you must obtain a legal proxy issued in your name from the broker, bank or other nominee that holds your shares of record.

Tabulation of Votes

A representative from our transfer agent, American Stock Transfer & Trust Company, will tabulate the votes. The shares of our common stock represented by proxy will be voted in accordance with the instructions given on the proxy so long as the proxy is properly executed and received by us prior to the close of voting at the Annual Meeting or any adjournment or postponement of the meeting (or in the case of proxies submitted by telephone or via the Internet, by the deadline specified in the instructions you receive from your broker or bank). If no instruction is given, then the proxyholders named on the card will vote FOR each of the seven director nominees, FOR the amendment to the 2006 Equity Incentive Plan to increase the number of shares available to 11,000,000, FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, FOR approving the compensation of our named executive officers, on an advisory basis, and FOR one year as to the preferred frequency of the advisory vote on the compensation of our named executive officers. In addition, the individuals that we have designated as proxies for the meeting will have discretionary authority to vote for or against any other stockholder matter presented at the meeting.

Revocability of Proxies

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

You may grant another proxy marked with a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method);

You may notify our Corporate Secretary in writing that you wish to revoke your proxy before it is voted at the Annual Meeting; or

You may vote in person at the Annual Meeting.

Solicitation

This solicitation is made by our Board of Directors, and we will bear the entire cost of soliciting proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to stockholders. We will provide copies of solicitation materials to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock that are beneficially owned by others for forwarding to the beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to the beneficial owners. Solicitations will be made primarily through the mail, but may be supplemented by telephone, telegram, facsimile, Internet or personal solicitation by our directors, executive officers, employees or other agents. No additional compensation will be paid to these individuals for these services.

Proposals of Stockholders for the 2012 Annual Meeting

Requirements for Stockholder Proposals to be Considered for Inclusion in RadNet, Inc.'s Proxy Materials. Stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at the 2012 Annual Meeting must be received by us not later than January 5, 2012, in order to be considered for inclusion in our proxy materials for that meeting.

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting. Our bylaws provide that, for stockholder nominations to the Board of Directors or other proposals to be considered at an annual meeting, the stockholder must have given timely notice of the proposal or nomination in writing to our Corporate Secretary. To be timely for the 2012 Annual Meeting, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at our principal executive offices between February 18, 2012 and March 19, 2012. A stockholder's notice to the Corporate Secretary must set forth, as to each matter the stockholder proposes to bring before the annual meeting, the information required by our bylaws.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information concerning the beneficial ownership of the shares of our common stock as of March 31, 2011, by:

each person we know to be the beneficial owner of 5% or more of our outstanding shares of common stock,

our principal executive officer, principal financial officer and each of our three other most highly compensated executive officers as of December 31, 2010 (collectively, the “Named Executive Officers”), and

all of our current executive officers and directors as a group.

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

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

Applicable percentage ownership is based on 37,307,225 shares of common stock outstanding on March 31, 2011. We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission, or SEC. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed as outstanding shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of March 31, 2011. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Name of Beneficial Owner	Shares Beneficially Owned	Percent of Shares Beneficially Owned
5% or Greater Stockholders		
James E. Flynn(1)	3,143,726	8.4%
Red Mountain Capital Partners II, L.P. (2)	2,151,749	5.8%
Directors and Named Executive Officers		
Howard G. Berger, M.D.(3)	5,405,140	14.5%
Marvin S. Cadwell	166,250 (4)	*
John V. Crues, III, M.D.	645,375 (5)	1.7%
Norman R. Hames	1,456,231 (6)	3.7%
Lawrence L. Levitt	216,250 (7)	*
Michael L. Sherman, M.D.	225,065 (8)	*
David L. Swartz	251,250 (9)	*
Jeffrey L. Linden	1,118,333 (10)	3.0%
Mark D. Stolper	527,205 (11)	1.4%
Stephen M. Forthuber	666,667	1.8%

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	(12)	
Michael N. Murdock	203,333	*
	(13)	
All directors and executive officers as a group (11 persons)	10,881,099	26.3%
	(14)	

* Represents less than 1%.

(1) According to the Schedule 13G/A filed with the SEC on February 2, 2011, Mr. Flynn is the beneficial owner of shares of common stock owned by various entities, including Deerfield Capital, L.P., and Deerfield Management Company, L.P. and he maintains shared voting and investment power over the shares of our common stock held by these entities. The address for Mr. Flynn as set forth in the Schedule 13G/A filing is 780 Third Avenue, 37th Floor, New York, NY 10017.

