

PRIMEDEX HEALTH SYSTEMS INC  
Form DEF 14A  
October 20, 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

**PRIMEDEX HEALTH SYSTEMS, INC.**

(Name of Registrant as Specified In Its Charter)

**N/A**

(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.
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- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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**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.**

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](http://www.sec.gov).

In addition, Primedex's SEC filings are available to the public on Primedex's website, [www.radnetonline.com](http://www.radnetonline.com), and Radiologix's SEC filings are available to the public on Radiologix's website, [www.radiologix.com](http://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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## SUMMARY

*This summary of the material information contained in this joint proxy statement/prospectus may not include all the information that is important to you. To fully understand the proposed merger, and for a more detailed description of the terms and conditions of the merger and other matters being considered at your stockholder meeting, you should read this entire joint proxy statement/prospectus and the documents to which we have referred you. See *Where You Can Find More Information* beginning on page 263. We have included page references parenthetically in this summary to direct you to a more detailed description of each topic presented in this summary.*

### **Information about Primedex (beginning on page 167)**

Primedex, a New York corporation, through its subsidiaries, operates a group of regional networks comprised of 65 fixed-site, freestanding outpatient diagnostic imaging facilities in California. Primedex is headquartered in California and employs approximately 1,023 full-time, 65 part-time and 122 per-diem employees. Howard G. Berger, M.D. is Primedex's President and Chief Executive Officer, a member of Primedex's Board of Directors and owns approximately 30% of Primedex's outstanding common stock. Dr. Berger also owns, indirectly, 99% of the equity interests in Beverly Radiology Medical Group III, or BRMG. BRMG provides all of the professional medical services at 50 of Primedex's facilities under a management agreement with Primedex, and contracts with various other independent physicians and physician groups to provide the professional medical services at most of Primedex's other facilities.

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

### **Information about Radiologix (beginning on page 224)**

Radiologix, a Delaware corporation, through its subsidiaries, is a national provider of diagnostic imaging services through the ownership and operation of freestanding, outpatient diagnostic imaging centers. Radiologix owns, operates and maintains equipment in 69 locations, with imaging centers located in 7 states, including primary operations in the Mid-Atlantic; the Bay Area, California; the Treasure Coast area, Florida; Northeast Kansas; and the Finger Lakes (Rochester) and Hudson Valley areas of New York state.

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

**Information about RadNet Management, Inc.**

RadNet Management, Inc., a Delaware corporation, and a wholly-owned subsidiary of Primedex, is the operating subsidiary through which Primedex conducts its operations.

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



### **Information about PR Acquisition Corporation**

PR Acquisition Corporation, a Delaware corporation, which is referred to as Merger Sub, is a direct wholly-owned subsidiary of RadNet Management, Inc. and an indirect wholly-owned subsidiary of Primedex. PR Acquisition Corporation has not engaged in any business activity other than activities related to the purpose of merging with Radiologix. If the merger is completed, Merger Sub will cease to exist following its merger with and into Radiologix.

PR Acquisition Corporation  
1510 Cotner Avenue  
Los Angeles, CA 90025  
Attention: General Counsel  
(310) 478-7808

### **The Merger (beginning on page 100)**

#### *General*

On July 6, 2006, the boards of directors of Radiologix and Primedex each unanimously approved the merger of Radiologix with Merger Sub, a newly formed and wholly-owned indirect subsidiary of Primedex, upon the terms and subject to the conditions contained in the merger agreement. The surviving company of the merger will become a wholly-owned indirect subsidiary of Primedex.

We encourage you to read the merger agreement, which governs the merger and is attached as *Annex A* to this joint proxy statement/prospectus, because it sets forth the terms of the merger of Merger Sub with and into Radiologix.

#### *Merger Consideration*

If the merger is completed, holders of Radiologix common stock (other than dissenting Radiologix stockholders who properly exercise their appraisal rights) will be entitled to receive aggregate consideration of 22,621,922 shares of Primedex and \$42,950,000 in cash (cash and stock together is referred to as the merger consideration). After the merger is completed, Radiologix stockholders will have the right to receive the merger consideration but they will no longer have any rights as Radiologix stockholders. Based upon the closing price of Primedex common stock on October 6, 2006, the record date, of \$2.69, 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. Based upon the closing price of Primedex common stock, on the record date, of \$2.69, Radiologix stockholders will collectively own approximately 33.9% of the outstanding Primedex shares, or 30.5% of the Primedex shares on a fully diluted basis. The merger agreement also provides Primedex the option to elect to reduce the share consideration by up to 3.5 million shares and to increase the cash consideration by \$2 per share, provided that Primedex advises Radiologix of its election prior to the mailing of this Proxy Statement. Primedex has advised Radiologix that it does not intend to exercise this option because Primedex believes it is in the best interests of all stockholders for Primedex to preserve the \$7 million of cash for other purposes. In connection with the proposals set forth in this proxy statement, Primedex's common stock may be subject to transfer restrictions which are necessary to preserve Primedex's unrestricted use of its net operating loss carry-forwards. Radiologix stockholders will receive the merger consideration after exchanging their Radiologix certificates in accordance with the instructions contained in the letter of transmittal to be sent to all Radiologix stockholders shortly after the closing of the merger.

The total value of the merger consideration that a Radiologix stockholder receives in the merger may vary. The value of the stock portion of the merger consideration is not fixed and will depend upon the value of Primedex common stock on the effective date of the merger. This value may be ascertained by

multiplying the trading price of Primedex common stock by the number of shares of Primedex common stock received in the merger. The value of the cash portion of the merger consideration will depend on the amount of cash delivered to Radiologix option holders. As illustrated in the table below, the cash portion of the merger consideration decreases as the value of Primedex common stock on the effective date of the merger increases. This result occurs because additional Radiologix option holders will receive cash out of the merger consideration equal to the difference between the value of the per share merger consideration and the exercise price per share of their options, as the value of Primedex common stock becomes greater than the exercise price of the option holder's option. As more Radiologix option holders hold options that are in-the-money, the total amount of cash delivered to such option holders increases and the cash available to the Radiologix stockholders decreases.

Hypothetical Trading Price of Primedex's Common Stock	Cash Consideration	Corresponding Value of Merger Consideration
\$2.00	\$ 1.83	\$3.83
\$2.05	\$ 1.83	\$3.88
\$2.10	\$ 1.83	\$3.93
\$2.15	\$ 1.82	\$3.97
\$2.20	\$ 1.82	\$4.02
\$2.25	\$ 1.82	\$4.07
\$2.30	\$ 1.81	\$4.11
\$2.35	\$ 1.81	\$4.16
\$2.40	\$ 1.80	\$4.20
\$2.45	\$ 1.80	\$4.25
\$2.50	\$ 1.80	\$4.30
\$2.55	\$ 1.79	\$4.34
\$2.60	\$ 1.79	\$4.39
\$2.65	\$ 1.79	\$4.44
\$2.70	\$ 1.78	\$4.48
\$2.75	\$ 1.78	\$4.53
\$2.80	\$ 1.77	\$4.57
\$2.85	\$ 1.77	\$4.62
\$2.90	\$1.77	\$4.67
\$2.95	\$1.76	\$4.71
\$3.00	\$1.76	\$4.76

### Financing of Merger

Primedex has signed a commitment letter with GE Commercial Finance Healthcare Financial Services for a \$405 million senior secured credit facility, which is expected to close concurrently with the closing of the merger. The facility will be used to finance the merger, to refinance existing indebtedness, to pay transaction costs and expenses relating to the merger and the credit facility and to provide financing for working capital needs post-merger. Consummation of the financing is a condition to the closing of the merger.

### Fractional Shares

No fractional Primedex common shares will be issued in the merger. Instead, holders who would otherwise be entitled to receive a fractional share of Primedex common stock will receive an amount in cash (without interest) determined by multiplying the fractional share interest by the average closing price for a share of Primedex common stock as reported on the Over-The-Counter Bulletin Board for the ten trading days prior to, but not including, the effective time of the merger.

## **Radiologix Options and Unvested Shares**

### *Radiologix Stock Options*

Holders of unvested options exercisable for Radiologix common stock will become vested in their options as a result of the merger. Holders of options exercisable for Radiologix common stock, whose exercise price per share is less than the value of the per share merger consideration, will receive for each share subject to such options an amount in cash out of the aggregate merger consideration equal to the difference between the value of the per share merger consideration and the exercise price per share of their options. Options exercisable for Radiologix common stock with an exercise price per share that is greater than the value of the per share merger consideration shall not be assumed or substituted by Primedex but shall vest upon the effective date of the merger and become fully exercisable to the holder of such option pursuant to the terms of the applicable option agreement. Any vested option that is not exercised prior to the effective time shall terminate and be void as of the effective time of the merger.

