

PRIMEDEX HEALTH SYSTEMS INC
Form DEFM14A
October 18, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant 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

RADIOLOGIX, INC.

(Name of Registrant as Specified In Its Charter)

N/A

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

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**Filed Pursuant to 424(b)(3)
Registration No. 333-136800**

**TO THE STOCKHOLDERS OF
PRIMEDEX HEALTH SYSTEMS, INC. AND
RADIOLOGIX, INC.**

Primedex Health Systems, Inc., which is referred to as Primedex, and Radiologix, Inc., which is referred to as Radiologix, have entered into an agreement and plan of merger for the acquisition of Radiologix by Primedex through the merger of a wholly-owned subsidiary of Primedex with and into Radiologix. Upon successful completion of the merger, Radiologix stockholders will receive a combination of cash and Primedex common stock in exchange for their shares of Radiologix common stock. Pursuant to the merger, Radiologix stockholders will receive aggregate consideration of 22,621,922 shares of Primedex common stock and \$42,950,000 in cash. Based upon the closing price of \$2.69 for Primedex common stock as of October 6, 2006, the record date for the stockholder meetings, each Radiologix stockholder would receive \$1.78 in cash for each Radiologix share, plus one share of Primedex common stock for total consideration valued at \$4.47 per share. Upon completion of the merger, we estimate that, subject to adjustment as described above, Radiologix's former stockholders will own approximately 33.9% of the outstanding shares of Primedex common stock, based on the number of shares of Radiologix and Primedex common stock outstanding on the record date. Primedex's stockholders will continue to own their existing shares. In connection with the proposals set forth in this joint proxy statement/prospectus, Primedex stock may be subject to transfer restrictions which are necessary to preserve Primedex's unrestricted use of its net operating loss carry-forwards.

Shares of Primedex common stock are currently traded on the Over-The-Counter Bulletin Board under the symbol PMDX.OB. Upon completion of the merger, Radiologix common stock, which is currently traded on the American Stock Exchange under the symbol RGX, will be delisted.

The merger will be nontaxable for federal income tax purposes to Primedex and its stockholders. The merger will be taxable for federal income tax purposes to the stockholders of Radiologix.

We are each holding meetings of our stockholders in order to obtain those approvals necessary to consummate the merger and to approve other matters as described in this joint proxy statement/prospectus. At the Primedex special meeting, Primedex will ask its common stockholders to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of shares of Primedex common stock in connection with the merger and to approve other Primedex special meeting matters described in this joint proxy statement/prospectus. At the Radiologix special meeting, Radiologix will ask its common stockholders to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, and to vote on the other Radiologix special meeting matters described in this joint proxy statement/prospectus. The obligations of Primedex and Radiologix to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger, including antitrust clearance. We received early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act on August 21, 2006. More information about Primedex, Radiologix and the proposed merger is contained in this joint proxy statement/prospectus. **We urge you to read this joint proxy statement/prospectus, and the documents incorporated by reference into this joint proxy statement/prospectus, carefully and in their entirety, in particular, see Risk Factors beginning on page 48.**

After careful consideration, each of our boards of directors has approved the merger agreement and has determined that the merger agreement and the merger are advisable and in the best interests of the stockholders of Primedex and Radiologix, respectively. **Accordingly, the Radiologix board of directors recommends that the Radiologix stockholders vote FOR the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, and FOR the other Radiologix special meeting matters. The Primedex board of directors recommends that the Primedex stockholders vote FOR the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock to be issued in connection with the merger, and FOR the other Primedex special meeting matters.**

We are very excited about the opportunities the proposed merger brings to both Radiologix and Primedex stockholders, and we thank you for your consideration and continued support.

Howard G. Berger, M.D.
President and Chief Executive Officer
Primedex Health Systems, Inc.

Sami S. Abbasi
President and Chief Executive Officer
Radiologix, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

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This joint proxy statement/prospectus is dated October 20, 2006,
and is first being mailed to Radiologix and Primedex stockholders on or about October 20, 2006.

REFERENCES TO ADDITIONAL INFORMATION

Except where we indicate otherwise, as used in this joint proxy statement/prospectus, Primedex refers to Primedex and its consolidated subsidiaries and Radiologix refers to Radiologix and its consolidated subsidiaries. Primedex and Radiologix file annual, quarterly and special reports with the Securities and Exchange Commission, referred to as the SEC, that have not been included in or delivered with this joint proxy statement/prospectus. These annual, quarterly and special reports are available to you without charge upon your written or oral request. You can obtain Primedex's and Radiologix's reports filed with the SEC by accessing the SEC's website maintained at www.sec.gov.