- (2) According to the Schedule 13D filed with the SEC on February 22, 2011, Red Mountain Capital Partners II, L.P., or RMCP II, holds an aggregate of 2,151,749 shares of our common stock. RMCP GP LLC, or RMCP GP, is the general partner of RMCP II. Red Mountain Capital Partners LLC, or RMCP LLC, is the managing member of RMCP GP. Red Mountain Capital Management, Inc., or RMCM, is the management member of RMCP LLC and Willem Mesdag, an individual, is the president, sole executive officer, sole director and sole stockholder of RMCM. Mr. Mesdag and RMCM disclaim beneficial ownership of all shares of our common stock held by RMCP II. The address as set forth in the Schedule 13D filing is 10100 Santa Monica Boulevard, Suite 925, Los Angeles, CA 90067.
- (3) As a result of his stock ownership and positions as president and director, Dr. Berger may be deemed to be a controlling person of our Company. Represents shares held by the Howard and Fran Berger Family Trust, to which Dr. Berger and Mrs. Berger are trustees.
- (4) Beneficial ownership includes 166,250 shares subject to options exercisable within 60 days of March 31, 2011.
- (5) Beneficial ownership includes 66,667 shares subject to options and warrant exercisable within 60 days of March 31, 2011.
- (6) Beneficial ownership includes 1,456,231 shares subject to options and warrants exercisable within 60 days of March 31, 2011.
- (7) Beneficial ownership includes 166,250 shares subject to options and warrants exercisable within 60 days of March 31, 2011.
- (8) Beneficial ownership includes 166,250 shares subject to options exercisable within 60 days of March 31, 2011.
- (9) Beneficial ownership includes 166,250 shares subject to options and warrants exercisable within 60 days of March 31, 2011.
- (10) Beneficial ownership includes 533,333 shares subject to options and warrants exercisable within 60 days of March 31, 2011.
- (11) Beneficial ownership includes 450,000 shares subject to options and warrants exercisable within 60 days of March 31, 2011.
- (12) Beneficial ownership includes 666,667 shares subject to options exercisable within 60 days of March 31, 2011.
- (13) Beneficial ownership includes 203,333 shares subject to options exercisable within 60 days of March 31, 2011.
- (14) Beneficial ownership includes 4,041,231 shares subject to options and warrants exercisable within 60 days of March 31, 2011.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the 2011 Annual Meeting of Stockholders, all directors will be elected for a term expiring at the next annual meeting of stockholders to be held after their election. Our Board of Directors, in accordance with our bylaws, has determined that the authorized number of directors shall be seven.

Unless instructed otherwise, the persons named in the accompanying proxy will vote the shares represented by such proxy for the election of the seven director nominees listed in the table below. Each of the nominees is currently a director of the Company and has consented to serve if elected, and we have no reason to believe that any nominee will be unable to serve. If any nominee becomes unavailable or unable to serve before the Annual Meeting, the Board of Directors may determine to leave the position vacant, reduce the number of authorized directors or designate a substitute nominee. If a substitute nominee is named, then the persons named as proxies will have full discretion and authority to vote or refrain from voting for such substitute nominee in their discretion.

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

Nominees for Director

The names of the director nominees, their ages as of March 31, 2011 and other information about them are set forth below.

Name of Director Nominee	Age	Position	Director Since
Howard G. Berger, M.D.	65	President, Chief Executive Officer and Chairman of the Board	1992
Marvin S. Cadwell	67	Director	2007
John V. Crues, III, M.D.	61	Director	2000
Norman R. Hames	55	Director	1996
Lawrence L. Levitt	68	Director	2005
Michael L. Sherman, M.D.	68	Director	2007
David L. Swartz	67	Director	2004

Howard G. Berger, M.D. has served as President and Chief Executive Officer of our Company and its predecessor entities since 1987. Dr. Berger is also the president or co-president of the entities that own Beverly Radiology Medical Group, or BRMG. He began his career in medicine at the University of Illinois Medical School, is Board Certified in Nuclear Medicine and trained in an Internal Medicine residency, as well as in a masters program in medical physics in the University of California system. Dr. Berger brings business leadership skills to our Board of Directors derived from his more than 25 years of experience in the development and management of the Company.

Marvin S. Cadwell served as a director of Radiologix, Inc. between June 2002 and November 2006. He was appointed Chairman of the Board of Radiologix in December 2002 and served as Chairman of the Nominations and Governance Committee of the Board of Radiologix. He was the Radiologix interim Chief Executive Officer from

September 2004 until November 2004. From December 2001 until November 2002, Mr. Cadwell served as Chief Executive Officer of SoftWatch, Ltd., an Israeli based company that provides Internet software. Since 2003, he has served as a director of ChartOne, Inc., a private company that provides patient chart management services to the healthcare industry. Mr. Cadwell has experience as an executive officer of several companies in the healthcare industry and brings to our Board of Directors a strong background in operating management of various organizations.

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

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

Lawrence L. Levitt is a certified public accountant and received his MBA in Accounting from the University of California Los Angeles. Since 1987 Mr. Levitt has been the President and Chief Financial Officer of Canyon Management Company, a company which manages a privately held investment fund. Mr. Levitt is also a director of River Downs Management Company, operator of a thoroughbred racetrack in Ohio. Mr. Levitt brings to our Board of Directors extensive financial accounting experience and is an audit committee financial expert under the SEC rules.

Michael L. Sherman, M.D., F.A.C.R., served as a Radiologix director from 1997 until November 2006. He served as President of Advanced Radiology, P.A., a 90-person radiology practice located in Baltimore, Maryland, from 1995 to 2001, and subsequently as its board chairman and a consultant until his retirement from active practice in 2005. In addition, Dr. Sherman was a director of HX Technologies, a healthcare IT company from 2006 to 2009 and was a director of MedStar Health, a seven-hospital system in the Baltimore-Washington, D.C. market from 1998 until 2006. He continues to serve on the board of MedStar Health's private captive insurance company, Greenspring Financial Insurance Limited, Inc. Dr. Sherman is also a Senior Advisor for healthcare at FOCUS Enterprises, a Washington, D.C.-based investment banking firm. Dr. Sherman has broad experience in the medical and business aspects of radiology and brings extensive experience as a board member and chairman of various companies in the healthcare industry. Effective January 2011, Dr. Sherman was elected to serve as the Chairman of the Nominating and Governance Committee.