### *Unvested Shares of Radiologix Common Stock*

Immediately prior to the effective time of the merger, Radiologix will have cancelled, repurchased, accelerated, vested or otherwise extinguished or awarded all shares of Radiologix common stock that are restricted, not fully vested or subject to any other restriction, and there will be no remaining unvested shares of Radiologix common stock at the effective time of the merger.

## **Recommendation of the Boards of Directors to Radiologix and Primedex Stockholders (beginning on page 105)**

### *Radiologix Stockholders*

The Radiologix board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, Radiologix and its stockholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Radiologix board of directors has unanimously resolved to recommend that Radiologix stockholders vote **FOR** the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

### *Primedex Stockholders*

The Primedex board of directors believes that 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, are advisable and fair to, and in the best interests of, Primedex and its stockholders and has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of shares of Primedex common stock pursuant to the merger agreement. The Primedex board of directors has unanimously resolved to recommend that Primedex stockholders vote **FOR** the approval and 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.

## **Opinions of our Financial Advisors (beginning on page 109)**

### *Opinion of Radiologix's Financial Advisor*

In deciding to approve the merger agreement, the Radiologix board of directors considered the opinion of Radiologix's financial advisor, Bear, Stearns & Co. Inc., which is referred to as Bear Stearns. The Radiologix board of directors received a written opinion from Bear Stearns to the effect that, as of July 6, 2006, and based upon and subject to the various considerations, assumptions and limitations

described in its opinion, the merger consideration to be received by holders of shares of Radiologix common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of Bear Stearns' written opinion is attached to this joint proxy statement/prospectus as *Annex C*. Radiologix encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Bear Stearns' opinion is addressed to the Radiologix board of directors and is one of many factors considered by the Radiologix board of directors in deciding to approve the merger. Bear Stearns' opinion does not constitute a recommendation to any stockholder as to how such stockholder should vote or whether such stockholder should take any other action relating to the transaction. For its services, Bear Stearns will be entitled to receive a transaction fee equal to 1.10% of the total aggregate value of the merger consideration paid to Radiologix stockholders, currently estimated to be \$2,200,000, the principal portion of which is payable upon the completion of the transaction.

*Opinion of Primedex's Financial Advisor*

Jefferies & Company, Inc., which is referred to as Jefferies, served as Primedex's financial advisor in connection with the merger. On July 6, 2006, Jefferies rendered to Primedex's board of directors its opinion as investment bankers to the effect that, as of that date and based upon and subject to the various considerations and assumptions set forth therein, the aggregate merger consideration of 22,621,922 shares of Primedex common stock and \$42.95 million in cash to be paid by Primedex pursuant to the merger was fair, from a financial point of view, to Primedex. The full text of the Jefferies opinion, which sets forth the assumptions made, matters considered and limitations on the scope of review undertaken by Jefferies in rendering its opinion, is attached to this joint proxy statement/prospectus as *Annex D*. The Jefferies opinion was provided to Primedex's board of directors in connection with its consideration of the merger. The Jefferies opinion does not constitute a recommendation as to how any Primedex stockholder should vote on the merger or any other matter. For its services, Jefferies will be entitled to a transaction fee of \$2,000,000, of which \$500,000 was paid upon delivery of its opinion and the balance of which is payable upon the completion of the transaction.

**Record Date; Outstanding Shares; Shares Entitled to Vote** (beginning on page 72 for Primedex and 65 for Radiologix)

*Radiologix Stockholders*

The record date for the special meeting of Radiologix stockholders was October 6, 2006. This means that you must have been a stockholder of record of Radiologix's common stock at the close of business on October 6, 2006, in order to vote at the special meeting. You are entitled to one vote for each share of common stock you own.

Contrarian Equity Fund, L.P., the largest single Radiologix stockholder, which owns approximately 16.9% of the outstanding shares of Radiologix common stock, is a party to a voting agreement with Primedex under which it is obligated to vote its shares in favor of adopting the merger agreement and the merger.

*Primedex Stockholders*

The record date for the special meeting of Primedex stockholders was October 6, 2006. This means that you must have been a stockholder of record of Primedex's common stock at the close of business on October 6, 2006, in order to vote at the special meeting. You are entitled to one vote for each share of common stock you own.

### **Stock Ownership of Directors and Executive Officers**

#### *Radiologix*

At the close of business on the record date for the Radiologix special meeting, directors and executive officers of Radiologix and their affiliates beneficially owned and were entitled to vote approximately 400,773 shares of Radiologix common stock, collectively representing 1.8% of the shares of Radiologix common stock outstanding on that date.

#### *Primedex*

At the close of business on the record date for the Primedex special meeting, directors and executive officers of Primedex and their affiliates beneficially owned and were entitled to vote approximately 20,258,475 shares of Primedex common stock, collectively representing approximately 33% of the shares of Primedex common stock outstanding on that date, on a fully diluted basis.

### **Ownership of Primedex After the Merger**

Based on the number of shares of Primedex and Radiologix common stock outstanding on the record date, after completion of the merger, Primedex will issue 22,621,922 shares of Primedex common stock and former Radiologix stockholders will own approximately 33.9% of the outstanding shares of Primedex common stock.

### **Interests of Radiologix Directors and Executive Officers in the Merger (beginning on page 126)**

When considering the recommendation of its board of directors with respect to the merger agreement and the transactions contemplated by the merger agreement, including the merger, Radiologix stockholders should be aware that some directors and executive officers of Radiologix have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, their interests as stockholders and the interests of Radiologix stockholders. These interests include:

- payments under employment agreements which are triggered in the event of a merger;
- potential appointment to the Primedex board of directors following the merger;
- potentially becoming executive officers, employees or consultants of Primedex after the transaction;
- accelerated vesting and exercisability of Radiologix stock options, restricted stock and restricted stock units issued under Radiologix's equity compensation plans;
- with respect to certain Radiologix officers and employees who continue employment with Primedex immediately after the effective date of the merger, to the extent the closing of the merger occurs during the 2006 calendar year, continued benefits under Radiologix plans until December 31, 2006, and to the extent the closing of the merger occurs after the 2006 calendar year, continued benefits under Radiologix plans for six months after the closing or the end of the calendar year in which the closing of the merger occurs, whichever is earlier;
- with respect to the Radiologix officers who do not continue employment with Primedex immediately after the effective date of the merger, payment of up to \$1,000 per month to cover the medical insurance benefits described in such officer's employment agreement until the earlier of (a) two years after the effective date of the merger or (b) the date on which such individual obtains substantially equivalent benefits from another party; and
- Primedex's agreement to indemnify each present and former Radiologix officer and director against liabilities arising out of that person's services as an officer or director, and maintain directors' and



officers liability insurance for a period of six years after closing to cover Radiologix directors and officers, subject to various limitations.

The Radiologix board of directors was aware of these arrangements during its deliberations on the merits of the merger and in deciding to recommend that you vote for the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the Radiologix special meeting.

#### **Primedex Board of Directors After the Merger**

The members of the Primedex board of directors who are in office immediately prior to the merger are expected to remain as members of the Primedex board of directors following the merger if elected pursuant to Primedex's proposal No. 6. Promptly after the effective date of the merger, Primedex shall use its reasonable best efforts to cause to be elected to its board of directors up to three persons designated by Radiologix and reasonably acceptable to Primedex, two of whom shall, no later than January 1, 2007, meet the independence requirements of the SEC and any applicable exchange on which Primedex's common stock is then traded.

#### **Listing of Primedex Common Stock and Delisting of Radiologix Common Stock**

Application will be made to have the shares of Primedex common stock issued in the merger approved for listing on the Over-The-Counter Bulletin Board, where Primedex common stock currently is traded under the symbol PMDX.OB. If Primedex's proposal No. 2 is approved to change Primedex's name to Radnet, Inc., Primedex common stock will then trade on the Over-The-Counter Bulletin Board under the symbol RDNT. If the merger is completed, Radiologix common stock will no longer be listed on the American Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Radiologix will no longer file periodic reports with the SEC.

Primedex intends to apply to have its shares of common stock listed on a national securities exchange or the NASDAQ Stock Market as soon as reasonably practicable after Primedex meets the listing criteria. Initial listing on a national securities exchange or the NASDAQ Stock Market requires the satisfaction by Primedex of quantitative listing standards relating to minimum trading price, market capitalization, number of public stockholders, market value of public float and other criteria. Primedex does not currently qualify for listing under these criteria. Primedex will work diligently to be listed on a national securities exchange or the NASDAQ Stock Market but can give no assurance that such listing will occur after the merger, or at all.

