PRIMEDEX HEALTH SYSTEMS INC
Form DEFM14A
October 18, 2006

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

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

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

RADIOLOGIX, INC.
(Name of Registrant as Specified In Its Charter)
N/A
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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

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

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

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

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

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

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

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

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

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

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

REFERENCES TO ADDITIONAL INFORMATION

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

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

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

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

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

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

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

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

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

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

To the Stockholders of Radiologix, Inc.:

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

1. To adopt the Agreement and Plan of Merger, dated as of July 6, 2006, by and among Radiologix, Inc., Primedex Health Systems, Inc., PR Acquisition Corporation, an indirect wholly-owned subsidiary of Primedex, and RadNet Management, Inc., a wholly-owned subsidiary of Primedex and sole stockholder of PR Acquisition Corporation, and the transactions contemplated by the merger agreement, including the merger, pursuant to which Primedex will acquire Radiologix through the merger of PR Acquisition Corporation with and into Radiologix, on the terms and subject to the conditions contained in the merger agreement, and Radiologix stockholders will receive aggregate consideration of 22,621,922 shares of Primedex common stock and $42,950,000 in cash. A copy of the merger agreement is attached as *Annex A* to this joint proxy statement/prospectus;

2. To approve adjournments or postponements of the Radiologix special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Radiologix special meeting to approve the above proposal; and

3. To consider and take action upon any other business that may properly come before the Radiologix special meeting or any reconvened meeting following an adjournment or postponement of the Radiologix special meeting.

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

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

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

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

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

By order of the board of directors,

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

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

If you have questions, contact:

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

Dallas, Texas, October 20, 2006

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

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

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

To the Stockholders of Primedex Health Systems, Inc.:

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

1. To adopt the Agreement and Plan of Merger, dated as of July 6, 2006, by and among Radiologix, Inc., Primedex Health Systems, Inc., PR Acquisition Corporation, an indirect wholly-owned subsidiary of Primedex, and RadNet Management, Inc., a wholly-owned subsidiary of Primedex and sole stockholder of PR Acquisition Corporation, and the transactions contemplated by the merger agreement, including the merger and the issuance of shares of Primedex common stock in connection with the merger, pursuant to which PR Acquisition Corporation will merge with and into Radiologix, on the terms and subject to the conditions contained in the merger agreement, and Radiologix stockholders will receive aggregate consideration of 22,621,922 shares of Primedex common stock and $42,950,000 in cash. A copy of the merger agreement is attached as *Annex A* to this joint proxy statement/prospectus;

2. To adopt an amendment to Primedex s certificate of incorporation to change Primedex s name to RadNet, Inc. ;

3. To adopt an amendment to Primedex s certificate of incorporation to (i) increase the number of authorized shares of Primedex common stock from 100,000,000 shares to 200,000,000 shares and reduce the par value of each share of common stock from $0.01 to $0.0001, (ii) undesignate all of Primedex s preferred stock, and (iii) increase the authorized number of shares of Primedex preferred stock from 10,000,000 shares to 30,000,000 shares and reduce the par value of each share of preferred stock from $0.01 to $0.0001;

4. To adopt an amendment to Primedex s certificate of incorporation to implement stock transfer restrictions to preserve Primedex s unrestricted use of its net operating loss carry-forwards;

5. To adopt Primedex s 2006 Stock Incentive Plan, substantially in the form attached hereto as *Annex E*;

6. To elect five directors to Primedex s board of directors;

7. To adopt an amendment to Primedex s certificate of incorporation to effect a one-for-two reverse stock split;

8. To ratify the appointment of Moss Adams LLP as Primedex s independent registered public accounting firm for the fiscal year ending October 31, 2006;

9. To approve adjournments or postponements of the Primedex special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Primedex special meeting to approve the above proposals; and

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

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

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

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

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

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

By order of the board of directors,

Norman R. Hames
Secretary and Vice President

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

If you have questions, contact:

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

Los Angeles, California, October 20, 2006

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

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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

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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

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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

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- 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

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- 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;

- 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

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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.

	Price Range of Common Stock	
Fiscal Year Ended	**High**	**Low**
October 31, 2004:		
First Quarter	$ .75	$ .38
Second Quarter	.72	.38
Third Quarter	.47	.27
Fourth Quarter	.70	.30
October 31, 2005:		
First Quarter	$ .60	$ .41
Second Quarter	.49	.24
Third Quarter	.43	.26
Fourth Quarter	.43	.26
October 31, 2006:		
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.

	Price Range of Common Stock	
Fiscal Year Ended	**High**	**Low**
December 31, 2004:		
First Quarter	$ 4.25	$ 3.25
Second Quarter	4.65	3.31
Third Quarter	4.68	3.30
Fourth Quarter	4.53	2.99
December 31, 2005:		
First Quarter	$ 4.98	$ 4.08
Second Quarter	4.27	3.10
Third Quarter	4.55	3.15
Fourth Quarter	3.84	2.75
December 31, 2006:		
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 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 July 31,	
	2005	**2004**	**2003**	**2002**	**2001**	**2006 (Unaudited)**	**2005**
	(Amounts in thousands, except per share data)						
Net Revenue	$ 145,573	$ 137,277	$ 140,259	$ 134,078	$ 107,567	$ 118,462	$ 105,478
Operating Expenses							
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
Income from Operations	13,835	9,776	12,363	9,890	17,944	12,637	9,294
Other Expense (Income)							
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
Income (Loss) Before Income Taxes, Minority Interest and Discontinued Operation	(3,135)	(8,990)	(5,363)	(6,524)	8,677	(4,634)	(2,831)
Income Tax Provision (Benefit)		5,235			(5,110)		
Income (Loss) Before Minority Interest and Discontinued Operation	(3,135)	(14,225)	(5,363)	(6,524)	13,787	(4,634)	(2,831)
Equity in Income of investee						61	
Minority Interest in Earnings (Loss) of Subsidiaries		351	101	(89)	(26)		
Income (Loss) from Continuing Operations	(3,135)	(14,576)	(5,464)	(6,435)	13,813	(4,573)	(2,831)
Discontinued Operation:							
Income from operation of Westchester Imaging Group			255	884	688		
Gain on sale of discontinued operation			2,942				
Income from Discontinued Operation			3,197	884	688		
Net Income (Loss)	$ (3,135)	$ (14,576)	$ (2,267)	$ (5,551)	$ 14,501	$ (4,573)	$ (2,831)
Basic Earnings Per Share							
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		
Basic Net Income (Loss) Per Share	$ (0.08)	$ (0.35)	$ (0.05)	$ (0.14)	$ 0.36	$ (0.11)	$ (0.07)
Diluted Earnings Per Share							
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		
Diluted Net Income (Loss) Per Share	$ (0.08)	$ (0.35)	$ (0.05)	$ (0.14)	$ 0.33	$ (0.11)	$ (0.07)
Weighted Average Shares Outstanding							
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)**
Balance Sheet Data:						
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.

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)**	**2003(c)**	**2002**	**2001(d)**	**2006(e) (unaudited)**	**2005**
		(As restated)					**(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.