David L. Swartz is a certified public accountant with over thirty-five years of experience providing accounting and advisory services to clients. Mr. Swartz currently serves as a member of the board of directors of the California State Board of Accountancy and previously served as president. Between 1993 and 2008, Mr. Swartz served as the managing partner of Good, Swartz, Brown & Berns LLP, a division of JH Cohn, and currently provides consulting services. Prior to that, Mr. Swartz served as managing partner and was on the national board of directors of a 50 office international accounting firm. Mr. Swartz is also a former chief financial officer of a publicly held shopping center and development company. Mr. Swartz brings to our Board of Directors extensive public financial accounting experience, is an audit committee financial expert under the SEC rules and serves as the Chairman of the Audit

Committee. Effective January 2011, Mr. Swartz was appointed as Lead Independent Director.

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

Vote Required

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

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION
TO THE BOARD OF EACH OF THESE NOMINEES**

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our business is managed under the direction of our Board of Directors. Our Board of Directors selects our officers, delegates responsibilities for the conduct of our operations to those officers, and monitors their performance.

Meetings of the Board of Directors and Board Committees

Our Board of Directors meets at least on a quarterly basis and during fiscal year 2010, held ten meetings and took action by written consent once. Each of the current directors serving in 2010 attended at least 75% of the total number of meetings of the Board of Directors and applicable committees that each director was eligible to attend. We, as a matter of policy, encourage our directors to attend meetings of stockholders but we do not require attendance. Four of the seven directors attended the 2010 Annual Meeting of Stockholders.

Board Leadership Structure

The Chairman of the Board also serves as our Chief Executive Officer. Our Board of Directors has determined that its leadership structure is appropriate and effective. Our Board of Directors believes that having a single individual serve as both chair and chief executive officer fosters an important unity of leadership between our Board of Directors and our management team, provides clear accountability and promotes strategic development and execution. Our Board of Directors further believes that the combination of the offices facilitates the organization and efficiency of board meetings over the calendar year by permitting the Chief Executive Officer to develop a thoughtful and comprehensive agenda for review by our Board of Directors of the issues and matters most critical to the Company and to guide the review process in a manner that will assure efficient use of the time available to our Board of Directors. This structure effectively utilizes the Chief Executive Officer's knowledge of our Company and the industry as well as fostering greater communication between management and our directors which produces a greater degree of transparency among management and our directors. Effective January 2011, our Board of Directors appointed Mr. Swartz as Lead Independent Director. In his capacity, Mr. Swartz will chair meetings of the Board of Directors in the absence of the Chairman of the Board, set the agenda and chair the executive sessions of the independent directors, and work together with the chairman of the Compensation and Management Development Committee to oversee the evaluation of our Chief Executive Officer. Four of the seven members of our Board of Directors are independent directors and all of those individuals serve on the committees of our Board of Directors. Our Chairman and Chief Executive Officer does not serve on any committee. As of January 2011, our Board of Directors holds regular executive sessions outside the presence of the Chief Executive Officer and other management, which our Board of Directors believes promotes appropriate independent leadership.

Board Role in Risk Oversight

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

risks associated with our compensation policies and practices.

Director Independence

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

Director Nomination Process

The Board of Directors established a Nominating and Governance Committee in February 2011. The Nominating and Governance Committee is responsible for identifying and evaluating director candidates and has the authority to employ a third party search firm to assist in this process, if needed. The Nominating and Governance Committee will consider stockholder nominees if such nominations have been made in accordance with our Bylaws and will evaluate candidates recommended by stockholders in the same manner as all other candidates brought to the attention of the Nominating and Governance Committee. Stockholder recommendations may be submitted to the Nominating and Governance Committee in care of the Corporate Secretary at the address set forth below under “Communication with Our Board of Directors.” No director candidates have been put forward by a stockholder or group of stockholders who beneficially owned more than five percent of our stock.

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

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

Code of Ethics

We have adopted a written code of financial ethics applicable to our directors, officers and employees which is designed to deter wrongdoing and to promote:

honest and ethical conduct;

full, fair, accurate, timely and understandable disclosure in reports and documents that we file with the SEC and in our other public communications;

compliance with applicable laws, rules and regulations, including insider trading compliance; and

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

You may obtain a copy of our Code of Financial Ethics on our website at www.radnet.com under Investors — Corporate Governance. The Audit Committee is responsible for reviewing the Code of Financial Ethics and amending as necessary. Any amendments will be disclosed on our website.

Committees of the Board of Directors

As of February 2011, we have three standing committees: the Audit Committee, the Compensation and Management Development Committee and the Nominating and Governance Committee. The committees are comprised entirely of

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independent directors. The membership of each committee is as follows, with the chairperson listed first:

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

Audit Committee

The Audit Committee meets periodically, but at least once a quarter to review the Company's financial statements and the adequacy of and compliance with the Company's internal and external financial reporting processes. The Audit Committee held four meetings in 2010.

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

- selecting and overseeing the engagement of a firm to serve as an independent registered public accounting firm to audit our financial statements;

- helping to ensure the independence of our independent registered public accounting firm;

- discussing the scope and results of the audit with our independent registered public accounting firm;

- developing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;

- meeting with our independent registered public accounting firm and our management to consider the adequacy of our internal accounting controls and audit procedures; and

- approving all audit and non-audit services to be performed by our independent registered public accounting firm.

The responsibilities of the Audit Committee are more fully described in the Audit Committee Charter. The Audit Committee reviews the charter at least annually and modifies it as needed. The Audit Committee Charter can be found on our website at www.radnet.com under Investors — Corporate Governance.

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

Compensation and Management Development Committee

The Compensation and Management Development Committee meets at least annually and is responsible for approving the compensation of executive officers and certain senior management and oversees the Company's management development programs, performance assessment of senior executives and succession planning. The Compensation and Management Development Committee held five meetings in 2010.