#### **Appraisal and Dissenters' Rights (beginning on page 130)**

##### *Radiologix*

Holders of Radiologix common stock who do not wish to accept the consideration payable pursuant to the merger may seek, under Section 262 of the Delaware General Corporation Law, or DGCL, judicial appraisal of the fair value of their shares by the Delaware Court of Chancery. This value could be more than, less than or the same as the merger consideration for the Radiologix common stock. Failure to strictly comply with all the procedures required by Section 262 of the DGCL will result in a loss of the right to appraisal.

*Annex F* to this joint proxy statement/prospectus contains the full text of Section 262 of the DGCL, which relates to the rights of appraisal. We encourage you to read these provisions carefully and in their entirety.

Merely voting against the merger will not preserve the right of Radiologix stockholders to appraisal under Delaware law. Also, because a submitted proxy not marked against or abstain will be voted for the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, the submission of a proxy not marked against or abstain will result in the waiver of appraisal rights. Radiologix stockholders who hold shares in the name of a broker or other nominee must instruct their nominee to take the steps necessary to enable them to demand appraisal for their shares.

Holders of Radiologix common stock are not entitled to appraisal rights in connection with any other proposals to be voted on at the Radiologix special meeting.

*Primedex*

Under New York law, holders of Primedex common stock are not entitled to appraisal rights in connection with either the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger, or the issuance of Primedex common stock in the merger or in connection with any other proposal to be voted on at the Primedex special meeting.

Under California law, if a class of equity securities of Primedex is not listed on the NASDAQ Stock Market (or another applicable national securities exchange) at the time of the merger, a holder of Primedex common stock may 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. Merely voting against the merger will not preserve the right of Primedex stockholders to appraisal under California law. *Annex G* to this joint proxy statement/prospectus sets forth the full text of Chapter 13 of the California General Corporation Law, which relates to rights of appraisal. We encourage you to read these provisions carefully and in their entirety.

**Conditions to the Closing of the Merger** (beginning on page 149)

The merger is subject to the satisfaction or waiver of various conditions, which include the following:

Primedex and Radiologix are not obligated to effect the merger unless the following conditions are satisfied or waived:

- the merger agreement is adopted by Primedex and Radiologix stockholders at the stockholder meetings of the companies;
- the shares of Primedex common stock issuable to Radiologix stockholders pursuant to the merger agreement are authorized for listing on the Over-The-Counter Bulletin Board;
- no governmental entity has obtained, enacted, issued, promulgated or enforced any statute, rule, regulation, executive order, decree, judgment, injunction, arbitration award, finding or other order (whether temporary, preliminary or permanent), in any case that is in effect and prevents or prohibits consummation of the merger;
- any applicable waiting periods, together with any extensions thereof, under the HSR Act (as defined herein) and other applicable antitrust laws required to consummate the merger shall have expired or been terminated;
- this joint proxy statement/prospectus has become effective under the Securities Act of 1933, as amended and there are no stop orders or proceedings initiated or threatened to suspend this joint proxy statement/prospectus; and

- there is no pending or threatened action, suit, proceeding, claim, arbitration or investigation in which any governmental entity is a party wherein an unfavorable injunction, judgment, order, decree, charge or ruling would:
- prevent, restrain or otherwise interfere with the consummation of the merger;
- adversely affect the right or powers of Primedex to own, operate or control Radiologix or any portion of the business or assets of Radiologix or Primedex; and
- no such injunction, judgment or ruling is in effect.

Primedex and Merger Sub are not obligated to effect the merger unless the following additional conditions are satisfied or waived:

- the representations and warranties made by Radiologix in the merger agreement related to Radiologix's organization, capitalization, authority to enter into the merger agreement and complete the merger, and its receipt of necessary consents and governmental approvals are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date);
- Radiologix's remaining representations and warranties in the merger agreement and in any certificate or other writing delivered by Radiologix pursuant to the merger agreement, in each case disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, are true and correct as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had and would not have a material adverse effect on Radiologix;
- Radiologix has performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by Radiologix on or prior to the effective time of the merger;
- there has not occurred any material adverse effect with respect to Radiologix;
- Radiologix has obtained the consent or approval of each person or entity whose consent or approval is required under any contract to which Radiologix or any of its subsidiaries is a party, except where the failure to obtain any consent or approval would not have a material adverse effect on Radiologix;
- Radiologix has obtained and delivered to Primedex all consents, waivers and approvals required under all material real property and equipment leases to which Radiologix or any of its subsidiaries is a party, except where the failure to obtain any consent or approval would not have a material adverse effect on Radiologix;
- Radiologix has obtained all permits, authorizations, consents, and approvals required on its part to perform its obligations under and consummate the merger agreement, except where the failure to obtain such permits, authorizations, consents and approval would not have a material adverse effect on Radiologix;
- Radiologix has delivered to Primedex a certificate, signed by Radiologix's chief executive officer and dated as of the closing date, to the effect that the conditions set forth in the merger agreement have been satisfied;



- Primedex has consummated the financing described in the commitment letter from GE Commercial Finance Healthcare Financial Services dated June 27, 2006 with respect to a financing in the amount of \$405 million;
- holders of no more than 10% of outstanding Radiologix common shares entitled to appraisal of their shares have properly demanded appraisal of their shares in accordance with applicable law;
- holders of no more than 10% of outstanding Primedex common shares have exercised or retain the unexpired right to exercise dissenters' rights (or similar rights of dissent) in respect of the merger available under applicable law;
- Primedex has received all permits and approvals necessary under state securities laws to consummate the merger;
- Radiologix has cash (not including restricted cash) on its balance sheet of at least \$32.6 million as of the closing date; and
- Primedex has received an affiliates letter from each of Radiologix's directors and officers identified as an affiliate of Radiologix within the meaning of Rule 145 promulgated under the Securities Act of 1933.

Radiologix is not obligated to effect the merger unless the following additional conditions are satisfied or waived:

- Primedex's and Merger Sub's representations and warranties in the merger agreement related to Primedex's and Merger Sub's organization, capitalization, authority to enter into the merger agreement, necessary consents and governmental approvals are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date);
- Primedex's and Merger Sub's remaining representations and warranties in the merger agreement and in any certificate or other writing delivered by Primedex or Merger Sub pursuant to the merger agreement, in each case disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect on Primedex, are true and correct as of the date of the merger agreement and as of the effective time of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct has not had and would not have a material adverse effect on Primedex;
- Primedex has performed or complied with all agreements and covenants required by the merger agreement to be performed or complied with by Primedex on or prior to the effective time of the merger, except where the failure to perform or comply with agreements and covenants required by the merger agreement has not had and would not have a material adverse effect on Primedex;
- there has not occurred any material adverse effect with respect to Primedex; and
- Primedex has delivered to Radiologix a certificate, signed by an authorized officer of Primedex and dated as of the closing date, to the effect that the conditions set forth in the merger agreement have been satisfied.

#### *Antitrust Clearance*

The completion of the merger is subject to compliance with the Hart Scott Rodino Antitrust Improvements Act, which we refer to as the HSR Act. The notifications required under the HSR Act to



the U.S. Federal Trade Commission, or the FTC, and the Antitrust Division of the U.S. Department of Justice, or the Antitrust Division, were filed on July 21, 2006, and early termination of the waiting period was granted August 21, 2006.

Primedex and Radiologix have agreed to use their reasonable best efforts to take, or cause to be taken, all actions necessary proper or advisable under applicable law and regulations, including the HSR Act, to complete the merger as promptly as practicable, but in no event later than April 30, 2007, which date may be extended to May 31, 2007, in circumstances described below, in Summary Termination of the Merger Agreement beginning on page 11 and in The Merger Agreement Termination of the Merger Agreement beginning on page 152.