	As of December 31,					**As of June 30,**
	2005	**2004**	**2003**	**2002**	**2001**	**2006**
		(As restated)				**(unaudited)**
Balance Sheet Data:						
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
Assets					
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
Liabilities and Stockholders Equity					
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

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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

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)
LOSS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	(2,962)
Income tax expense	218
LOSS FROM CONTINUING OPERATIONS	$ (3,180)
LOSS PER COMMON SHARE:	
Loss from continuing operations basic	(0.14)
Loss from continuing operations diluted	(0.14)
WEIGHTED AVERAGE SHARES OUTSTANDING:	
Basic	22,242,417
Diluted	22,242,417

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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)

	For the Twelve Months Ended October 31, 2005 Primedex	For the Twelve Months Ended December 31, 2005 Radiologix	Pro Forma Adjustments		Pro Forma Combined
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)
INCOME (LOSS) BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	(3,135)	262	(6,242)		(9,115)
Income tax expense		662			662
LOSS FROM CONTINUING OPERATIONS	$ (3,135)	$ (400)	$ (6,242)		$ (9,777)
LOSS PER COMMON SHARE:					
Loss from continuing operations basic	$ (0.08)	$ (0.02)			$ (0.15)
Loss from continuing operations diluted	$ (0.08)	$ (0.02)			$ (0.15)
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic	41,207,909	22,067,445	554,477	M	63,829,831
Diluted	41,207,909	22,067,445	554,477	M	63,829,831

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NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

On July 6, 2006, Primedex Health Systems, Inc. and Radiologix, Inc. entered into a definitive agreement under which Primedex would merge with and into Radiologix in a business combination to be accounted for using the purchase method. The combined unaudited pro forma historical financial statements assume the issuance of 22,621,922 shares of Primedex common stock and $42,950,000 in cash. The average market price per share of Primedex common stock of approximately $1.74 is based on the average closing price for June 28, 2006 through July 13, 2006.

The estimated purchase price and the allocation of the estimated purchase price discussed below are preliminary based on management s best estimate because the proposed merger has not yet been completed and the final valuation has not been completed. The final allocation of the purchase price will be based on Radiologix s assets and liabilities on the closing date.

The following notes to the unaudited pro forma condensed consolidated financial statements give effect to the Radiologix merger as if it had occurred, for balance sheet purposes, on July 31, 2006 and, for statement of operations purposes, on November 1, 2004. The preliminary estimated total purchase price of the merger is as follows:

	(in thousands)	
Value of stock given by Primedex to Radiologix	$ 39,400	*
Cash	42,950	
Estimated transaction fees and expenses	13,552	**
Total Purchase Price	$ 95,902	

(*) Calculated as 22,621,922 shares multiplied by $1.74 (average closing price for June 28, 2006 to July 13, 2006).

(**) Includes $6,940,000 in assumed liabilities of Radiologix, including $2,200,000 in merger and acquisition fees and $4,740,000 in bond prepayment penalties.

Under the purchase method of accounting, the total estimated purchase price as shown above is allocated to Radiologix s net tangible and intangible assets based on their estimated fair values as of the date of the completion of the merger. The preliminary allocation of the pro forma purchase price is as follows:

	(in thousands)
Current assets	$ 102,106
Property and equipment, net	82,630
Identifiable intangible assets	59,034
Goodwill	41,396
Investments in joint ventures	9,113
Other assets	824
Current liabilities	(26,057)
Accrued restructuring charges	(332)
Long-term liabilities	(171,667)
Minority interests in consolidated subsidiaries	(1,145)
Total purchase price	$ 95,902

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We have estimated the fair value of tangible assets acquired and liabilities assumed. Some of these estimates are subject to change, particularly those estimates relating to the valuation of property and equipment and identifiable intangible assets. The allocation of the purchase price is preliminary and based upon management s best estimate because the proposed merger has not yet been completed and the final valuation has not been completed. The final allocation of the purchase price will be based upon Radiologix s assets and liabilities on the closing date and the allocation of the purchase price will be reviewed by an external valuation expert.

Cash, marketable securities, investments and other assets: Primedex values cash, marketable securities, investments and other assets at their respective carrying amounts as Primedex believes that these amounts approximate their current fair values or the fair values.

Identifiable intangible assets. Primedex expects identifiable intangible assets acquired to include management service agreements. Management service agreements represent the underlying relationships and agreements with certain professional radiology groups.

Identifiable intangible assets consist of:

	Estimated Fair Value (in thousands)	Amortization Period	Estimated Annual Amortization
Management service agreements	$ 59,034	25 years	$ 2,361

Primedex has determined the preliminary fair value of intangible assets with limited discussions with Radiologix management and a review of certain transaction-related documents prepared by Radiologix management.

Estimated useful lives for the intangible assets were based on the average contract terms, which are greater than the amortization period that will be used for management contracts. Intangible assets are being amortized using the straight-line method, considering the pattern in which the economic benefits of the intangible assets are consumed.

Goodwill. Approximately $41,396,000 has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and intangible assets. In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets,* goodwill will not be amortized but instead will be tested for impairment at least annually. In the event that the management of the combined company determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

2. Pro Forma Adjustments

The following is a brief description of the preliminary adjustments which may change as additional information is obtained. These adjustments are based on management s best estimate. In addition, these adjustments include reclassifications to conform the financial statement presentation of Radiologix with Primedex.

		(In thousands)
(A)	To record the cash portion of the purchase price:	
	Cash	$ 42,950
	Estimated transaction fees and expenses	13,552
		56,502
	Less: Increase in cash from borrowings (see Note K)	13,322
		$ 43,180

(B)	Adjustments to property and equipment, net:	
	To record the estimated fair market value adjustment to net property and equipment	$ 14,020
(C)	Adjustments to goodwill:	
	To record the preliminary purchase price allocation to goodwill as though the acquisition had occurred on July 31, 2006:	
	Total purchase price	$ 95,902
	Net assets of Radiologix:	
	Book equity of Radiologix	$ 31,995
	Fair market value adjustment to property and equipment	14,020
	Increase in other intangible assets	6,650
	Elimination of deferred financing costs	(4,117)
	Accrued restructuring charges	(332)
	Elimination of deferred revenue	6,290
	Adjusted net assets	$ 54,506
	Goodwill	$ 41,396
(D)	Adjustments to other intangible assets:	
	To reclass Primedex intangible asset trade name from other assets	$ 1,075
	To eliminate Radiologix historical intangible assets	(52,384)
	To record the preliminary purchase price allocation to other intangible assets as though the acquisition had occurred on July 31, 2006	59,034
		$ 7,725
(E)	Adjustments to deferred financing costs:	
	To eliminate Radiologix historical net deferred financing costs due to refinancing of this debt	$ (4,117)
	To write-off Primedex historical deferred financing charges and loan fees	(5,198)
	To record the estimated deferred financing costs	9,183
		$ (132)
(F)	Adjustments to other assets:	
	To reclass Primedex other asset trade name to intangible assets	$ (1,075)
(G)	Adjustments to accounts payable and other accrued expenses:	
	To reclass Primedex accrued salaries and benefits	$ (3,403)
	To reclass Primedex accrued interest	(357)
		$ (3,760)
(H)	To reclass Primedex accrued salaries and benefits	$ 3,403
(I)	To reclass Primedex accrued interest	$ 357
(J)	To record restructuring charges related to severance for certain employees of Radiologix.	$ 332

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(K)	To record the payments to be made from the proceeds of the new indebtedness:	
	Sources:	
	Term loan B current	$ 2,250
	Line of Credit	4,000
	Term loan B long-term	222,750
	Second lien credit facility	135,000
	Total sources	$ 364,000
	Uses:	
	Current maturities of notes payable Primedex	$ 860
	Subordinated bond debentures Primedex	16,147
	Line of credit Primedex	6,868
	Long-term debt Primedex	145,086
	Long-term debt Radiologix	158,270
	Convertible debt Radiologix	11,980
	Deferred financing fees (see Note E)	9,183
	Primedex fees and expenses (see Note M)	2,284
	Total uses	$ 350,678
	Increase in cash (see Note A)	$ 13,322
(L)	To eliminate Radiologix deferred revenue	$ (6,290)
(M)	Adjustments to stockholders equity:	
	To eliminate Radiologix historical stockholders equity and weighted shares outstanding as part of the purchase transaction	$ (31,995)
	To record the issuance of 22,621,922 shares of Primedex stock at an average market price of $1.74 per share to acquire Radiologix	39,400
	To write-off Primedex historical deferred financing charges and loan fees	(5,198)
	To record Primedex fees and expenses	(2,284)
		$ (77)