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

- reviewing and, as it deems appropriate, recommending to our Board of Directors the compensation of executive officers and certain other senior management;

- reviewing and administering our stock and equity incentive plans;

- reviewing and, as it deems appropriate, recommending to our Board of Directors, policies, practices, and procedures relating to the compensation of our directors, officers, and other managerial employees and the

establishment and administration of our employee benefit plans; and

reviewing and approving the corporate goals and objectives relevant to CEO compensation and evaluating the CEO's performance in light of those goals.

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

The responsibilities of the Compensation and Management Development Committee are more fully described in the Compensation and Management Development Committee Charter. The Compensation and Management Development Committee reviews the charter at least annually and modifies it as needed. The Compensation and Management Development Committee Charter can be found on our website at www.radnet.com under Investors — Corporate Governance.

Nominating and Governance Committee

In February 2011, the Board of Directors established the Nominating and Governance Committee. The Nominating and Governance Committee shall meet as frequently as circumstances dictate, but not less than once a year, and is responsible for identifying, evaluating and recommending qualified potential candidates to serve on the Board of Directors and its committees, coordinating the process for the Board of Directors to evaluate its performance and overseeing matters of corporate governance.

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

- developing and recommending the criteria to be used in screening and evaluating potential candidates or nominees for election or appointment as directors;

- establishing and overseeing a policy for considering stockholder nominees for directors, and developing the procedures that must be followed by stockholders in submitting recommendations;

- monitoring and reviewing any issues regarding the independence of directors or involving potential conflicts of interest and evaluating any change of status or circumstances with respect to a director;

- evaluating all nominees for election of directors;

- developing and recommending to the Board of Directors, as necessary, corporate governance policies to be adopted and maintained;

- identifying committee member qualifications and recommending appropriate committee member appointments to the Board of Directors; and

- establishing and reviewing annually with the Board of Directors the procedures for stockholders to send communications to the Board of Directors.

The responsibilities of the Nominating and Governance Committee are more fully described in the Nominating and Governance Committee Charter. The Nominating and Governance Committee is required to review the charter at least annually and modify it as needed. The Nominating and Governance Committee Charter can be found on our website at www.radnet.com under Investors — Corporate Governance.

COMMUNICATION WITH OUR BOARD OF DIRECTORS

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

state whether the intended recipients are all members of the Board of Directors or just certain specified directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC. Based solely on copies of these reports provided to us and written representations that no other reports were required, we believe that these persons met all of the applicable Section 16(a) filing requirements during fiscal 2010.

EXECUTIVE OFFICERS

The names of our current executive officers, their ages as of March 31, 2011, and their positions are shown below. Biographical summaries of each of our executive officers who are not also members of our Board of Directors are included below.

Name of Executive Officer	Age	Position	Officer Since
Howard G. Berger, M.D.	65	President, Chief Executive Officer and Chairman of the Board	1992
John V. Crues, III, M.D.	61	Vice President and Medical Director	2000
Norman R. Hames	55	Executive Vice President, Secretary, Chief Operating Officer – Western Operations	1996
Stephen M. Forthuber	50	Executive Vice President and Chief Operating Officer – Eastern Operations	2006
Jeffrey L. Linden	68	Executive Vice President and General Counsel	2001
Mark D. Stolper	39	Executive Vice President and Chief Financial Officer	2004
Michael M. Murdock	56	Executive Vice President and Chief Development Officer	2007

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

Jeffrey L. Linden joined us in 2001 and currently serves as our Executive Vice President and General Counsel. Prior to joining us, Mr. Linden had been engaged in the private practice of law. He has lectured before numerous organizations on various topics, including the California State Bar, the American Society of Therapeutic Radiation Oncologists, the California Radiological Association, and the National Radiology Business Managers Association.

Mark D. Stolper has served as our Chief Financial Officer since 2004 and prior to that was an independent member of our Board of Directors. Prior to joining us, he had diverse experiences in investment banking, private equity, venture capital investing and operations. Mr. Stolper began his career as a member of the corporate finance group at Dillon, Read and Co., Inc., executing mergers and acquisitions, public and private financings and private equity investments with Saratoga Partners LLP, an affiliated principal investment group of Dillon Read. After Dillon Read, Mr. Stolper joined Archon Capital Partners, which made private equity investments in media and entertainment companies. Mr. Stolper also worked for Eastman Kodak, where he was responsible for business development for Kodak's Entertainment Imaging subsidiary (\$1.5 billion in sales). Mr. Stolper was also co-founder of Broadstream Capital Partners, a Los Angeles-based investment banking firm focused on advising middle market companies engaged in financing and merger and acquisition transactions. Mr. Stolper is currently a member of the board of directors and audit committee for Metropolitan Health Networks, Inc. and is Chairman of the Board of CompuMed, Inc.

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

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Review and Approval of Related Party Transactions

As a matter of policy, the Board of Directors reviews any transaction in which we are proposed to be a party, directly or indirectly, and any of the following persons or entities is or is entitled to be a party, directly or indirectly, to the transaction or any director has a material financial interest in the transaction: (i) any of our executive officers or any related person of any such officer or a director, (ii) any person or entity of which the executive officer or director or any related person is the owner of more than 5% of the securities, (iii) any person or entity that controls one or more of the persons specified in subparagraph (ii) or a person that is controlled by, or is under common control with one or more of the persons specified in subparagraph (ii), or (iv) an individual who is a general partner, principal or employer of a director. Additionally, any transaction which would be required to be disclosed pursuant to Item 404 of Regulation S-K is reviewed by the Board of Directors.