**Termination of the Merger Agreement (beginning on page 152)**

Primedex and Radiologix can terminate the merger agreement before the effective date of the merger under enumerated circumstances, including:

- by mutual written consent of Primedex and Radiologix;
- by either Primedex or Radiologix, if the merger has not been completed before April 30, 2007, provided that such date may be extended by Primedex or Radiologix up to and including May 31, 2007 if all conditions to effect the merger other than one or more regulatory conditions have been or are capable of being satisfied at the time of such extension, and the regulatory conditions have been or are reasonably capable of being satisfied on or prior to May 31, 2007;
- by either Primedex or Radiologix, if any governmental entity has issued any statute, rule, regulation, executive order, decree, judgment, injunction, arbitration award, finding or other order (whether temporary, preliminary or permanent), that is in effect and that prevents or prohibits consummation of the merger;
- by either Primedex or Radiologix, if Radiologix stockholders do not adopt the merger agreement at the special meeting and, in the case of a termination by Radiologix, the failure to obtain stockholder approval is not the result of Radiologix's violation of the merger agreement. If, at the time of such termination, Primedex was entitled to terminate pursuant to the following bullet, termination by Radiologix as a result of Radiologix stockholders' non-adoption of the merger agreement is effective only if Radiologix fulfills any obligations Radiologix may have to pay a termination fee of \$3 million to Primedex and to reimburse Primedex for up to \$1 million for its fees and expenses incurred in connection with the transactions contemplated by the merger agreement;
- by Primedex, if prior to the receipt of Radiologix stockholder approval:
  - Radiologix's board of directors withdraws, withholds, amends or modifies in a manner adverse to Primedex its recommendation to Radiologix's stockholders in favor of adoption of the merger agreement;
  - Radiologix fails to include such recommendation in this proxy statement;
  - Radiologix's board of directors approves or publicly recommends to its stockholders any other acquisition proposal;
  - Radiologix enters into any letter of intent or other contract for any other acquisition proposal;
  - Radiologix breaches any of its covenants relating to its obligation to hold the stockholder meeting, its board of directors' obligation to recommend the adoption of the merger agreement or its obligation not to solicit other acquisition proposals; or



- Radiologix's board of directors fails to make a statement recommending the rejection of a tender or exchange offer not made by Primedex or any of its affiliates for Radiologix common stock within 10 business days after such tender or exchange offer is first published or given.
- by either Primedex or Radiologix, if Primedex stockholders do not adopt the merger agreement at the special meeting and, in the case of a termination by Primedex, the failure to obtain stockholder approval is not the result of Primedex's violation of the merger agreement.
- by Primedex, if there is a material adverse effect with respect to Radiologix or if any of Radiologix's covenants, agreements, representations or warranties are breached and not cured within 20 business days and, as a result of Radiologix's breach or misrepresentation, the conditions to closing would not be satisfied;
- by Radiologix, if there is a material adverse effect with respect to Primedex, RadNet or Merger Sub or if any of the covenants, agreements, representations or warranties of Primedex or Merger Sub is breached and not cured within 20 business days and, as a result, the conditions to closing would not be satisfied; and
- by Radiologix, if prior to the receipt of Radiologix stockholder approval:
- Radiologix has not violated any of the covenants with respect to considering other acquisition proposals,
- a superior offer is made to Radiologix and is not withdrawn,
- Radiologix has promptly provided written notice to Primedex advising Primedex that Radiologix has received a superior offer and intends to change the recommendation of its board of directors with respect to the merger or to terminate the merger agreement and the manner and timing in which Radiologix intends to do so,
- Primedex has not, within five days after receipt of the notice of superior offer, made an offer that Radiologix's board of directors determines in its good faith judgment (after consultation with a financial advisor) to be at least as favorable to Radiologix stockholders as such superior offer, and
- Radiologix's board of directors concludes in good faith, after consultation with its outside legal counsel, that, in light of such superior offer and any offer made by Primedex within five days after receipt of the notice of superior offer, the Radiologix board is required to withdraw or modify its recommendation to Radiologix stockholders to vote in favor of the merger, or to terminate the merger agreement and pay to Primedex a termination fee of \$3 million plus up to \$1 million for fees and expenses incurred by Primedex in connection with the transactions contemplated by the merger agreement, to comply with its fiduciary obligations to Radiologix stockholders under applicable law.

**Termination Fees and Expenses (beginning on page 153)**

*Primedex*

The merger agreement provides that Primedex will pay to Radiologix the sum of the fees and expenses Radiologix incurred in connection with the transactions contemplated by the merger agreement, in an amount up to \$1 million, if the merger agreement is terminated by Radiologix under either of the following circumstances:

- any of Primedex's, RadNet's or Merger Sub's representations or warranties set forth in the merger agreement have become untrue or incorrect, Primedex, RadNet or Merger Sub has not cured the misrepresentation within 20 business days after written notice of the misrepresentation, and the misrepresentation would cause conditions to the closing of the merger not to be satisfied; or



- Primedex, RadNet or Merger Sub has breached any of its covenants or agreements set forth in the merger agreement, has not cured the breach within 20 business days after written notice of the breach and the breach would cause conditions to the closing of the merger not to be satisfied.

*Radiologix*

The merger agreement provides that Radiologix will pay to Primedex the sum of the fees and expenses Primedex incurred in connection with the transactions contemplated by the merger agreement, in an amount up to \$1 million, if the merger agreement is terminated under the following circumstances:

- by either Primedex or Radiologix, if Radiologix stockholders do not adopt the merger agreement at the special meeting of Radiologix stockholders and an alternative acquisition proposal is publicly announced at any time after the date of the merger agreement and before the vote on the merger agreement at the special meeting;
- by Primedex, if prior to the receipt of Radiologix stockholder approval:
  - the Radiologix board of directors withdraws, withholds, amends or modifies in a manner adverse to Primedex its recommendation to Radiologix stockholders in favor of adoption of the merger agreement;
  - Radiologix fails to include such recommendation in this proxy statement;
  - the Radiologix board of directors approves or recommends to Radiologix stockholders any other acquisition proposal;
  - Radiologix enters into any letter of intent or other contract for any other acquisition proposal;
  - Radiologix breaches any of its covenants with respect to its obligation to hold the stockholder meeting, its board of director's obligation to recommend to Radiologix stockholders the adoption of the merger agreement, or Radiologix's obligation not to solicit other acquisition proposals; or
  - Radiologix's board of directors fails to make a statement recommending the rejection of a tender or exchange offer not made by Primedex or any of its affiliates for Radiologix common stock within 10 business days after such tender or exchange offer is first published or given;
- by Primedex, if:
  - any of Radiologix's representations or warranties set forth in the merger agreement have become untrue or incorrect, Radiologix has not cured the misrepresentation within 20 business days after written notice of the misrepresentation, and the misrepresentation would cause conditions to the closing of the merger not to be satisfied; or
  - Radiologix has breached any of its covenants or agreements set forth in the merger agreement, has not cured the breach within 20 business days after written notice of the breach and the breach would cause conditions to the closing of the merger not to be satisfied;
- by Radiologix, if prior to the receipt of Radiologix stockholder approval:
  - Radiologix has not violated any of the covenants with respect to considering other acquisition proposals,
  - a superior offer is made to Radiologix and is not withdrawn,

- Radiologix has promptly provided written notice to Primedex advising Primedex that Radiologix has received a superior offer and intends to change the recommendation of its board of directors with respect to the merger or to terminate the merger agreement and the manner and timing in which it intends to do so;

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- Primedex has not, within five days after receipt of the notice of superior offer, made an offer that Radiologix's board of directors determines in its good faith judgment (after consultation with a financial advisor) to be at least as favorable to Radiologix stockholders as such superior offer, and
- Radiologix's board of directors concludes in good faith, after consultation with its outside legal counsel, that, in light of such superior offer and any offer made by Primedex within five days after receipt of the notice of superior offer, the Radiologix board is required to withdraw or modify its recommendation to Radiologix stockholders to vote in favor of the merger, or to terminate the merger agreement and pay to Primedex a termination fee of \$3 million, to comply with its fiduciary obligations to Radiologix's stockholders under applicable law.