		Nine Months Ended July 31, 2006 (In thousands)	**Year Ended October 31, 2005**
(N)	To eliminate Radiologix deferred revenue amortization	$ (307)	$ (409)

		Nine Months Ended July 31, 2006 (In thousands)	**Year Ended October 31, 2005**
(O)	To reclass Radiologix corporate overhead as cost of services	$ 12,841	$ 16,872
	To reclass Primedex equipment rental from cost of services	(174)	(166)
	To reclass Radiologix losses from sale or disposal of assets from cost of services		(19)
		$ 12,667	$ 16,687

		Nine Months Ended July 31, 2006 (In thousands)	**Year Ended October 31, 2005**
(P)	To reclass Primedex equipment rental from cost of services	$ 174	$ 166

		Nine Months Ended July 31, 2006 (In thousands)	Year Ended October 31, 2005
(Q)	To record additional depreciation on property and equipment revaluation as a result of the purchase price allocation	$ 2,103	$ 2,804
	To eliminate Radiologix amortization expense on historical intangible assets related to management service agreements	(2,500)	(3,331)
	To add amortization of identifiable intangible assets recorded as a result of purchase price allocation	1,771	2,361
		$ 1,374	$ 1,834

		Nine Months Ended July 31, 2006 (In thousands)	Year Ended October 31, 2005
(R)	To reclass Radiologix losses from sale or disposal of assets from cost of services	$	$ 19

		Nine Months Ended July 31, 2006 (In thousands)	Year Ended October 31, 2005
(S)	To reclass Radiologix corporate overhead as cost of services	$ (12,841)	$ (16,872)

		Nine Months Ended July 31, 2006 (In thousands)	Year Ended October 31, 2005
(T)	To eliminate Radiologix interest income with use of cash as part of the purchase transaction	$ 1,117	$ 956
	To reverse interest expense related to historical notes, leases, bonds and lines of credit with new financing related to the purchase transaction:		
	For Radiologix	(13,432)	(17,908)
	For Primedex	(13,292)	(15,871)
	To add interest expense related to new financing related to the purchase transaction(1)	28,620	38,160
	To reverse interest expense related to historical deferred financing charges and loan fees with new financing related to the purchase transaction:		
	For Radiologix	(1,237)	(1,650)
	For Primedex	(710)	(1,137)
	To add interest expense related to new financing transaction fees(2)	1,088	1,449
		$ 2,154	$ 3,999

(1) Assume a first lien six-year, 1% principal payment per year, note payable of $225 million at LIBOR + 3.5%, or an estimated 9.0%, and a second lien seven-year, interest-only note payable of $135 million at LIBOR + 7.5%, or an estimated 13.0% and an estimated line of credit draw of $4.0 million.

The interest expense calculation presented above uses the actual LIBOR rates for the periods presented to determine the interest rate applied to the borrowings under the Term Loan B and the Second Lien Credit Facility. If the LIBOR rate increases or decreases, the effect on interest expense would be as follows:

	Effect on Interest Expense	
LIBOR rate Increase/Decrease	**Nine Months Ended July 31, 2006 (in thousands)**	**Year Ended October 31, 2005**
0.25%	$ 683	$ 910
0.50%	1,365	1,820
0.75%	2,048	2,730
1.00%	2,730	3,640

(2) Estimated financing fees of $9.2 million for the Primedex acquisition of Radiologix amortized over the weighted-average financing period of approximately 76 months, or approximately $121,000 per month.

The pro forma statements of income contain no adjustment of the Primedex net deferred financing costs of $5,198,000 as of July 31, 2006, and debt prepayment penalties of $2,284,000 that will be expensed upon refinancing the existing debt of Primedex. In addition, the pro forma financial statements contain no adjustment for any proposed reverse stock split.

QUESTIONS AND ANSWERS ABOUT THE STOCKHOLDER MEETINGS AND THE MERGER

The following questions and answers briefly address some commonly asked questions about the stockholder meetings and the merger. They may not include all the information that is important to you. Primedex and Radiologix urge you to carefully read this entire joint proxy statement/prospectus, including the annexes and the other documents to which we have referred you. We have included page references in parts of this summary to direct you to a more detailed description of each topic presented elsewhere in this joint proxy statement/prospectus.

The Merger

Q: Why am I receiving this joint proxy statement/prospectus?

A: Radiologix and Primedex have agreed to the acquisition of Radiologix by Primedex under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as *Annex A*.

In order to complete the merger, Primedex stockholders and Radiologix stockholders must adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. Radiologix and Primedex will hold separate meetings of their respective stockholders to obtain these approvals, as well as for Primedex to consider various other proposals unrelated to the transaction.

This joint proxy statement/prospectus contains important information about the merger, the merger agreement and the meetings of the respective stockholders of Radiologix and Primedex, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending your respective company s meeting.

Your vote is very important. We encourage you to vote as soon as possible.

Q: What is the proposed transaction for which I am being asked to vote?

A: Radiologix stockholders are being asked to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. The approval of this proposal by Radiologix stockholders is a condition to the effectiveness of the merger.

Primedex stockholders are being asked to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock pursuant to the terms of the merger agreement. The approval of this proposal by the Primedex stockholders is a condition to the effectiveness of the merger. See The Merger Agreement Conditions to Completion of the Merger beginning on page 149 and Summary Conditions to Completion of the Merger beginning on page 8.

Q: What are the positions of the Radiologix and Primedex boards of directors regarding the merger?

A: Both boards of directors have unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and determined that the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, their respective company and stockholders. The Radiologix board of directors recommends that the Radiologix stockholders vote **FOR** the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the Radiologix special meeting. The Primedex board of directors recommends that the Primedex stockholders vote **FOR** the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock pursuant to the terms of the merger agreement, at the Primedex special meeting. See The Merger Primedex s Reasons for the Merger and Recommendation of Primedex s Board of Directors beginning on page 107,

The Merger Radiologix s Reasons for the Merger and Recommendation of Radiologix s Board of Directors beginning on page 105, Summary Recommendation of the Boards of Directors to Radiologix and Primedex Stockholders beginning on page 4.

Q: What vote is needed by Radiologix stockholders to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the Radiologix special meeting?

A: The adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, requires the affirmative vote of a majority of the outstanding shares of Radiologix common stock. If a Radiologix stockholder does not vote, it will have the same effect as a vote **AGAINST** the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger. See The Radiologix Special Meeting Required Stockholder Vote beginning on page 67.

Q: What vote is needed by Primedex stockholders to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock pursuant to the terms of the merger agreement at the Primedex special meeting?

A: 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 terms of the merger agreement, requires the affirmative vote a majority of the outstanding shares of Primedex common stock. If a Primedex stockholder does not vote, it will have the same effect as a vote **AGAINST** the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock. See The Primedex Special Meeting Required Stockholder Vote beginning on page 74.

Q: Are there any Radiologix officers, directors or stockholders already committed to voting in favor of the merger?

A: Yes. Contrarian Equity Fund, L.P., a 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.

Q: Do Radiologix stockholders have appraisal rights?

A: Yes. Radiologix stockholders who do not vote in favor of adopting the merger agreement and the transactions contemplated by the merger agreement, including the merger, and who otherwise comply with the requirements of Delaware law will be entitled to appraisal rights to receive the statutorily determined fair value of their shares of Radiologix common stock as determined by the Delaware Chancery Court, rather than the merger consideration. Radiologix stockholders will not have appraisal rights in connection with any of the other meeting proposals. For a description of the appraisal rights available to Radiologix stockholders, see Summary Appraisal and Dissenters Rights beginning on page 6 and The Merger Appraisal and Dissenters Rights beginning on page 130.

Q: Do Primedex stockholders have appraisal rights?

A: Yes. If you are a Primedex stockholder and 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, under California law you 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. Chapter 13 of the California General Corporation Law is reprinted in its entirety

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and attached to this joint proxy statement/prospectus as *Annex G*. For a description of the dissenters rights available to Primedex stockholders, see Summary Appraisal and Dissenters Rights beginning on page 7. Primedex stockholders are not entitled to dissenters rights under New York law, see The Merger Appraisal and Dissenters Rights beginning on page 130.