In addition, Primedex's SEC filings are available to the public on Primedex's website, www.radnetonline.com, and Radiologix's SEC filings are available to the public on Radiologix's website, www.radiologix.com. Information contained on Primedex's website, Radiologix's website or the website of any other person should not be considered by you as part of this joint proxy statement/prospectus.

Primedex will provide you with copies of this information relating to Primedex, without charge, if you request them in writing or by telephone from:

Primedex Health Systems, Inc.
1510 Cotner Avenue
Los Angeles, CA 90025
Attention: Investor Relations
(310) 478-7808

Radiologix will provide you with copies of this information relating to Radiologix, without charge, if you request them in writing or by telephone from:

Radiologix, Inc.
3600 JPMorgan Chase Tower
2200 Ross Avenue
Dallas, Texas 75201-2776
Attention: General Counsel
(214) 303-2776

If you would like to request documents, please do so by November 3, 2006, in order to receive them before the stockholder meetings.

Primedex has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Primedex, and Radiologix has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Radiologix.

RADIOLOGIX, INC.
3600 JPMorgan Chase Tower
2200 Ross Avenue
Dallas, Texas 75201-2776

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 15, 2006**

To the Stockholders of Radiologix, Inc.:

We will hold a special meeting of stockholders at 3900 JPMorgan Chase Tower, 2200 Ross Avenue, Dallas, Texas 75201 at 9:00 a.m., Central Time, on November 15, 2006, unless postponed or adjourned to a later date. The Radiologix special meeting will be held for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 6, 2006, by and among Radiologix, Inc., Primedex Health Systems, Inc., PR Acquisition Corporation, an indirect wholly-owned subsidiary of Primedex, and RadNet Management, Inc., a wholly-owned subsidiary of Primedex and sole stockholder of PR Acquisition Corporation, and the transactions contemplated by the merger agreement, including the merger, pursuant to which Primedex will acquire Radiologix through the merger of PR Acquisition Corporation with and into Radiologix, on the terms and subject to the conditions contained in the merger agreement, and Radiologix stockholders will receive aggregate consideration of 22,621,922 shares of Primedex common stock and \$42,950,000 in cash. A copy of the merger agreement is attached as *Annex A* to this joint proxy statement/prospectus;
2. To approve adjournments or postponements of the Radiologix special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Radiologix special meeting to approve the above proposal; and
3. To consider and take action upon any other business that may properly come before the Radiologix special meeting or any reconvened meeting following an adjournment or postponement of the Radiologix special meeting.

These items of business are described in this joint proxy statement/prospectus. Only stockholders of record at the close of business on October 6, 2006, are entitled to notice of the Radiologix special meeting and to vote at the Radiologix special meeting and any adjournments or postponements of the Radiologix special meeting.

Radiologix's board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, on July 6, 2006, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Radiologix and its stockholders. Radiologix's board of directors recommends that you vote FOR the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Radiologix's board of directors also recommends that you vote FOR the other Radiologix special meeting proposals, all of which are described in detail in this joint proxy statement/prospectus. Approval of the other Radiologix special meeting proposals is not a condition to the merger.

Under Delaware law, appraisal rights will be available to Radiologix stockholders of record who vote against adoption of the merger agreement. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in this joint proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the Radiologix special meeting in person, please complete, sign and date the enclosed proxy card(s) or voting instruction card(s) as soon as possible and return it in the postage-prepaid envelope provided, as described in this joint proxy

statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the meeting by attending in person and casting a vote. **However, if you do not return or submit the proxy or vote in person at the meeting, the effect will be the same as a vote AGAINST the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.**

By order of the board of directors,

Michael L. Silhol
Senior Vice President, General Counsel and Secretary

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card or voting instruction card.

If you have questions, contact:

Radiologix, Inc.
3600 JPMorgan Chase Tower
2200 Ross Avenue
Dallas, Texas 75201-2776
Attention: General Counsel
(214) 303-2776

Dallas, Texas, October 20, 2006

Your vote is important. Please complete, date, sign and return your proxy card(s) or voting instruction card(s), or vote your shares at your earliest convenience so that your shares are represented at the meeting.