In addition to payment of Primedex's expenses, Radiologix must pay Primedex a termination fee of \$3 million if the merger agreement is terminated:

- by Primedex, if prior to the receipt of Radiologix stockholder approval:
  - the Radiologix board of directors withdraws, withholds, amends or modifies in a manner adverse to Primedex its recommendation to Radiologix stockholders in favor of adoption of the merger agreement;
  - Radiologix fails to include such recommendation in this proxy statement;
  - the Radiologix board of directors approves or recommends to Radiologix stockholders any other acquisition proposal;
  - Radiologix enters into any letter of intent or other contract for any other acquisition proposal;
  - Radiologix breaches any of its covenants with respect to its obligation to hold the stockholder meeting, its board of director's obligation to recommend to Radiologix stockholders the adoption of the merger agreement, or Radiologix's obligation not to solicit other acquisition proposals; or
  - Radiologix's board of directors fails to make a statement recommending the rejection of a tender or exchange offer not made by Primedex or any of its affiliates for Radiologix common stock within 10 business days after such tender or exchange offer is first published or given;
- by Radiologix, if its stockholders do not adopt the merger agreement at the special meeting, and if at such time Primedex was entitled to terminate pursuant to any of the circumstances described in the immediately preceding bullet points;
- by Radiologix or Primedex, if Radiologix stockholders do not adopt the merger as a result of Radiologix's breach of the merger agreement, and an alternative acquisition proposal has been publicly announced at any time after the date of the merger agreement and before the vote on the merger agreement at the special meeting, and Radiologix enters into an alternative acquisition transaction involving at least 50% of its stock or assets within twelve months after the termination of the merger agreement; or
- by Radiologix, if prior to the receipt of Radiologix stockholder approval:
  - Radiologix has not violated any of the covenants with respect to considering other acquisition proposals;
  - a superior offer is made to Radiologix and is not withdrawn;

- Radiologix has promptly provided written notice to Primedex advising Primedex that Radiologix has received a superior offer and intends to change the recommendation of its board of directors with respect to the merger or to terminate the merger agreement and the manner and timing in which it intends to do so;

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- Primedex has not, within five days after receipt of the notice of superior offer, made an offer that Radiologix's board of directors determines in its good faith judgment (after consultation with a financial advisor) to be at least as favorable to Radiologix stockholders as such superior offer; and
- Radiologix's board of directors concludes in good faith, after consultation with its outside legal counsel, that, in light of such superior offer and any offer made by Primedex within five days after receipt of the notice of superior offer, the Radiologix board is required to withdraw or modify its recommendation to Radiologix stockholders to vote in favor of the merger, or to terminate the merger agreement and pay to Primedex a termination fee of \$3 million, to comply with its fiduciary obligations to Radiologix's stockholders under applicable law.

**Limitation on Considering Other Acquisition Proposals** (beginning on page 147)

Radiologix has agreed that it will not, and will not permit any of its subsidiaries to, and will use all reasonable efforts to ensure that Radiologix or its representatives do not, directly or indirectly:

- solicit, initiate, seek, entertain, encourage, facilitate, support or induce any acquisition proposal or the making of any inquiry or proposal that could reasonably be expected to lead to an acquisition proposal;
- enter into, participate in, maintain or continue any communications or negotiations regarding, or furnish to any person any non-public information in response to or in connection with, any acquisition proposal;
- agree to, accept, approve, endorse or recommend any acquisition proposal;
- enter into any letter of intent or any other contract relating to any acquisition proposal;
- submit any acquisition proposal to the vote of Radiologix stockholders;
- withhold, withdraw or modify, in a manner adverse to Primedex, the approval of the Radiologix board of directors of the merger agreement; or
- take any action or position that is inconsistent with, or withdraw or modify, in a manner adverse to Primedex, the unanimous recommendation of the board that Radiologix stockholders vote in favor of the adoption of the merger agreement.

An acquisition proposal means any agreement, offer, proposal or indication of interest (other than from Primedex) relating to, or involving: the acquisition by any person or group of more than a 10% interest in Radiologix's total outstanding voting securities or more than a 5% interest in the total outstanding voting securities of any material company subsidiary or any tender or exchange offer that would result in any person beneficially owning 10% or more of Radiologix's total outstanding voting securities or more than a 5% interest in the total outstanding voting securities of any material company subsidiary; any merger or other business combination involving Radiologix or its subsidiaries; or any sale, lease, mortgage, exchange, license, acquisition, transfer, pledge or disposition of 10% or more of Radiologix's consolidated assets.

At any time prior to obtaining stockholder approval, subject to various restrictions, the Radiologix board of directors may nevertheless in response to an acquisition proposal that the Radiologix board of directors concludes in good faith (after consultation with outside legal and financial advisors) is, or is reasonably likely to become, a superior offer:

- enter into discussions with the person making the acquisition proposal; and
- furnish to the person making the acquisition proposal information with respect to Radiologix and its subsidiaries pursuant to a confidentiality agreement which contains terms that are at least as restrictive as the terms of the confidentiality agreement that Radiologix and Primedex have



executed in connection with the merger and provided that Radiologix furnishes Primedex with the same information it has furnished to the person making the acquisition proposal prior to or at the same time as the information is furnished to the person making the acquisition proposal.

However, in each case:

- neither Radiologix, its subsidiaries, nor any of Radiologix's or its subsidiaries' directors, officers, employees, affiliates, accountants, consultants, legal counsel, advisors, investment bankers, brokers, agents and other representatives will have violated the restrictions on considering other acquisition proposals set forth in the merger agreement and summarized in the preceding bullet points;
- the Radiologix board of directors must first conclude in good faith, after consultation with outside legal counsel, that such action is reasonably required for the Radiologix board to comply with its fiduciary obligations to Radiologix stockholders; and
- Radiologix must first notify Primedex in writing of the identity of the person making such acquisition proposal and the material terms and conditions of such acquisition proposal, and Radiologix's intention to take actions in response to such acquisition proposal.

A superior offer means an unsolicited, bona fide written offer made by a third party for the acquisition by any person or group of more than a 50% interest in total outstanding Radiologix voting securities or any tender or exchange offer that would result in any person beneficially owning 50% or more of Radiologix's total outstanding voting securities; any merger or other business combination involving Radiologix or its subsidiaries; or any sale, lease, transfer, pledge or disposition of 50% or more of its consolidated assets, on terms that the Radiologix board of directors has in good faith concluded (after consultation with outside legal counsel and financial advisor) to be more favorable, from a financial point of view, to Radiologix stockholders than the terms of the merger agreement and is reasonably capable of being consummated.

Radiologix has agreed to advise Primedex within twenty-four hours of the receipt of any acquisition proposal, of any inquiry or offer that contemplates an acquisition proposal, any other notice that any person is considering making an acquisition proposal, or any request for non-public information that could reasonably be expected to lead to an acquisition proposal:

- of the material terms and conditions of such acquisition proposal, inquiry or request, and
- the identity of the person making any such acquisition proposal, inquiry or request.

Nothing in the merger agreement prevents the Radiologix board of directors from withholding or modifying its unanimous recommendation to Radiologix stockholders in favor of adoption of the merger agreement, or terminating the merger agreement simultaneously with the payment of a termination fee to Primedex in the amount of \$3 million plus up to \$1 million for incurrence by Primedex of expenses in connection with the transactions contemplated by the merger agreement, if: Radiologix stockholders' approval of the merger has not yet been obtained; Radiologix has not violated any of the restrictions on considering other acquisition proposals set forth in the merger agreement and summarized in the preceding paragraphs; a superior offer is made to Radiologix and is not withdrawn; Radiologix has promptly provided written notice to Primedex of the superior offer and the Radiologix board of directors' intent to change its recommendation or to terminate the merger agreement; Primedex has not, within 5 business days after receipt of the written notice of a superior offer, made an offer to Radiologix that the Radiologix board of directors concludes in its good faith judgment after consultation with a financial advisor of national standing to be at least as favorable to Radiologix stockholders as such superior offer; and the Radiologix board of directors has concluded in good faith, after consultation with legal counsel, that, in light of such superior offer and any offer made by Primedex, it is required to withhold or modify such recommendation, or to terminate the merger agreement and pay to Primedex a termination fee in the amount of \$3 million plus up to \$1 million for incurrence by Primedex of expenses in connection with the

transactions contemplated by the merger agreement, to comply with its fiduciary obligations to Radiologix stockholders under applicable legal requirements.

**Material United States Federal Income Tax Consequences (beginning on page 138)**

The merger will be taxable for U.S. federal income tax purposes to Radiologix stockholders. As a result, Radiologix stockholders will recognize gain or loss in respect of the merger equal to the difference between (i) the sum of the amount of cash received and the fair market value of the shares of Primedex common stock received as of the effective time of the merger and (ii) the stockholder's adjusted tax basis in his or its shares of Radiologix common stock. Such gain or loss will be capital gain or loss if the stockholder held his or its shares of Radiologix common stock exchanged in the merger for more than one year.

Tax matters are complicated, and the tax consequences of the merger to each Radiologix stockholder will depend on the facts of each stockholder's situation. Radiologix stockholders are urged to read carefully the discussion in the section entitled "Material United States Federal Income Tax Consequences" beginning on page 138 and to consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

**Accounting Treatment**

The merger will be accounted for as a business combination using the "purchase" method of accounting. Primedex will be the acquirer for financial accounting purposes.

**Risks (beginning on page 48)**

In evaluating the merger you should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 48.