Q: Why do California corporate laws apply to Primedex, a corporation organized under the laws of New York?

A: Until shares of Primedex common stock are listed on a national securities exchange or designated for trading on the NASDAQ Stock Market, pursuant to California law, Primedex is currently subject to Section 2115 of the California General Corporation Law, which mandates that certain California s corporate laws apply to non-California corporations, because (1) a majority of the holders of record of Primedex s common stock were residents of California on the record date for the latest meeting of stockholders held during its latest full income year and (2) Primedex met certain tests regarding property, payroll and sales in California during its latest full income year.

Q: When do you expect to complete the merger?

A: If the merger agreement and the transactions contemplated by the merger agreement, including the merger, are adopted at the Radiologix special meeting and the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock are adopted at the Primedex special meeting, we expect to complete the merger as soon as possible after the satisfaction of the other conditions to the merger. We currently anticipate that the merger will be completed by the end of the 2006 calendar year. See The Merger Agreement Completion and Effectiveness of the Merger on page 141.

Q: What are the material U.S. federal income tax consequences of the merger to stockholders?

A: The merger will be taxable for federal income tax purposes to Radiologix stockholders. As a result, each Radiologix stockholder 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 the stockholder s shares of Radiologix common stock. Such gain or loss will be a capital gain or loss if the stockholder held the stockholder s shares of Radiologix common stock exchanged in the merger for more than one year.

We anticipate that the merger will have no material U.S. federal income tax consequences to Primedex stockholders.

Tax matters are very complicated. You should be aware that the tax consequences to you of the merger may depend upon your own situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed in this joint proxy statement/prospectus. You should therefore consult with your own tax advisor for a full understanding of the tax consequences to you of the merger. For more information regarding the tax consequences of the merger, please see Material United States Federal Income Tax Consequences beginning on page 138.

Q: Should I send in my stock certificates now?

A: No. If the merger is completed, Primedex will send Radiologix stockholders written instructions for sending in their stock certificates. See The Radiologix Special Meeting Solicitations of Proxies beginning on page 68 and The Merger Agreement Conversion of Shares; Procedures for Exchange of Certificates on page 141. Primedex stockholders will not need to send in their stock certificates.

Q: Who can answer my questions about the merger?

A: If you have any questions about the merger or your stockholder meeting, need assistance in voting your shares, or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card(s) or voting instructions, you should contact:

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

or

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

Other Primedex Special Meeting Proposals

Q: On what other proposals am I being asked to vote at the Primedex special meeting?

A: At Primedex s special meeting, in addition to voting on the approval and the adoption of the merger agreement, Primedex stockholders will be asked:

- To adopt an amendment to Primedex s certificate of incorporation to change Primedex s name to RadNet, Inc. ;

- 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;

- 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;

- To elect five directors to Primedex s board of directors;

- To approve Primedex s 2006 Stock Incentive Plan, substantially in the form attached hereto as *Annex E*;

- To adopt an amendment to Primedex s certificate of incorporation to effect a one-for-two reverse stock split;

- To ratify the appointment of Moss Adams LLP as Primedex s independent registered public accounting firm for the fiscal year ending October 31, 2006;

- 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

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- To 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.

See The Primedex Special Meeting Purposes of the Primedex Special Meeting beginning on page 71.

Q: What vote is necessary to approve the other proposals at the Primedex special meeting?

A: The proposal to amend Primedex s certificate of incorporation to change Primedex s name to RadNet, Inc. requires the affirmative vote of a majority of the outstanding shares of Primedex common stock.

The proposal 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, (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, and (iv) effect a reverse stock split requires the vote of a majority of the outstanding shares of Primedex common stock.

The election of five directors to Primedex s board of directors will be decided by either plurality voting or cumulative voting, should a stockholder give proper notice of intent to cumulate votes at the special meeting. In either case, the five directors with the most affirmative votes will be elected.

The proposal to approve Primedex s 2006 Stock Incentive Plan requires the affirmative vote of a majority of Primedex s common stock present in person or represented by proxy entitled to vote and actually voted at the Primedex special meeting.

Ratification of the appointment of Moss Adams LLP as Primedex s independent registered public accounting firm requires the affirmative vote of a majority of Primedex s common stock present in person or represented by proxy entitled to vote and actually voted at the Primedex special meeting.

A proposal 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 requires the affirmative vote of a majority of Primedex s common stock present in person or represented by proxy entitled to vote and actually voted at the Primedex special meeting.

Other Radiologix Special Meeting Proposals

Q: On what other proposals am I being asked to vote at the Radiologix special meeting?

A: At Radiologix s special meeting, in addition to voting upon the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, Radiologix stockholders will be asked:

- 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 proposals; and

- 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.

See The Radiologix Special Meeting Purposes of the Radiologix Special Meeting beginning on page 65.

Q: What vote is necessary to approve the other proposals at the Radiologix special meeting?

A: A proposal 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 requires the affirmative vote of a majority of the shares of Radiologix common stock, present in person or represented by proxy and entitled to vote at the Radiologix special meeting.

Procedures

Q: When and where are the meetings?

A: The Radiologix special meeting will be held 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 Primedex special meeting 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.

Q: Who is eligible to vote at Radiologix s special meeting and Primedex s special meeting?

A: Owners of Radiologix common stock are eligible to vote at the Radiologix special meeting if they were stockholders of record at the close of business on October 6, 2006. See The Radiologix Special Meeting Record Date and Outstanding Voting Securities beginning on page 65.

Owners of Primedex common stock are eligible to vote at the Primedex special meeting if they were stockholders of record at the close of business on October 6, 2006. See The Primedex Special Meeting Record Date and Outstanding Voting Securities beginning on page 72.

Q: What should I do now?

A: You should read this joint proxy statement/prospectus carefully, including the annexes, and return your completed, signed and dated proxy card(s) or voting instruction card(s) by mail in the enclosed postage-paid envelope, or if available, by submitting your proxy by telephone or over the Internet as soon as possible so that your shares will be represented and voted at your stockholder meeting. You may vote your shares by signing, dating and mailing the enclosed proxy card(s) or voting instruction card(s). A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by the Internet or telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by the Internet or telephone by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. See The Radiologix Special Meeting Voting and Revocation of Proxies on page 66, The Primedex Special Meeting Voting and Revocation of Proxies on page 66.

Q: If I am going to attend my stockholder meeting, should I return my proxy card(s) or voting instruction card(s)?

A: Yes. Returning your signed and dated proxy card(s) or voting instruction card(s) or voting by telephone or over the Internet, if available, ensures that your shares will be represented and voted at

your stockholder meeting. See The Radiologix Special Meeting Voting and Revocation of Proxies beginning on page 66 and The Primedex Special Meeting Voting and Revocation of Proxies beginning on page 72.

Q: How will my proxy be voted?

A: If you complete, sign and date your proxy card(s) or voting instruction card(s), or, if available, vote by telephone or the Internet your proxy will be voted in accordance with your instructions. If you sign and date your proxy card(s) or voting instruction card(s) but do not indicate how you want to vote at your stockholder meeting:

- For Radiologix stockholders, your shares will be voted **FOR** the adoption of the merger agreement. If you vote **FOR** the adoption of the merger agreement at the Radiologix special meeting, you will lose the appraisal rights to which you would otherwise be entitled. See Summary Appraisal and Dissenters Rights beginning on page 7, The Merger Appraisal Rights of Radiologix Stockholders beginning on page 130 and The Radiologix Special Meeting Voting and Revocation of Proxies beginning on page 66.