PRIMEDEX HEALTH SYSTEMS, INC.
1510 Cotner Avenue
Los Angeles, CA 90025

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS IN LIEU OF ANNUAL MEETING
TO BE HELD ON NOVEMBER 15, 2006**

To the Stockholders of Primedex Health Systems, Inc.:

The special meeting of stockholders of Primedex Health Systems, Inc. (Primedex) will be held at The Olympic Collection, 11301 Olympic Boulevard, Los Angeles, California 90064 at 9:00 a.m., Pacific Time, on November 15, 2006, unless postponed or adjourned to a later date. The Primedex special meeting will be held for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 6, 2006, by and among Radiologix, Inc., Primedex Health Systems, Inc., PR Acquisition Corporation, an indirect wholly-owned subsidiary of Primedex, and RadNet Management, Inc., a wholly-owned subsidiary of Primedex and sole stockholder of PR Acquisition Corporation, and the transactions contemplated by the merger agreement, including the merger and the issuance of shares of Primedex common stock in connection with the merger, pursuant to which PR Acquisition Corporation will merge with and into Radiologix, on the terms and subject to the conditions contained in the merger agreement, and Radiologix stockholders will receive aggregate consideration of 22,621,922 shares of Primedex common stock and \$42,950,000 in cash. A copy of the merger agreement is attached as *Annex A* to this joint proxy statement/prospectus;
2. To adopt an amendment to Primedex's certificate of incorporation to change Primedex's name to RadNet, Inc. ;
3. To adopt an amendment to Primedex's certificate of incorporation to (i) increase the number of authorized shares of Primedex common stock from 100,000,000 shares to 200,000,000 shares and reduce the par value of each share of common stock from \$0.01 to \$0.0001, (ii) undesignate all of Primedex's preferred stock, and (iii) increase the authorized number of shares of Primedex preferred stock from 10,000,000 shares to 30,000,000 shares and reduce the par value of each share of preferred stock from \$0.01 to \$0.0001;
4. To adopt an amendment to Primedex's certificate of incorporation to implement stock transfer restrictions to preserve Primedex's unrestricted use of its net operating loss carry-forwards;
5. To adopt Primedex's 2006 Stock Incentive Plan, substantially in the form attached hereto as *Annex E*;
6. To elect five directors to Primedex's board of directors;
7. To adopt an amendment to Primedex's certificate of incorporation to effect a one-for-two reverse stock split;
8. To ratify the appointment of Moss Adams LLP as Primedex's independent registered public accounting firm for the fiscal year ending October 31, 2006;
9. To approve adjournments or postponements of the Primedex special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Primedex special meeting to approve the above proposals; and

In addition, Primedex stockholders may also consider and take action upon any other business that may properly come before the Primedex special meeting or any reconvened meeting following an adjournment or postponement of the Primedex special meeting.

These items of business are described in this joint proxy statement/prospectus. Only stockholders of record at the close of business on October 6, 2006, are entitled to notice of the Primedex special meeting and to vote at the Primedex special meeting and any adjournments or postponements of the Primedex special meeting.

Primedex's board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, on July 6, 2006, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Primedex and its stockholders. Primedex's board of directors recommends that you vote FOR the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock pursuant to the merger agreement.

Primedex's board of directors also recommends that you vote FOR all of the other Primedex special meeting proposals, all of which are described in detail in this joint proxy statement/prospectus. Approval of the other Primedex special meeting proposals is not a condition to the merger.

If a class of equity securities of Primedex is not listed on a national securities exchange at the time of the merger, under California law, any stockholder of Primedex will have the right to dissent from the merger by exercising dissenters' rights. If a Primedex stockholder elects to exercise dissenters' rights, the stockholder must precisely comply with all of the procedures set forth in Chapter 13 of the California General Corporation Law. These procedures are summarized in this joint proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the Primedex special meeting in person, please complete, sign and date the enclosed proxy card(s) or voting instruction card(s) as soon as possible and return it in the postage-prepaid envelope provided, or vote your shares by telephone or over the Internet as described in this joint proxy statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. **However, if you do not return or submit the proxy or vote in person at the meeting, the effect will be the same as a vote AGAINST the proposal to adopt and approve the merger agreement and the transactions contemplated by the merger agreement, including the merger.**

By order of the board of directors,

Norman R. Hames
Secretary and Vice President

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card or voting instruction card.

If you have questions, contact:

Primedex Health Systems, Inc.
1510 Cotner Avenue
Los Angeles, CA 90025
Attention: General Counsel
(310) 478-7808

Los Angeles, California, October 20, 2006

Your vote is important. Please complete, date, sign and return your proxy card(s) or voting instruction card(s) or, if available, vote your shares by telephone or over the Internet at your earliest convenience so that your shares are represented at the meeting.

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