**Comparison of Rights of Stockholders (beginning on page 157)**

As a result of the merger, the holders of Radiologix common stock will become holders of Primedex common stock. Following the merger, Radiologix stockholders will have different rights as stockholders of Primedex than as stockholders of Radiologix due to differences among New York, California and Delaware law, and the difference between the certificates of incorporation and by-laws of Primedex and Radiologix.

For a summary of the material differences between the rights of Radiologix stockholders and Primedex stockholders, see "Comparison of Rights of Stockholders" beginning on page 157.

**FINANCIAL SUMMARY****Primedex Market Price Data and Dividends**

Primedex common stock trades on the Over-The-Counter Bulletin Board under the symbol PMDX.OB. The following table shows for the periods indicated the high and low sales prices for Primedex common stock as reported on the Over-The-Counter Bulletin Board.

Fiscal Year Ended	Price Range of Common Stock	
	High	Low
<b>October 31, 2004:</b>		
First Quarter	\$ .75	\$ .38
Second Quarter	.72	.38
Third Quarter	.47	.27
Fourth Quarter	.70	.30
<b>October 31, 2005:</b>		
First Quarter	\$ .60	\$ .41
Second Quarter	.49	.24
Third Quarter	.43	.26
Fourth Quarter	.43	.26
<b>October 31, 2006:</b>		
First Quarter	\$ .59	\$ .25
Second Quarter	1.40	.35
Third Quarter	2.10	1.20
Fourth Quarter (through October 13, 2006)	2.90	1.50

The last reported sales prices of Primedex common stock on the Over-The-Counter Bulletin Board on July 6, 2006, and October 13, 2006, were \$1.75 and \$2.64, respectively. July 6, 2006, was the last full trading day prior to the public announcement of the merger. October 13, 2006, was the most recent practicable date prior to the mailing of this joint proxy statement/prospectus to Primedex's and Radiologix's stockholders.

As of October 6, 2006, the record date, there were approximately 3,935 holders of record of Primedex common stock.

The Primedex board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the New York Business Corporations Law, California General Corporation Law, compliance with agreements governing Primedex's indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the board of directors considers important.

**Radiologix Market Price Data and Dividends**

Radiologix common stock is traded on the American Stock Exchange under the symbol RGX. The following table shows for the periods indicated the high and low sales prices for Radiologix common stock on the American Stock Exchange.

Fiscal Year Ended	Price Range of Common Stock	
	High	Low
<b>December 31, 2004:</b>		
First Quarter	\$ 4.25	\$ 3.25
Second Quarter	4.65	3.31
Third Quarter	4.68	3.30
Fourth Quarter	4.53	2.99
<b>December 31, 2005:</b>		
First Quarter	\$ 4.98	\$ 4.08
Second Quarter	4.27	3.10
Third Quarter	4.55	3.15
Fourth Quarter	3.84	2.75
<b>December 31, 2006:</b>		
First Quarter	\$ 3.03	\$ 1.47
Second Quarter	2.40	1.60
Third Quarter	4.10	2.15
Fourth Quarter (through October 13, 2006)	4.13	3.83

The last reported sales prices of Radiologix common stock on the American Stock Exchange on July 6, 2006, and October 13, 2006, were \$2.25 and \$4.05, respectively. July 6, 2006, was the last full trading day prior to the public announcement of the merger. October 13, 2006, was the most recent practicable date prior to the mailing of this joint proxy statement/prospectus to Primedex's and Radiologix's stockholders.

As of October 6, 2006, the record date, there were approximately 68 holders of record of Radiologix common stock.

The Radiologix board of directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the DGCL, compliance with agreements governing Radiologix's indebtedness, earnings, cash requirements, results of operations, cash flows, financial condition and other factors that the board of directors considers important.

**Selected Historical Financial Data of Primedex**

The following table shows selected historical financial data for Primedex. The data has been derived from Primedex's audited consolidated financial statements for each of the five years ended October 31, 2005, and unaudited consolidated financial statements for the nine months ended July 31, 2005 and 2006.

This information is only a summary. Detailed historical financial information is included in the audited consolidated balance sheets as of October 31, 2005, and October 31, 2004, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended October 31, 2005 included in Primedex's Annual Report on Form 10-K for the fiscal year ended October 31, 2005, filed with the SEC on February 14, 2006, as amended on October 2, 2006. You should read the following selected financial data together with Primedex's historical consolidated financial statements, including the related notes, the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Primedex" and the other information

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contained or incorporated by reference in this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 263.

	Years Ended October 31,					Nine Months Ended	
	2005	2004	2003	2002	2001	July 31, 2006 (Unaudited)	2005
	(Amounts in thousands, except per share data)						
<b>Net Revenue</b>	\$ 145,573	\$ 137,277	\$ 140,259	\$ 134,078	\$ 107,567	\$ 118,462	\$ 105,478
<b>Operating Expenses</b>							
Operating expenses	109,012	105,828	106,078	102,286	75,457	88,701	79,792
Depreciation and amortization	17,101	17,762	16,874	15,010	10,315	12,175	12,905
Provision for bad debts	4,929	3,911	4,944	6,892	3,851	4,739	2,789
Loss on disposal of equipment, net	696					210	698
Total operating expenses	131,738	127,501	127,896	124,188	89,623	105,825	96,184
<b>Income from Operations</b>	13,835	9,776	12,363	9,890	17,944	12,637	9,294
<b>Other Expense (Income)</b>							
Interest expense	17,493	17,285	17,948	16,627	13,521	14,386	12,788
Loss (Gain) on debt extinguishment, net						2,097	(515)
Other income	(872)	(176)	(556)	(765)	(4,817)		(173)
Other expense	349	1,657	334	552	563	788	25
Total other expense	16,970	18,766	17,726	16,414	9,267	17,271	12,125
<b>Income (Loss) Before Income Taxes, Minority Interest and Discontinued Operation</b>	(3,135)	(8,990)	(5,363)	(6,524)	8,677	(4,634)	(2,831)
<b>Income Tax Provision (Benefit)</b>		5,235			(5,110)		
<b>Income (Loss) Before Minority Interest and Discontinued Operation</b>	(3,135)	(14,225)	(5,363)	(6,524)	13,787	(4,634)	(2,831)
<b>Equity in Income of investee</b>						61	
<b>Minority Interest in Earnings (Loss) of Subsidiaries</b>		351	101	(89)	(26)		
<b>Income (Loss) from Continuing Operations</b>	(3,135)	(14,576)	(5,464)	(6,435)	13,813	(4,573)	(2,831)
<b>Discontinued Operation:</b>							
Income from operation of Westchester Imaging Group			255	884	688		
Gain on sale of discontinued operation			2,942				
<b>Income from Discontinued Operation</b>			3,197	884	688		
<b>Net Income (Loss)</b>	\$ (3,135)	\$ (14,576)	\$ (2,267)	\$ (5,551)	\$ 14,501	\$ (4,573)	\$ (2,831)
<b>Basic Earnings Per Share</b>							
Income (loss) from continuing operations	\$ (0.08)	\$ (0.35)	\$ (0.13)	\$ (0.16)	\$ 0.34	\$ (0.11)	\$ (0.07)
Income from discontinued operation			0.08	0.02	0.02		
<b>Basic Net Income (Loss) Per Share</b>	\$ (0.08)	\$ (0.35)	\$ (0.05)	\$ (0.14)	\$ 0.36	\$ (0.11)	\$ (0.07)
<b>Diluted Earnings Per Share</b>							
Income (loss) from continuing operations	\$ (0.08)	\$ (0.35)	\$ (0.13)	\$ (0.16)	\$ 0.31	\$ (0.11)	\$ (0.07)
Income from discontinued operation			0.08	0.02	0.02		
<b>Diluted Net Income (Loss) Per Share</b>	\$ (0.08)	\$ (0.35)	\$ (0.05)	\$ (0.14)	\$ 0.33	\$ (0.11)	\$ (0.07)
<b>Weighted Average Shares Outstanding</b>							
Basic	41,208	41,107	41,091	40,876	39,961	41,664	41,137
Diluted	41,208	41,107	41,091	40,876	44,171	41,664	41,137

	As of October 31,					As of July 31,	
	2005	2004	2003	2002	2001	2006 (Unaudited)	
<b>Balance Sheet Data:</b>							
Working capital	\$ (143,430)	\$ (32,172)	\$ (44,615)	\$ (44,668)	\$ (26,987)	\$ (357)	
Total assets	121,233	127,451	142,035	151,639	128,429	126,600	
Line of Credit, Notes Payable and Capital							
Lease Obligations	149,794	153,142	149,534	158,587	131,190	158,290	
Subordinated Bond Debentures	16,147	16,147	16,215	16,291	16,303	16,147	
Stockholders' Equity	(70,633)	(67,555)	(53,087)	(50,921)	(45,642)	(74,569)	



**Selected Historical Financial Data of Radiologix**

The following table shows selected historical financial data for Radiologix. The data as of and for each of the five years ended December 31, 2005, were derived from Radiologix's audited consolidated financial statements and the data for the six months ended June 30, 2005 and 2006 were derived from Radiologix's unaudited consolidated financial statements.