- For Primedex stockholders, your shares will be voted **FOR** the adoption of the merger agreement and the merger and the issuance of Primedex common stock, **FOR** the four separate amendments to the certificate of incorporation, **FOR** the re-election of the five existing members of Primedex s board of directors, **FOR** the adoption of the 2006 Stock Incentive Plan and **FOR** the ratification of the independent registered public accounting firm. See The Primedex Special Meeting Voting and Revocation of Proxies beginning on page 72.

Q: Can I change my vote after I mail my proxy card(s) or voting instruction card(s), or, if available, vote by telephone or the Internet?

A: Yes. If you are a record holder of Radiologix common stock or Primedex common stock, you can change your vote by:

- sending a written notice to the corporate secretary of the company in which you hold shares that is received prior to your stockholder meeting and states that you revoke your proxy;

- signing and delivering a new proxy card(s) or voting instruction card(s) bearing a later date;

- if available, voting again by telephone or over the Internet and submitting your proxy so that it is received prior to your stockholder meeting; or

- attending your stockholder meeting and voting in person although your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

Q: What if my shares are held in street name by my broker?

A: If a broker holds your common stock for your benefit but not in your own name, your shares are in street name. In that case, your broker will send you a voting instruction form to use in voting your shares. The availability of Internet and telephone voting depends on your broker s voting procedures. Please follow the instructions on the voting instruction form your broker sends you. If your shares are held in your broker s name and you wish to vote in person at your stockholder meeting, you must contact your broker and request a document called a legal proxy. You must bring this legal proxy to your respective stockholder meeting in order to vote in person.

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Q: What if I don t provide my broker with instructions on how to vote?

A: Generally, a broker may only vote the common stock that it holds for you in accordance with your instructions. However, if your broker has not received your instructions, your broker has the discretion to vote on matters that are considered routine. A broker non-vote occurs if your broker cannot vote on a particular matter because your broker has not received instructions from you and because the proposal is not routine.

Radiologix Stockholders

If you wish to vote on the proposal to adopt the merger, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to adopting the merger, and a broker non-vote will occur. This will have the same effect as a vote AGAINST the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

If you wish to vote on any proposal to approve adjournments or postponements of the Radiologix special meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker generally will have the authority to vote on proposals such as the adjournment or postponement of meetings. However, your broker will not be authorized to vote on any proposal to adjourn or postpone the meeting solely relating to the solicitation of proxies to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. See The Radiologix Special Meeting Voting and Revocation of Proxies on page 66 and The Radiologix Special Meeting Required Stockholder Vote beginning on page 67.

Primedex Stockholders

If you wish to vote on the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of Primedex common stock, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to adopting the merger, and a broker non-vote will occur. This will have the same effect as a vote AGAINST the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

If you wish to vote on any of the four proposals to amend Primedex s certificate of incorporation, you must provide instructions to your broker because none of these proposals are routine. If you do not provide your broker with instructions for any of these four proposals to amend the certificate of incorporation, your broker will not be authorized to vote with respect to that proposal, and a broker non-vote will occur. This will have the same effect as a vote AGAINST that amendment of the certificate of incorporation.

If you wish to vote on the proposal to approve the 2006 Stock Incentive Plan, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to approving the 2006 Stock Incentive Plan, and a broker non-vote will occur. This will have the same effect as a vote against the approval of the 2006 Stock Incentive Plan.

If you wish to vote on the proposals to elect the five members of the board of directors, to ratify the appointment of Primedex s independent registered public accounting firm or to act upon any other routine business that may properly come before the Primedex special meeting, you should provide instructions to your broker. If you do not provide your broker with instructions, your brokers generally will have the authority to vote on the election of directors, the ratification of the appointment of the independent registered public accounting firm and other routine matters that may properly come before the special meeting.

If you wish to vote on any proposal to approve adjournments or postponements of the Primedex special meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker generally will have the authority to vote on proposals such as the adjournment or postponement of meetings. However, your broker will not be authorized to vote on any proposal to adjourn or postpone the meeting solely relating to the solicitation of proxies to approve the proposal to adopt the merger agreement. See The Primedex Special Meeting Voting and Revocation of Proxies on page 72 and The Primedex Special Meeting Required Stockholder Vote beginning on page 74.

Q: What if I abstain from voting?

A: Your abstention from voting will have the following effect.

If you are a Radiologix stockholder:

- Abstentions will have the same effect as a vote **AGAINST** the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

- An abstention has the effect of voting **AGAINST** the approval of adjournments or postponements of the Radiologix special meeting. See The Radiologix Special Meeting Voting and Revocation of Proxies on page 65.

If you are a Primedex stockholder:

- Abstentions will have the same effect as a vote **AGAINST** each of the following proposals:

- the adoption of the merger agreement;

- the approval and adoption of the amendment to Primedex s certificate of incorporation to change Primedex s name to RadNet, Inc. ;

- the approval and adoption of the amendment to Primedex s certificate of incorporation to increase the number of shares authorized for issuance;

- the approval and adoption of the 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; and

- the approval and adoption of the amendment to Primedex s certificate of incorporation to effect a one-for-two reverse stock split.

- Abstentions will have no effect on the election of the five members of Primedex s board of directors.

- An abstention will not be counted either FOR or AGAINST, and will not affect the approval of the 2006 Stock Incentive Plan, the ratification of the appointment of the independent registered public accounting firm, or the approval of adjournments or postponements of the Primedex special meeting. See The Primedex Special Meeting Voting and Revocation of Proxies on page 72.

Q: What does it mean if I receive multiple proxy cards?

A: Your shares may be registered in more than one account, such as brokerage accounts and 401(k) accounts. It is important that you complete, sign, date and return each proxy card or voting instruction card you receive, or, with respect to Primedex, if available, vote using the telephone or the Internet as described in the instructions included with your proxy card(s) or voting instruction card(s).

COMPARATIVE PER SHARE INFORMATION

The following table presents income from continuing operations, cash dividends declared and book value per common share data separately for Primedex and Radiologix on a historical basis, on an unaudited pro forma combined basis per Primedex common share and on an unaudited pro forma combined basis per Radiologix equivalent common share. The following unaudited pro forma data give effect to the merger as if the merger had been completed as of November 1, 2004, with respect to the pro forma income from continuing operations per common share data, and as of July 31, 2006, with respect to the pro forma book value per common share data. The following selected unaudited pro forma financial data should be read in conjunction with the historical consolidated financial statements and notes thereto of Primedex and Radiologix, which are contained elsewhere in this joint proxy statement/prospectus, 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 263.

The unaudited pro forma combined data per Primedex common share are based upon the historical weighted average number of Primedex common shares outstanding, adjusted to include the estimated number of Primedex common shares to be issued in the merger. See Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 24.

The following unaudited pro forma data reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to Radiologix s net assets. The purchase price allocation reflected herein is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Radiologix as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ from the pro forma adjustments reflected herein.

The following unaudited pro forma data are presented for illustrative purposes only and are not necessarily indicative of what Primedex s actual financial position or results of operations would have been had the merger been completed on the dates indicated above. The following unaudited pro forma data do not give effect to (1) Primedex s or Radiologix s results of operations or other transactions or developments since October 31, 2005 and December 31, 2005, respectively, (2) the synergies, cost savings and one-time charges expected to result from the merger, or (3) the effects of transactions or developments which may occur subsequent to the merger. The foregoing matters could cause both Primedex s pro forma historical financial position and results of operations, and Primedex s actual future financial position and results of operations, to differ materially from those presented in the following selected unaudited pro forma financial data. See Risk Factors The unaudited pro forma financial data included in this joint proxy statement/prospectus are preliminary and Primedex s actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus on page 49.