Related Party Transactions

Howard G. Berger, M.D. is our President and Chief Executive Officer, Chairman of the Board, and owns approximately 14.5% of our outstanding common stock. Dr. Berger also owns, indirectly, 99% of the equity interests in BRMG. BRMG provides all of the professional medical services at most of our California facilities under a management agreement and contracts with various other independent physicians and physician groups to provide all of the professional medical services at most of our other California facilities. We obtain professional medical services from BRMG in California, rather than providing such services directly or through subsidiaries, in order to comply with California's prohibition against the corporate practice of medicine. However, as a result of this close relationship with Dr. Berger and BRMG, we believe that we are able to better ensure that professional medical services are provided at our California facilities in a manner consistent with our needs and expectations and those of our referring physicians, patients and payors than if we obtained these services from unaffiliated practice groups.

Under our management agreement with BRMG, which expires on January 1, 2014, BRMG pays us, as compensation for the use of our facilities and equipment and for our services, a percentage of the gross amounts collected for the professional services it renders. The percentage, which was 79%, at December 31, 2010, is adjusted annually, if necessary, to ensure that the parties receive fair value for the services they render. In operation and historically, the annual revenue of BRMG from all sources closely approximates its expenses, including Dr. Berger's compensation, fees payable to us and amounts payable to third parties. For administrative convenience and in order to avoid inconveniencing and confusing our payors, a single bill is prepared for both the professional medical services provided by the radiologists and our non-medical, or technical, services, generating a receivable for BRMG. BRMG is a guarantor under the term loan facility and revolving credit facility we entered into in April 2010.

Dr. Crues receives all of his salary from Beverly Radiology Medical Group III, an affiliate of BRMG. In 2010, Dr. Berger received \$500,000 of his salary from Beverly Radiology Medical Group III.

Cohen & Lord, a professional corporation, a law firm with which Mr. Linden is associated, received \$598,262 in fees during 2010. Mr. Linden has specifically waived any interest in our fees since becoming an officer of RadNet, Inc.

On June 1, 2009 we entered into a 10-year operating lease for a building at one of our imaging centers located in Wilmington, Delaware in which our Senior Vice President of Materials Management is a 50% owner. The monthly rent under this operating lease is approximately \$25,000. We believe that the monthly lease amount is in line with similar 10-year lease contracts available for comparable buildings in the area.

Indemnification Agreements

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

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS*

The audit committee of the Board of Directors is comprised entirely of independent directors who meet the independence requirements of NASDAQ and the SEC. The audit committee operates pursuant to a charter that is available on our website at www.radnet.com under Investors — Corporate Governance.

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

In performing its responsibilities, the audit committee has reviewed and discussed, with management and Ernst & Young, the audited consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2010. The audit committee has also discussed with Ernst & Young matters required to be discussed by Statement on Auditing Standards 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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

Based on the reviews and discussions referred to above, the audit committee recommended to the Board of Directors that the audited consolidated financial statements of RadNet, Inc. be included in the Company’s annual report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission. The audit committee has also reappointed Ernst & Young to serve as independent auditors for 2011, and requested that this appointment be submitted to our stockholders for ratification at their annual meeting.

Submitted by the Audit Committee:

David L. Swartz, Chair
Marvin S. Cadwell
Lawrence L. Levitt

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

COMPENSATION DISCUSSION AND ANALYSIS

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

Executive Summary: summarizes our 2010 executive compensation program.

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

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

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

2010 Compensation Determinations: describes the compensation decisions for each of our Named Executive Officers for the fiscal year ended December 31, 2010.

Executive Summary

We compensate our executive officers generally through a mix of base salary and equity compensation. Our executive compensation program is designed to attract, retain and motivate talented executive officers who are capable of providing leadership, vision and execution necessary to achieve our business objectives. We actively seek to foster an environment that aligns the interests of our executive officers with the creation of stockholder value through our equity compensation program. To this end, we do not have a cash bonus structure in place for our executive officers.

Compensation decisions are determined by our independent Compensation and Management Development Committee and are not based on benchmarking against specific peer companies. For the year ended December 31, 2010, the Compensation and Management Development Committee did not retain any outside compensation consultants. The Compensation and Management Development Committee actively engages in dialogue with the Chief Executive Officer concerning the selection of strategic objectives and targets for performance based compensation. Generally, equity grants are based upon the recommendation of our Chief Executive Officer, with the Compensation and Management Development Committee retaining ultimate authority to accept, reject or modify such recommendation.

In 2010, the Company completed a debt refinancing plan and has continued the expansion of its business through strategic acquisitions during the fiscal year ended December 31, 2010. The Compensation and Management Development Committee decided to grant an equity award of stock options to purchase 100,000 shares of common stock to some of our Named Executive Officers based, in part, on their efforts in connection with the debt refinancing and the continued expansion of the business.

Consistent with the last several years, the Compensation and Management Development Committee decided that the base salary of the Named Executive Officers for 2010 would remain unchanged from the prior years, with the exception of Dr. Berger. Dr. Berger's base salary has historically been paid by Beverly Radiology Medical Group III, an affiliate of BRMG. In 2010, the Compensation and Management Development Committee increased Dr. Berger's base salary from \$500,000 to \$625,000, with the additional \$125,000 to be paid by the Company. Dr. Berger has served as our Chief Executive Officer and the Chairman of the Board since 1992 and continues to provide critical and thoughtful leadership and support.

In addition to the base salary and equity compensation, we pay the premiums for our executive officers' coverage under our health insurance plans and some of our executive officers are provided a monthly car allowance.

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Compensation Philosophy

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

The Compensation and Management Development Committee Believes in a Pay for Performance Culture

At the core of our compensation philosophy is our guiding belief that pay should be directly linked to performance. A substantial portion of executive officer compensation is contingent on, and variable with, achievement of objective corporate and/or individual performance objectives.