This information is only a summary. Detailed historical financial information is included in the audited consolidated balance sheets as of December 31, 2005, and December 31, 2004, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2005, included in Radiologix's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, filed with the SEC on March 31, 2006, as amended. You should read the following selected financial data together with Radiologix's historical consolidated financial statements, including the related notes, the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Radiologix" and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 262.

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## SELECTED CONSOLIDATED FINANCIAL DATA

(in thousands, except per share data)

	YEAR ENDED DECEMBER 31,					For the Six Months Ended June 30,	
	2005	2004(a)(b) (As restated)	2003(c)	2002	2001(d)	2006(e) (unaudited)	2005 (As restated)
SERVICE FEE REVENUE	\$ 251,440	\$ 251,291	\$ 242,038	\$ 256,344	\$ 256,334	\$ 130,246	\$ 127,062
COSTS OF OPERATIONS:							
Cost of services	160,898	158,613	149,034	145,049	138,715	81,248	80,449
Equipment lease	13,035	17,660	17,230	15,653	18,357	7,642	6,037
Provision for doubtful accounts	19,033	22,337	20,228	21,540	22,877	10,887	9,126
Depreciation and amortization	23,430	22,999	23,926	24,568	22,037	12,024	11,502
Gross profit	35,044	29,682	31,620	49,534	54,348	18,445	19,948
Severance and Other Related Costs	670	405	1,568	978			
Lease Termination Expense		13,948					
Corporate General and Administrative	16,872	18,919	15,335	15,172	14,336	9,164	9,333
Impairment of Goodwill, Intangible and Long-lived Assets	2,241	14,558	523	794			
Merger Related Costs					1,000		
Supplemental Incentive Compensation					615		
Loss on Early Extinguishment of Debt					4,730		
Interest Expense, Net	18,295	18,596	19,281	18,388	14,911	8,803	9,241
Gain on Sale of Operations		(4,669)					
Income (loss) before Equity in Earnings of Unconsolidated Affiliates, Non-Operating Income, Minority Interest in Consolidated Subsidiaries, Income Taxes and Discontinued Operations	(3,034)	(32,075)	(5,087)	14,202	18,756	478	1,374
Equity in Earnings of Unconsolidated Affiliates	3,928	2,865	4,082	4,568	5,017	2,070	1,661
Non-Operating Income					1,300		
Minority Interests In Income of Consolidated Subsidiaries	(632)	(791)	(748)	(1,185)	(1,092)	(378)	(303)
INCOME (LOSS) BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	262	(30,001)	(1,753)	17,585	23,981	2,170	2,732
Income Tax Expense (Benefit)	662	(5,848)	(701)	7,034	9,592	170	169
INCOME (LOSS) FROM CONTINUING OPERATIONS	(400)	(24,153)	(1,052)	10,551	14,389	2,000	2,563
Discontinued Operations:							
Income (loss) from discontinued operations before income taxes	(1,131)	(13,128)	(11,519)	342	(931)	277	(404)
Income tax expense (benefit)		(5,426)	(4,608)	137	(372)		
Income (loss) from discontinued operations	(1,131)	(7,702)	(6,911)	205	(559)	277	(404)
NET INCOME (LOSS)	\$ (1,531)	\$ (31,855)	\$ (7,963)	\$ 10,756	\$ 13,830	\$ 2,277	\$ 2,159
EARNINGS (LOSS) PER COMMON SHARE:							
Income (loss) from continuing operations basic	\$ (0.02)	\$ (1.11)	\$ (0.05)	\$ 0.50	\$ 0.74	0.09	0.12
Income (loss) from discontinued operations basic	(0.05)	(0.35)	(0.32)	0.01	(0.03)	0.01	(0.02)
Net income (loss) basic	\$ (0.07)	\$ (1.46)	\$ (0.37)	\$ 0.51	\$ 0.71	\$ 0.10	\$ 0.10
Income (loss) from continuing operations diluted	\$ (0.02)	\$ (1.11)	\$ (0.05)	\$ 0.47	\$ 0.68	\$ 0.09	\$ 0.11
Income (loss) from discontinued operations diluted	(0.05)	(0.35)	(0.32)	0.01	(0.02)	0.01	(0.01)
Net income (loss) diluted	\$ (0.07)	\$ (1.46)	\$ (0.37)	\$ 0.48	\$ 0.66	\$ 0.10	\$ 0.10
WEIGHTED AVERAGE SHARES OUTSTANDING:							
Basic	22,067,445	21,789,517	21,724,165	20,957,026	19,559,185	22,242,417	22,128,425
Diluted	22,067,445	21,789,517	21,724,165	23,967,427	22,652,372	22,316,713	22,625,931

(a) Service fee revenue and equity in earnings of unconsolidated affiliates were reduced by \$9.1 million and \$286,000, respectively, due to a change in estimating contractual adjustments, in the fourth quarter of 2004.

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(b) Cost of services for the year ended December 31, 2004 includes: (i) \$315,000 for lease termination costs related to diagnostic equipment no longer in use; (ii) \$200,000 to write-off software costs associated with canceling a software contract and (iii) \$295,000 for a litigation settlement.

(c) Cost of services for the year ended December 31, 2003 includes: (i) \$546,000 to meet HIPAA compliance requirements, (ii) \$775,000 associated with self reporting certain lease agreements terms to the U.S. Department of Health & Human Services Office of the Inspector General (OIG), (iii) \$300,000 for a legal settlement, and (iv) \$363,000 for financing costs related to an amendment of the credit facility.

(d) Non-operating income in 2001 represents \$1.3 million for partial consideration for an early termination of management services provided at certain imaging centers not owned or operated by Radiologix.

(e) Cost of services for the six months-ended June 30, 2006, includes \$245,000 for litigation expenses.

	<b>As of December 31,</b>					<b>As of June 30,</b>
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2006</b>
	<b>(As restated)</b>					<b>(unaudited)</b>
<b>Balance Sheet Data:</b>						
Working capital	\$ 70,509	\$ 72,644	\$ 74,050	\$ 60,450	\$ 55,214	\$ 76,049
Total assets	234,528	238,889	279,514	296,091	284,725	237,154
Long-term debt and capital lease obligations	158,364	158,519	162,075	166,249	172,947	158,348
Convertible debt	11,980	11,980	11,980	11,980	24,205	11,980
Stockholders' equity	28,971	29,097	60,684	68,367	44,476	31,995

**PRIMEDEX HEALTH SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The unaudited pro forma condensed combined financial statements are based on the historical consolidated statements of Primedex after giving effect to the merger with Radiologix, borrowings used to finance the merger and the assumptions and adjustments described in the attached to the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined statement of operations is prepared using the historical consolidated statements of operations of Primedex for the year ended October 31, 2005 and the nine months ended July 31, 2006 and the historical consolidated statements of operations of Radiologix for the year ended December 31, 2005 and the nine months ended June 30, 2006 as if the merger and borrowings to finance the merger occurred on November 1, 2004. The unaudited pro forma condensed combined balance sheet is presented as if the merger and borrowings used to finance the merger occurred on July 31, 2006 and combines the unaudited condensed balance sheets of Primedex as of July 31, 2006 and Radiologix as of June 30, 2006.

The preliminary allocation of purchase price used in the unaudited pro forma condensed combined financial statements is based upon preliminary estimates. The estimates and assumptions are subject to change upon the effective date of the merger and finalization of the valuation of Radiologix's assets and liabilities. The unaudited pro forma condensed combined financial statements do not include the effects of any anticipated operating efficiencies or cost savings upon the merger. The unaudited pro forma condensed combined financial statements are for illustrative purposes only, and are not necessarily indicative of the consolidated results of operations or financial position of Primedex that would have been reported had the merger and borrowings been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of Primedex. The pro forma adjustments are based on preliminary information available at the time of the preparation of this document. Estimated valuation of stock-based compensation included in the unaudited pro forma condensed combined financial statement for the year ended October 31, 2005 for Primedex and the year ended December 31, 2005 for Radiologix do not include the impact of SFAS No. 123 (revised 2004) Share-Based Payment ( SFAS No. 123R ).