	Primedex Historical Per Share Data	**Radiologix Historical Per Share Data**	**Pro Forma Combined Data Per Primedex Common Share**	**Pro Forma Combined Data Per Radiologix Equivalent Common Share**
At or for the Fiscal Year Ended October 31, 2005 and December 31, 2005:				
Loss from continuing operations per common share:				
Basic	$ (0.08)	$ (0.02)	$ (0.15)	$(0.25)
Diluted	(0.08)	(0.02)	(0.15)	(0.25)
At or for the nine months ended July 31, 2006, with respect to Primedex, and June 30, 2006, with respect to Radiologix:				
Loss from continuing operations per common share:				
Basic	(0.11)	(0.05)	(0.15)	(0.25)
Diluted	(0.11)	(0.05)	(0.15)	(0.25)
Book value per share as of:				
June 30, 2006	n/a	$ 1.44	n/a	n/a
Cash dividends declared per common share	n/a	n/a	n/a	n/a

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COMPARATIVE MARKET VALUE INFORMATION

The following table presents:

- the closing prices per share and aggregate market value of Primedex common stock and Radiologix common stock, in each case based on closing prices for those shares on the Over-The-Counter Bulletin Board and the American Stock Exchange, respectively, on July 6, 2006, the last trading day prior to the public announcement of the proposed merger, and October 13, 2006, the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus; and

- the equivalent price per share and equivalent market value of shares of Radiologix common stock, based on closing price for Primedex common stock on the Over-The-Counter Bulletin Board on October 13, 2006.

	Primedex Historical	Radiologix Historical	Radiologix Equivalent(1)
July 6, 2006			
Closing price per common share	$ 1.75	$ 2.25	$ 3.59
Market value of common shares (in thousands)(2)	$ 73,813	$ 50,495	
October 13, 2006			
Closing price per common share	$ 2.64	$ 4.05	$ 4.43
Market value of common shares (in thousands)(3)	$ 116,422	$ 90,892	

(1) The Radiologix equivalent price per share reflects the fluctuating value of Primedex common stock that Radiologix stockholders would receive for each share of Radiologix common stock if the merger was completed on either July 6, 2006 or October 13, 2006. The Radiologix equivalent price per share is equal to, for July 6, 2006, the sum of (i) $1.84 and (ii) the closing price of Primedex common stock on such date of $1.75, and for October 13, 2006, the sum of (x) $1.79 and (y) the closing price of Primedex common stock on such date of $2.64.

(2) Based on 42,178,761 shares of Primedex common stock and 22,442,417 shares of Radiologix common stock outstanding as of July 6, 2006.

(3) Based on 44,039,105 shares of Primedex common stock and 22,442,417 shares of Radiologix common stock outstanding as of October 6, 2006.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information and other documents incorporated by reference into this joint proxy statement/prospectus, contains or may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995 that relate to the businesses of Primedex and Radiologix. These forward-looking statements are found at various places throughout this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. These forward-looking statements include, without limitation, those relating to projected financial and operating results, earnings and cash flows, future actions, new projects, strategies and the outcome of contingencies such as legal proceedings, in each case relating to Primedex or Radiologix, respectively. Those forward looking statements, wherever they occur in this joint proxy statement/prospectus or the other documents incorporated by reference in this joint proxy statement/prospectus, are necessarily estimates or projections reflecting the judgment of the respective management of Primedex and Radiologix and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by those forward-looking statements.

You should understand that the risks, uncertainties, factors and assumptions listed and discussed in this joint proxy statement/prospectus, including those set forth under the heading Risk Factors beginning on page 48; the risks discussed in Radiologix s Annual Report on Form 10-K for the fiscal year ended December 31, 2005, in Item 7A Qualitative and Quantitative Disclosures about Market Risk ; the risks discussed in Primedex s Annual Report on Form 10-K for the fiscal year ended October 31, 2005, as amended, in Item 7A Qualitative and Quantitative Disclosures about Market Risk ; and the following important factors and assumptions, could affect the future results of Primedex following the merger, or the future results of Primedex and Radiologix if the merger does not occur, and could cause actual results to differ materially from those expressed in any forward-looking statements:

- the ability of Primedex to integrate the Radiologix business with Primedex s business and achieve the expected synergies from the merger;
- the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the Radiologix special meeting;
- the approval of the issuance of Primedex common stock in connection with the merger at the Primedex special meeting;
- the actual financial position and results of operations of Primedex following the merger, which may differ significantly from the pro forma financial data contained in this joint proxy statement/prospectus;
- the impact of competitive products and pricing;
- general market conditions in the diagnostic imaging services industry;
- the level of capital resources required for future acquisitions and operations; and
- changes in laws and regulations.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the joint proxy statement/prospectus or, in the case of documents incorporated by reference, as of the date of those documents. Neither Primedex nor Radiologix undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

RISK FACTORS

The merger involves a high degree of risk. By voting in favor of the merger, Radiologix stockholders will be choosing to invest in Primedex common stock. In deciding whether to vote for approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, in the case of Radiologix stockholders, or for 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, in the case of Primedex stockholders, we urge you to carefully consider all of the information we have included and incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 263. You should also read and consider the risks associated with each of the businesses of Primedex and Radiologix because these risks will also affect the combined company. These risks can be found in the Primedex and Radiologix Annual Reports on Form 10-K for the years ended October 31, 2005 and December 31, 2005, as amended, respectively, which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. In addition, we urge you to carefully consider the following material risks relating to the merger and the business of the combined company.

Risks Relating to the Merger

Primedex s failure to integrate Radiologix successfully and on a timely basis into Primedex s operations could reduce Primedex s profitability.

Primedex expects that the acquisition of Radiologix will result in some synergies, business opportunities and growth prospects. Primedex, however, may never realize these expected synergies, business opportunities and growth prospects. Primedex may experience increased competition that limits its ability to expand its business, Primedex may not be able to capitalize on expected business opportunities, assumptions underlying estimates of expected cost savings may be inaccurate, or general industry and business conditions may deteriorate. In addition, integrating operations will require significant efforts and expenses on the part of both Primedex and Radiologix. Personnel may leave or be terminated because of the merger. Primedex s management may have its attention diverted while trying to integrate Radiologix. If these factors limit Primedex s ability to integrate the operations of Radiologix successfully or on a timely basis, Primedex s expectations of future results of operations, including certain cost savings and synergies expected to result from the merger, may not be met. In addition, Primedex s growth and operating strategies for Radiologix s business may be different from the strategies that Radiologix currently is pursuing. If Primedex s strategies are not the proper strategies for Radiologix, it could have a material adverse effect on the business, financial condition and results of operations of the combined company.

The merger is subject to closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of Primedex common stock or Radiologix common stock to decline.

The merger is subject to customary conditions to closing, including the receipt of required approvals of the stockholders of Radiologix and Primedex. If any condition to the merger is not satisfied or, if permissible, waived, the merger will not be completed. In addition, Primedex and Radiologix may terminate the merger agreement in certain circumstances. If Primedex and Radiologix do not complete the merger, the market price of Primedex common stock or Radiologix common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Primedex and Radiologix will also be obligated to pay investment banking, financing, legal and accounting fees and related expenses in connection with the merger, whether or not the merger is completed. In addition, Primedex and Radiologix have each diverted significant management resources in an effort to complete the merger and are each subject to restrictions contained in the merger agreement on the conduct of its business. If the merger is not completed, Primedex and Radiologix will have incurred significant costs, including the diversion of management resources, for which they will have received little or no benefit. Further, in specified circumstances, Radiologix or Primedex may be required to pay the other party s expenses up to $1 million and Radiologix may be required to pay Primedex a termination fee of up to $3 million if the merger agreement is terminated. For a detailed description of the circumstances in which such expenses and termination fee will be paid, see The Merger Agreement Termination Fees and Expenses on page 153.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Primedex and Radiologix, which could have an adverse effect on their business and financial results.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Primedex and Radiologix. Specifically:

- current and prospective employees may experience uncertainty about their future roles with the combined company, which might adversely affect Primedex and Radiologix s ability to retain key managers and other employees; and

- the attention of management of each of Primedex and Radiologix may be directed toward the completion of the merger.

Some of the directors and executive officers of Radiologix have interests and arrangements that may be different from, or in addition to, Radiologix stockholders.