Compensation Decisions Should Promote the Interests of Stockholders

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

Compensation and Performance Pay Should Reflect Position and Responsibility

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

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

As position and responsibility increases, a greater portion of the executive officer's total compensation may be comprised of performance-based pay contingent on the achievement of performance objectives.

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

Internal Pay Equity

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

Compensation Should be Reasonable and Responsible

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

Compensation Disclosures Should be Clear and Complete

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

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Board Process

Compensation and Management Development Committee

The Compensation and Management Development Committee has been delegated the authority by our Board of Directors to approve all compensation and awards to executive officers. With respect to equity compensation awarded to the executive officers and others, the Compensation and Management Development Committee acts as the administrator under our 2006 Plan and has the authority under that plan to grant restricted stock or stock options. Generally, equity grants are based upon the recommendation of our Chief Executive Officer, with the Compensation and Management Development Committee retaining ultimate authority to accept, reject or modify such recommendation.

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

The Compensation and Management Development Committee's annual process begins by determining the individual and corporate performance objectives for senior executive officers in each fiscal year. The Committee engages in an active dialogue with the Chief Executive Officer concerning the selection of strategic objectives and targets for performance based compensation. Corporate performance objectives may be established on the basis of a targeted return on capital employed for the Company or a particular business unit, or on the basis of another operating metric.

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

Management's Role in the Compensation-Setting Process

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

- establishing the operating budget which forms the basis for performance objectives; and

- our Chief Executive Officer making recommendations to the Compensation and Management Development Committee on salary levels and option awards.

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

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

- background information regarding the Company's strategic objectives;

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

compensation recommendations as to senior executive officers (other than himself).

Committee Advisors

Under its charter, the Compensation and Management Development Committee is granted, where appropriate, the authority to hire and fire advisors and compensation consultants. The Company is obligated to pay for the advisors and consultants. These advisors will report directly to the Compensation and Management Development Committee. For the year ended December 31, 2010, the Compensation and Management Development Committee did not retain any outside compensation consultants.

Benchmarking

Our Compensation and Management Development Committee does not base its compensation decisions on benchmarking against a specific peer group of companies. However, the Committee recognizes that our compensation practices must be competitive in the marketplace. The Committee is generally aware of pay practices at other companies in our industry. This marketplace information is only one of the many factors that the Committee considers in assessing the reasonableness of compensation.

Elements of Executive Compensation

Base Salary

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

Equity Based Compensation

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

Our stock compensation plans have been established to provide certain of our employees, including our Named Executive Officers, with incentives to help align those employees' interests with the interests of our stockholders. Our stock compensation plans have provided the principal method for our Named Executive Officers to acquire equity or equity linked interests in our Company.

The Compensation and Management Development Committee has elected to use stock options as our primary equity compensation vehicle. All stock options incorporate the following features:

- the term of the grant does not exceed 10 years;
- the grant price is not less than the market price on the date of grant;
- grants do not include "reload" provisions;

repricing of options is prohibited, unless approved by the stockholders; and

options generally vest over a term of years (3 to 5 years) beginning with the first anniversary of the date of grant.

The Compensation and Management Development Committee continues to use stock options as a long-term incentive vehicle because:

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

The vesting period encourages executive retention and the preservation of stockholder value.

In determining the number of options to be granted to senior executive officers, the Compensation and Management Development Committee takes into account the individual's position, scope of responsibility, ability to affect profits and stockholder value and the individual's historic and recent performance and the value of stock options in relation to other elements of total compensation.

Additional Benefits

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

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

Change in Control and Severance Arrangements

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

Deductibility of Executive Compensation

Our Compensation and Management Development Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that we may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. In as much as no executive is currently paid an amount near the \$1,000,000 threshold, our Compensation and Management Development Committee believes that compensation paid to our Named Executive Officers is generally fully deductible for federal income tax purposes. We also intend that stock options granted under our equity incentive plans are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and therefore exempt from the \$1,000,000 limit. However, in certain situations, certain of the independent members of our Compensation and Management Development Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation of our Named Executive Officers.

2010 Compensation Determinations

The Compensation and Management Development Committee uses its judgment and discretion in determining the amount of base salary for each Named Executive Officer, which is reviewed on an annual basis. For the year ended December 31, 2010, the Compensation and Management Development Committee reviewed base salaries and made no change to such salaries, except for Dr. Berger. Dr. Berger's base salary has historically been paid by Beverly Radiology Medical Group III, an affiliate of BRMG. In 2010, the Compensation and Management Development Committee increased Dr. Berger's base salary from \$500,000 to \$625,000, with the additional \$125,000 to be paid by the Company. Dr. Berger has served as our Chief Executive Officer and the Chairman of the Board since 1992 and continues to provide critical and thoughtful leadership and support. During his 18 years of leadership, Dr. Berger has led every acquisition and financing, and has directly overseen all of our growth.

In addition to reviewing base salary compensation, the Compensation and Management Development Committee also considers the need for option grants since equity compensation is a primary component of total compensation. In 2010, the Compensation and Management Development Committee decided to make an equity grant of stock options to some of our Named Executive Officers. Messrs. Hames, Linden and Stolper, each a Named Executive Officer, were awarded options to purchase 100,000 shares of our common stock which vest in three equal annual increments beginning on the grant date. The Compensation and Management Development Committee decided to make these awards in order to provide each of these Named Executive Officers with a more significant equity stake in the Company and a greater incentive to contribute to our long term success and was based, in part, on their efforts in connection with our 2010 debt refinancing plan and the continued expansion of our business through strategic acquisitions during the fiscal year ended December 31, 2010, including the acquisition of eRAD, Inc.