GE Healthcare Financial Services has provided a commitment for a \$405.0 million of senior debt financing, which includes a \$45.0 million revolving credit facility for working capital and general corporate purposes that will be substantially undrawn and available to Primedex at the close of the transaction. The remaining \$360.0 million will fund the cash purchase price of Radiologix and refinance substantially all of the existing debt of Primedex and Radiologix.

The unaudited pro forma condensed combined financial statements and the accompanying notes are based upon the respective historical consolidated financial statements of Primedex and Radiologix and should be read in conjunction with the historical consolidated financial statements and accompanying notes of Primedex and Radiologix included in this filing.

## PRIMEDEX HEALTH SYSTEMS, INC.

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

July 31, 2006

(in thousands)

	Primedex July 31, 2006	Radiologix June 30, 2006	Pro Forma Adjustments		Pro Forma Combined
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 2	\$ 43,671	\$ (43,180 )	A	\$ 493
Restricted cash		5,750			5,750
Accounts receivable, net of allowances	24,299	41,237			65,536
Unbilled receivables and other receivables	1,035				1,035
Due from affiliates		704			704
Federal and state income tax receivables		6,101			6,101
Other current assets	3,533	4,643			8,176
Total current assets	28,869	102,106	(43,180 )		87,795
Long-term assets:					
Property and equipment, net	62,836	68,610	14,020	B	145,466
Accounts receivable, net of allowances	1,379				1,379
Investments in joint ventures		9,113			9,113
Goodwill	23,099		41,396	C	64,495
Other intangible assets, net		52,384	7,725	D	60,109
Deferred financing costs, net	5,198	4,117	(132 )	E	9,183
Other assets	5,219	824	(1,075 )	F	4,968
Total long-term assets	97,731	135,048	61,934		294,713
Total assets	\$ 126,600	\$ 237,154	\$ 18,754		\$ 382,508
<b>Liabilities and Stockholders Equity</b>					
Current liabilities:					
Cash disbursements in transit	\$ 5,748	\$	\$		\$ 5,748
Accounts payable and other accrued expenses	20,962	8,777	(3,760 )	G	25,979
Accrued physician retention		8,115			8,115
Accrued salaries and benefits		7,767	3,403	H	11,170
Accrued interest		683	357	I	1,040
Accrued restructuring charges			332	J	332
Current maturities of term loan B			2,250	K	2,250
Current maturities of notes payable	867		(860 )	K	7
Current maturities of capital lease obligations	1,849	33			1,882
Other current liabilities		682			682
Total current liabilities	29,426	26,057	1,722		57,205
Long-term liabilities:					
Subordinated bond debentures	16,147		(16,147 )	K	
Line of credit	6,868		(2,868 )	K	4,000
Term loan B-long term			222,750	K	222,750
Second lien credit facility-long term			135,000	K	135,000
Long-term debt, net of current portion	145,154	158,270	(303,356 )	K	68
Convertible debt		11,980	(11,980 )	K	
Capital lease obligations, net of current portion	3,552	45			3,597
Deferred revenue		6,290	(6,290 )	L	
Other liabilities	22	1,372			1,394
Total long-term liabilities	171,743	177,957	17,109		366,809
Commitments and contingencies					
Minority interests in consolidated subsidiaries		1,145			1,145
Stockholders equity	(74,569 )	31,995	(77 )	M	(42,651 )
Total liabilities and stockholders equity	\$126,000	\$237,154	\$18,754		\$382,508



**PRIMEDEX HEALTH SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Nine Months Ended July 31, 2006**  
**(in thousands, except per share data)**

	For the Nine Months Ended July 31, 2006 Primedex	For the Nine Months Ended June 30, 2006 Radiologix(1)	Pro Forma Adjustments		Pro Forma Combined
Service fee revenue	\$ 118,462	\$ 192,366	\$ (307 )	N	\$ 310,521
Cost of operations:					
Cost of services	88,701	121,308	12,667	O	222,676
Equipment leases		11,095	174	P	11,269
Provision for doubtful accounts	4,739	16,273			21,012
Depreciation and amortization	12,175	18,021	1,374	Q	31,570
Loss (gain) on disposal of equipment, net	210				210
Gross profit	12,637	25,669	(14,522 )		23,784
Severance and other related costs		670			670
Corporate general and administrative		12,841	(12,841 )	S	
Impairment of goodwill, intangible and long-lived assets		2,241			2,241
Interest expense, net, including amortization of deferred financing costs	14,386	13,296	2,154	T	29,836
Loss (gain) on debt extinguishment	2,097				2,097
Other expense (income), net	788				788
Income (loss) before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	(4,634 )	(3,379 )	(3,835 )		(11,848 )
Equity in earnings of unconsolidated affiliates	61	3,110			3,171
Minority interests in income of consolidated subsidiaries		(523 )			(523 )
LOSS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	(4,573 )	(792 )	(3,835 )		(9,200 )
Income tax expense		388			388
LOSS FROM CONTINUING OPERATIONS	\$ (4,573 )	\$ (1,180 )	\$ (3,835 )		\$ (9,588 )
LOSS PER COMMON SHARE:					
Loss from continuing operations basic	\$ (0.11 )	\$ (0.05 )			\$ (0.15 )
Loss from continuing operations diluted	\$ (0.11 )	\$ (0.05 )			\$ (0.15 )
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic	41,663,841	22,242,417	379,505	M	64,285,763
Diluted	41,663,841	22,242,417	379,505	M	64,285,763

(1) The financial statements of Radiologix, Inc. for the interim period were derived by adding the three months ended December 31, 2005, to Radiologix's six months ended June 30, 2006. The nine months

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ended June 30, 2006, includes the three-month period ended December 31, 2005, which also was included in the pro forma income statement for the year ended December 31, 2005. Summarized operating information about the duplicated quarter is as follows:

Service fee revenue	\$	62,120	
Cost of operations:			
Cost of services		40,060	
Equipment leases		3,453	
Provision for doubtful accounts		5,386	
Depreciation and amortization		5,997	
Gross profit		7,224	
Severance and other related costs		670	
Corporate general and administrative		3,677	
Impairment of goodwill, intangible and long-lived assets		2,241	
Interest expense, net, including amortization of deferred financing costs		4,493	
Loss before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations		(3,857	)
Equity in earnings of unconsolidated affiliates		1,040	
Minority interests in income of consolidated subsidiaries		(145	)
<b>LOSS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS</b>		<b>(2,962</b>	<b>)</b>
Income tax expense		218	
<b>LOSS FROM CONTINUING OPERATIONS</b>	\$	<b>(3,180</b>	<b>)</b>
<b>LOSS PER COMMON SHARE:</b>			
Loss from continuing operations basic		(0.14	)
Loss from continuing operations diluted		(0.14	)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>			
Basic		22,242,417	
Diluted		22,242,417	

**PRIMEDEX HEALTH SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Twelve Months Ended October 31, 2005**  
**(in thousands, except per share data)**

	<b>For the Twelve Months Ended October 31, 2005 Primedex</b>	<b>For the Twelve Months Ended December 31, 2005 Radiologix</b>	<b>Pro Forma Adjustments</b>		<b>Pro Forma Combined</b>
Service fee revenue	\$ 145,573	\$ 251,440	\$ (409 )	N	\$ 396,604
Cost of operations:					
Cost of services	109,012	160,898	16,687	O	286,597
Equipment leases		13,035	166	P	13,201
Provision for doubtful accounts	4,929	19,033			23,962
Depreciation and amortization	17,101	23,430	1,834	Q	42,365
Gain on disposal of equipment, net	696		19	R	715
Gross profit	13,835	35,044	(19,115 )		29,764
Corporate general and administrative		16,872	(16,872 )	S	
Impairment of goodwill, intangible and long-lived assets		2,241			2,241
Interest expense, net, including amortization of deferred financing costs	17,493	18,295	3,999	T	39,787
Other expense (income), net	(523 )	670			147
Loss before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	(3,135 )	(3,034 )	(6,242 )		(12,411 )
Equity in earnings of unconsolidated affiliates		3,928			3,928
Minority interests in income of consolidated subsidiaries		(632 )			(632 )
<b>INCOME (LOSS) BEFORE INCOME TAXES FROM CONTINUING OPERATIONS</b>	(3,135 )	262	(6,242 )		(9,115 )
Income tax expense		662			662
<b>LOSS FROM CONTINUING OPERATIONS</b>	\$ (3,135 )	\$ (400 )	\$ (6,242 )		\$ (9,777 )
<b>LOSS PER COMMON SHARE:</b>					