When considering the recommendation of the Radiologix board of directors with respect to the merger, Radiologix stockholders should be aware that some directors and executive officers of Radiologix have interests in the merger that may be different from, or in addition to, their interests as stockholders and the interests of stockholders. These interests include payments under employment agreements and severance agreements, acceleration of vesting and exercisability of options, restricted stock and restricted stock units as a result of the merger and the right to continued indemnification and insurance coverage by Primedex for acts or omissions occurring prior to the merger.

As a result of these interests, these directors and executive officers may be more likely to support and to vote to adopt the merger agreement than if they did not have these interests. Stockholders should consider whether these interests may have influenced those directors and officers to support or recommend adoption of the merger agreement. As of the close of business on the record date for the Radiologix special meeting, Radiologix directors and executive officers were entitled to vote 1.8% of the then-outstanding shares of Radiologix common stock. See The Merger Interests of Radiologix Directors and Executive Officers in the Merger on page 126.

The unaudited pro forma financial data included in this joint proxy statement/prospectus are preliminary and Primedex s actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus.

The unaudited pro forma financial data in this joint proxy statement/prospectus reflect adjustments, which are based upon preliminary estimates, to allocate the purchase price to Radiologix s net assets. The purchase price allocation reflected in this joint proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Radiologix as of the date of the completion of the merger. Primedex may need to revise materially its current estimates of those assets and liabilities as the valuation process and accounting policy review are finalized. Accordingly, the actual purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus.

The unaudited pro forma financial data in this joint proxy statement/prospectus are presented for illustrative purposes only and are not necessarily indicative of what Primedex s actual financial position or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma financial data in this joint proxy statement/prospectus do not give effect to (1) Primedex or Radiologix s results of operations or other transactions or developments since October 31, 2005 and December 31, 2005, respectively, (2) the synergies, cost savings and one-time charges expected to result from the merger or (3) the effects of transactions or developments, including sales of assets, which may occur after the merger.

The value of the Primedex common stock that Radiologix stockholders receive in the merger may be less than the value of such Primedex common stock when the merger was publicly announced. Further, at the time of the Radiologix special meeting, Radiologix stockholders will not know the exact value of Primedex common stock that will be issued in the merger.

The price of Primedex common stock will fluctuate until the Radiologix stockholders receive their shares of Primedex stock. Primedex and Radiologix are working to complete the merger as quickly as possible. However, the time period between the stockholder votes taken at the meetings and the completion of the merger will depend upon the satisfaction or waiver of the other conditions described in this joint proxy statement/prospectus, and there is currently no way to predict how long it will take to obtain these approvals. Because the date when the merger is completed may be later than the date of the stockholder meetings, Primedex and Radiologix stockholders will not know the exact value of the Primedex common stock that will be issued in the merger at the time they vote on the merger proposals. As a result, if the market price of Primedex common stock at the completion of the merger is higher or lower than the market price on the date of the Radiologix special meeting, the value of the Primedex common stock received by Radiologix stockholders in the merger will be higher or lower, respectively, than the value of such Primedex common stock on the date of the Radiologix special meeting.

Risks Relating to Primedex s Operations After the Consummation of the Merger

The market price for shares of Primedex common stock may be affected by factors different from, or in addition to, those affecting shares of Radiologix common stock, and the market value of Primedex common stock may decrease after the closing date of the merger.

Upon completion of the merger, the holders of Radiologix common stock will become holders of Primedex common stock. Primedex is involved in different geographic areas than Radiologix and the results of Primedex s operations after the merger may be affected by factors different from or in addition to those currently affecting the results of Radiologix s operations. The market value of the shares of Primedex common stock that Radiologix stockholders receive in the merger could decrease following the closing date of the merger. For a discussion of the businesses of Primedex and Radiologix and factors to consider in connection with those businesses, please see the documents incorporated by reference into this joint proxy statement/prospectus and listed under the section captioned Where You Can Find More Information, beginning on page 263.

The price of Primedex common stock has been volatile and may continue to fluctuate significantly, which may cause you to lose a significant portion of your investment.

The market price of Primedex common stock has been and may continue to be volatile. From June 30, 2003, to October 13, 2006, the sale price of Primedex common stock ranged from a low of $0.11 per share to a high of $2.90 per share. Primedex common stock may continue to be subject to fluctuations as a result of a variety of factors, including factors beyond its control. These include:

- economic, competitive, demographic, business and other conditions;
- decline in patient referrals;

- changes in the rates or methods of third-party reimbursement for diagnostic imaging services;
- the enforceability or termination of Primedex s contracts with radiology practices;
- the availability of additional capital to fund capital expenditure requirements;
- burdensome lawsuits against contracted radiology practices;
- reduced operating margins due to managed care contracts and capitated fee arrangements;
- any failure to comply with state and federal anti-kickback and anti-self-referral laws or any other applicable healthcare regulations;
- the ability to meet debt service requirements and liquidity constraints in light of Primedex s substantial indebtedness;
- the recruitment and retention of technologists by Primedex or radiologists by Primedex s contracted radiology groups; and
- general economic conditions and normal business uncertainty.

Primedex may fail to meet the expectations of its stockholders or of analysts at some time in the future, and its stock price could decline as a result. In addition, sales of a substantial number of shares of Primedex common stock in the public market or the appearance that these shares are available for sale could adversely affect the market price for Primedex common stock.

Anti-takeover provisions could delay, deter or prevent a change in control of Primedex even if the change in control would be beneficial to Primedex stockholders.

Primedex is a New York corporation subject to New York state law. Some provisions of New York law could interfere with or restrict takeover bids or other change in control events affecting Primedex. One statutory provision prohibits, except under specified circumstances, Primedex from engaging in any business combination with any stockholder who owns 15% or more of Primedex s common stock. Also, provisions in Primedex s certificate of incorporation, by-laws and other agreements to which Primedex is a party could delay, deter or prevent a change in control of Primedex, even if a change in control would be beneficial to stockholders.

Primedex may not be able to generate sufficient cash flow to meet Primedex s debt service obligations.

Primedex s ability to generate sufficient cash flow from operations to make payments on Primedex s debt and other contractual obligations will depend on Primedex s future financial performance. A range of economic, competitive, regulatory, legislative and business factors, many of which are outside of Primedex s control, will affect Primedex s financial performance. Primedex s inability to generate sufficient cash flow to satisfy Primedex s debt and other contractual obligations would adversely impact Primedex s business, financial condition and results of operations.

Primedex s ability to generate revenue depends in large part on referrals from physicians.

A significant reduction in referrals would have a negative impact on Primedex s business. Primedex derives substantially all of its net revenue, directly or indirectly, from fees charged for the diagnostic imaging services performed at its facilities. Primedex depends on referrals of patients from unaffiliated physicians and other third parties who have no contractual obligations to refer patients to Primedex for a substantial portion of the services performed. If a sufficiently large number of these physicians and other third parties were to discontinue referring patients to Primedex, Primedex s scan volume could decrease, which would reduce Primedex s net revenues and operating margins. Further, commercial third-party payors have implemented programs that could limit the ability of physicians to refer patients to Primedex.

For example, prepaid healthcare plans, such as health maintenance organizations, sometimes contract directly with providers and require their enrollees to obtain these services exclusively from those providers. Some insurance companies and self-insured employers also limit these services to contracted providers. These closed panel systems are now common in the managed care environment, including California. Other systems create an economic disincentive for referrals to providers outside the system s designated panel of providers. If Primedex is unable to compete successfully for these managed care contracts, Primedex s results and prospects for growth could be adversely affected.

Changes in third-party reimbursement rates or methods for diagnostic imaging services could result in a decline in Primedex s net revenue and negatively impact Primedex s business.