2011 Compensation Determinations

For the last several years, the base salary of the executive officers has remained the same, except for Dr. Berger whose base salary was increased in 2010 as described above. Our Compensation and Management Development Committee decided to increase the base salary for some of our Named Executive Officers by \$75,000 each, effective January 1, 2011. The decision to increase the base salaries was based, in part, on an increase in the Company's revenues for the fiscal year ended December 31, 2010, the efforts of our Named Executive Officers in connection with our 2010 debt refinancing plan and their continued efforts to expand our business through several strategic acquisitions that occurred during the fiscal year ended December 31, 2010, including the acquisition of eRAD, Inc.

The following table provides the salaries of each of the Named Executive Officers for the fiscal year 2010 and 2011:

Name	Fiscal Year 2010 Salary(\$)	Fiscal Year 2011 Salary(\$)
Howard G. Berger, M.D.	625,000	625,000
Mark D. Stolper	350,000	425,000
Jeffrey L. Linden	400,000	475,000
John V. Crues, III, M.D.	549,870	549,870 ⁽¹⁾
Norman R. Hames	350,000	425,000

(1) Estimated based on 2010 salary.

The Compensation and Management Development Committee also decided to make an equity grant of stock options under our 2006 Plan, effective January 7, 2011, to some of our Named Executive Officers. Messrs. Hames, Linden and Stolper, each a Named Executive Officer, were awarded options to purchase 75,000 shares of our common stock which vest in three equal annual increments beginning on the first anniversary of the grant date. The Compensation and Management Development Committee decided to make these awards in order to provide each of these Named Executive Officers with a more significant equity stake in the Company and a greater incentive to contribute to our long term success and was based, in part, on their efforts in connection with our 2010 debt refinancing plan and the continued expansion of our business through strategic acquisitions during the fiscal year ended December 31, 2010.

Risk Consideration in Our Compensation Programs

Our Compensation and Management Development Committee has discussed the concept of risk as it relates to our compensation program and does not believe our compensation program encourages excessive or inappropriate risk taking. We structure our pay to consist of primarily fixed compensation with cash and non-cash long-term incentive programs. The base salary portion of compensation is designed to provide a steady income regardless of our stock price performance, so that our executive officers do not feel pressured to focus exclusively on stock price performance to the detriment of other important aspects of our business. Our equity incentive grants have traditionally been structured to provide longer term incentives. Our Compensation and Management Development Committee believes our compensation programs strike a balance between providing secure compensation and appropriate long-term incentives, such that our executive officers are not encouraged to take unnecessary or excessive risks.

COMPENSATION COMMITTEE REPORT*

The Compensation and Management Development Committee of the Board of Directors is comprised of independent non-employee directors and operates pursuant to a written charter. A copy of the charter can be viewed by visiting our website at www.radnet.com and clicking on “Investors” and then on “Corporate Governance.” The Compensation and Management Development Committee is responsible for setting and overseeing the administration of the policies governing annual compensation of the Company’s executive officers. The Compensation and Management Development Committee reviews the performance and compensation levels for executive officers, including the chief executive officer, and sets salary levels.

The Compensation and Management Development Committee has reviewed and discussed with RadNet’s management the “Compensation Discussion and Analysis” included in this Proxy Statement. Based upon that review and analysis, the Compensation and Management Development Committee recommended to the Board of Directors that the “Compensation Discussion and Analysis” be included in this Proxy Statement.

Submitted by the Compensation and Management Development Committee:

Lawrence L. Levitt, Chair
Michael L. Sherman, M.D.
David L. Swartz

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

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Summary Compensation Table

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

Name and Principal Position	Year	Annual Compensation				All Other Compensation (\$)(5)	Totals (\$)
		Salary (\$)(*)	Bonus (\$)	Stock Awards(\$)	Option Awards\$(1)		
Howard G. Berger, M.D., President and Chief Executive Officer (principal executive officer)	2010	625,000 (2)	—	—	—	9,765	634,765
	2009	500,000 (3)	—	—	—	—	500,000
	2008	500,000 (3)	—	—	—	—	500,000
Mark D. Stolper, Executive Vice President and Chief Financial Officer (principal financial officer)	2010	350,000	—	—	159,640	7,964	517,604
	2009	350,000	—	—	366,290	7,100	723,390
	2008	348,846	—	—	240,865	6,800	596,511
Jeffrey L. Linden, Executive Vice President and General Counsel	2010	400,000 (4)	—	—	159,640	16,699	576,339
	2009	400,000 (4)	—	—	219,774	15,672	635,446
	2008	400,000 (4)	—	—	240,865	15,372	656,237
John V. Crues, III, M.D., Vice President and Medical Director	2010	549,870 (3)	—	—	—	6,000	555,870
	2009	590,613 (3)	—	—	146,516	6,000	743,129
	2008	512,805 (3)	—	—	—	6,000	518,805
Norman R. Hames Executive Vice President and Chief Operating Officer – Western Operations	2010	350,000	—	—	159,640	4,875	514,515
	2009	350,000	—	—	219,774	4,875	574,649
	2008	350,000	—	—	540,865	4,875	895,740

(1) Amounts reflect the aggregate grant date fair value of stock options granted in the year computed in accordance with FASB ASC Topic 718. These are not amounts paid to or realized by the officer. Assumptions used in the calculation of these values are included in Note 13 to our audited financial statements included in our 2010 Annual Report on Form 10-K.

(2) Received \$500,000 in salary from Beverly Radiology Medical Group III for the fiscal year ended 2010 and received the remaining \$125,000 as base salary from RadNet Management, Inc.

- (3) Received from Beverly Radiology Medical Group III. Such salary is comprised of a fixed base amount of \$390,000 and 10% of the revenues from certain programs Dr. Crues administers for BRMG.
- (4) Cohen & Lord, a professional corporation, a law firm with which Mr. Linden is associated, received \$598,262 in fees for the year ended December 31, 2010, \$410,000 in fees for the year ended December 31, 2009 and \$398,128 for the year ended December 31, 2008. Mr. Linden has specifically waived any interest in our fees paid to Cohen & Lord since becoming an officer. See also "Certain Relationships and Related Party Transactions" above.
- (5) The Named Executive Officers receive perquisites, which may include a monthly car allowance and/or payment by the Company of the premiums for coverage under the Company's group health insurance plans.

Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of awards to our Named Executive Officers under our equity incentive plans during 2010.

Name	Grant Date	All Other Option Awards:		Grant Date Fair Value of Stock and Option Awards(2)
		Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)(1)	
Mark D. Stolper	06/08/10	100,000(3)	\$2.70	\$159,640
Jeffrey L. Linden	06/08/10	100,000(3)	\$2.70	\$159,640
Norman R. Hames	06/08/10	100,000(3)	\$2.70	\$159,640

(1) Exercise prices reflect the closing public market price on the date of grant.

(2) For discussion regarding the valuation model and assumptions used to calculate the fair value of these option awards, see Note 13 to the consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2010.

(3) Each option was granted under the 2006 Plan and vests in equal increments on June 8, 2010, 2011 and 2012 subject to the officer's continued service. The option term is five years from the date of grant.

Outstanding Equity Awards at Fiscal Year End

The table below summarizes outstanding equity awards held by our Named Executive Officers at December 31, 2010.

Name	Number of Securities		Option Exercise Price (\$)	Option Expiration Date
	Underlying Unexercised Options (#)(1) Exercisable	Underlying Unexercised Options (#)(1) Unexercisable		
Mark D. Stolper	100,000(2)	---	3.10	07/11/2011
	150,000(3)	---	3.24	10/28/2013
	83,333(3)	166,667(3)	2.40	06/15/2014
	33,333(3)	66,667(3)	2.70	06/08/2015
Jeffrey L. Linden	18,750(4)	---	.92	08/12/2011
	212,500(2)	37,500(2)	2.52	04/28/2012
	150,000(3)	---	3.24	10/28/2013
	100,000(3)	50,000(3)	2.40	06/15/2014
	33,333(3)	66,667(3)	2.70	06/08/2015
John V. Crues, III, M.D.	33,333(3)	66,667(3)	2.40	06/15/2014
Norman R. Hames	801,237(2)	375,000	1.12	05/01/2013

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150,000(3)	---	3.24	10/28/2013
100,000(3)	50,000(3)	2.40	06/15/2014
33,333(3)	66,667(3)	2.70	06/08/2015

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- (1) Unless otherwise indicated, one-third of the options or nonqualified warrants are fully-vested as of the date of grant and the remaining portion of the options vest in equal increments on the first and second anniversaries of the date of grant. The options have a five-year term from the date of grant.
- (2) Relates to nonqualified warrants issued to the Named Executive Officers. The nonqualified warrants issued to Mr. Stolper had an annual vesting schedule of 75,000 shares per year beginning July 30, 2005. The nonqualified warrants issued to Mr. Linden have an annual vesting schedule of 42,500 shares per year beginning April 28, 2007, with the remaining 37,500 shares to vest on March 1, 2012. The nonqualified warrants issued to Mr. Hames have an annual vesting schedule of 225,000 shares per year beginning on May 1, 2007, with the remaining 150,000 shares to vest on May 1, 2012.
- (3) Relates to options issued to the Named Executive Officers under the 2006 Plan.
- (4) Relates to options issued to the Named Executive Officers under the 2000 Long-Term Incentive Plan.

Option Exercises During 2010

There were no option exercises in the fiscal year ended December 31, 2010 by the Named Executive Officers except as follows:

Name	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)
Jeffrey L. Linden	18,750	\$21,000

(1) The value realized equals the fair market value of the common stock acquired on the date of exercise minus the aggregate exercise price.

Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation Plans

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

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

Nonqualified Deferred Compensation

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

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

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

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

Employment Agreements

We entered into an employment agreement with Mr. Linden on April 16, 2001, as amended on January 30, 2004, for an initial five-year term that renews automatically for successive one year terms unless otherwise terminated by either party. The employment agreement provides that Mr. Linden's base salary is \$350,000, which was subsequently amended to \$400,000 through the fiscal year 2010 and has since been amended to \$475,000, effective as of January 1, 2011. The employment agreement also provides that Mr. Linden is eligible for severance benefits as described below under the heading "Potential Payments Upon Termination or Change in Control — Severance Arrangements." Mr. Linden currently serves as Executive Vice President and General Counsel.

We entered into an employment agreement with Mr. Hames on May 1, 2001, as amended on January 30, 2004 for an initial three-year term that renews automatically for successive one year terms unless otherwise terminated by either party. The employment agreement provides that Mr. Hames' base salary is \$225,000, which was subsequently amended to \$350,000 through the fiscal year 2010 and has since been amended to \$425,000, effective as of January 1, 2011. The employment agreement also provides that Mr. Hames is eligible for severance benefits as described below under the heading "Potential Payments Upon Termination or Change in Control — Severance Arrangements." Mr. Hames currently serves as Executive Vice President and Chief Operating Officer — Western Operations.

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

Potential Payments Upon Termination or Change in Control

Payments Made Upon Termination and Retirement

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