The fees charged for the diagnostic imaging services performed at Primedex s facilities are paid by insurance companies, Medicare and Medi-Cal, workers compensation, private and other payors. Any change in the rates of or conditions for reimbursement from these sources of payment could substantially reduce the amounts reimbursed to Primedex or to Primedex s contracted radiology practices for services provided, which could have an adverse effect on Primedex s net revenue. For example, recent legislative changes in California s workers compensation rules had a negative impact on reimbursement rates for diagnostic imaging services and federal Medicare legislation intended to take effect January 1, 2007 is expected to have a negative impact on the rates paid for MRI services.

Pressure to control healthcare costs could have a negative impact on Primedex s results.

One of the principal objectives of health maintenance organizations and preferred provider organizations is to control the cost of healthcare services. Managed care contracting has become very competitive, and reimbursement schedules are at or below Medicare reimbursement levels. The development and expansion of health maintenance organizations, preferred provider organizations and other managed care organizations within the geographic areas covered by Primedex s network could have a negative impact on the utilization and pricing of Primedex s services, because these organizations will exert greater control over patients access to diagnostic imaging services, the selections of the provider of such services and reimbursement rates for those services.

If BRMG or any of Primedex s other contracted radiology practices terminate their agreements with Primedex, Primedex s business could substantially diminish.

Primedex s relationship with BRMG is an integral part of its business. Through Primedex s management agreement, BRMG provides all of the professional medical services at 46 of Primedex s 61 facilities, contracts with various other independent physicians and physician groups to provide all of the professional medical services at most of Primedex s other facilities, and must use its best efforts to provide the professional medical services at any new facilities that Primedex opens or acquires. In addition, BRMG s strong relationships with referring physicians are largely responsible for the revenue generated at the facilities it services. Although Primedex s management agreement with BRMG runs until 2014, BRMG has the right to terminate the agreement if Primedex defaults on Primedex s obligations and fails to cure the default. Also, BRMG s ability to continue performing under the management agreement may be curtailed or eliminated due to BRMG s financial difficulties, loss of physicians or other circumstances. If BRMG cannot perform its obligation to Primedex, Primedex would need to contract with one or more other radiology groups to provide the professional medical services at the facilities serviced by BRMG. Primedex may not be able to locate radiology groups willing to provide those services on terms acceptable to Primedex, if at all. Even if Primedex were able to do so, any replacement radiology group s relationships with referring physicians may not be as extensive as those of BRMG. In any such event, Primedex s business could be seriously harmed. In addition, BRMG is party to substantially all of the managed care contracts from which Primedex derives revenue. If Primedex were unable to readily replace these contracts, Primedex s revenue would be negatively affected.

Except for Primedex s management agreement with BRMG, most of the agreements Primedex, or BRMG, have with contracted radiology practices typically have terms of one year, which automatically renew unless either party delivers a non-renewal notice to the other within a prescribed period. Most of these agreements may be terminated by either party under some conditions, including, with respect to some of those agreements, the right of either party to terminate the agreement without cause upon 30 to 120 days notice.

If Primedex s contracted radiology practices, including BRMG, lose a significant number of their radiologists, Primedex s financial results could be adversely affected.

Recently, there has been a shortage of qualified radiologists in some of the regional markets Primedex serves. In addition, competition in recruiting radiologists may make it difficult for Primedex s contracted radiology practices to maintain adequate levels of radiologists. If a significant number of radiologists terminate their relationships with Primedex s contracted radiology practices and those radiology practices cannot recruit sufficient qualified radiologists to fulfill their obligations under Primedex s agreements with them, Primedex s ability to maximize the use of its diagnostic imaging facilities and Primedex s financial results could be adversely affected. For example, in fiscal 2002, due to a shortage of qualified radiologists in the marketplace, BRMG experienced difficulty in hiring and retaining physicians and thus engaged independent contractors and part-time fill-in physicians. Their cost was double the salary of a regular BRMG full-time physician. Increased expenses to BRMG will impact Primedex s financial results because the management fee Primedex receives from BRMG, which is based on a percentage of BRMG s collections, is adjusted annually to take into account the expenses of BRMG. Neither Primedex, nor Primedex s contracted radiology practices, maintain insurance on the lives of any affiliated physicians.

Primedex may not be able to successfully grow its business.

As part of Primedex s business strategy, Primedex intends to continue to increase its presence in California through selectively acquiring facilities, developing new facilities, adding equipment at existing facilities, and directly or indirectly through BRMG entering into contractual relationships with high-quality radiology practices.

However, Primedex s ability to successfully expand depends upon many factors, including Primedex s ability to:

- identify attractive and willing candidates for acquisitions;
- identify locations in existing or new markets for development of new facilities;
- comply with legal requirements affecting Primedex s arrangements with contracted radiology practices, including California prohibitions on fee-splitting, corporate practice of medicine and self-referrals;
- obtain regulatory approvals where necessary and comply with licensing and certification requirements applicable to Primedex s diagnostic imaging facilities, the contracted radiology practices and the physicians associated with the contracted radiology practices;
- recruit a sufficient number of qualified radiology technologists and other non-medical personnel;
- expand Primedex s infrastructure and management; and
- compete effectively for the acquisition of diagnostic imaging facilities.

Primedex may become subject to professional malpractice liability.

Providing medical services subjects Primedex to the risk of professional malpractice and other similar claims. The physicians that Primedex s contracted radiology practices employ are from time to time subject to malpractice claims. Primedex structures its relationships with the practices under its management agreements in a manner that Primedex believes does not constitute the practice of medicine by Primedex or subject Primedex to professional malpractice claims for acts or omissions of physicians employed by the contracted radiology practices. Nevertheless, claims, suits or complaints relating to services provided by the contracted radiology practices have been asserted against Primedex in the past and may be asserted against Primedex in the future. In addition, Primedex may be subject to professional liability claims, including, without limitation, for improper use or malfunction of Primedex s diagnostic imaging equipment. Primedex may not be able to maintain adequate liability insurance to protect Primedex against those claims at acceptable costs or at all.

Any claim made against Primedex that is not fully covered by insurance could be costly to defend, result in a substantial damage award against Primedex and divert the attention of Primedex s management from Primedex s operations, all of which could have an adverse effect on Primedex s financial performance. In addition, successful claims against Primedex may adversely affect Primedex s business or reputation. Although California places a $250,000 limit on non-economic damages for medical malpractice cases, no limit applies to economic damages.

Some of Primedex s imaging modalities use radioactive materials, which generate regulated waste and could subject Primedex to liabilities for injuries or violations of environmental and health and safety laws.

Some of Primedex s imaging procedures use radioactive materials, which generate medical and other regulated wastes. For example, patients are injected with a radioactive substance before undergoing a PET scan. Storage, use and disposal of these materials and waste products present the risk of accidental environmental contamination and physical injury. Primedex is subject to federal, California and local regulations governing storage, handling and disposal of these materials. Primedex could incur significant costs and the diversion of management s attention in order to comply with current or future environmental and health and safety laws and regulations. Also, Primedex cannot completely eliminate the risk of accidental contamination or injury from these hazardous materials. In the event of an accident, Primedex could be held liable for any resulting damages, and any liability could exceed the limits of or fall outside the coverage of Primedex s insurance.

Primedex experiences competition from other diagnostic imaging companies and hospitals. This competition could adversely affect Primedex s revenue and business.

The market for diagnostic imaging services in California is highly competitive. Primedex competes principally on the basis of its reputation, Primedex s ability to provide multiple modalities at many of its facilities, the location of Primedex s facilities and the quality of Primedex s diagnostic imaging services. Primedex competes locally with groups of radiologists, established hospitals, clinics and other independent organizations that own and operate imaging equipment. Primedex s major national competitors include Alliance Imaging, Inc., HealthSouth Corporation and Insight Health Services. Some of Primedex s competitors may now or in the future have access to greater financial resources than Primedex and may have access to newer, more advanced equipment.

State and federal anti-kickback and anti-self-referral laws may adversely affect income.

Various federal and state laws govern financial arrangements among healthcare providers. The federal anti-kickback law prohibits the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of Medicare, Medicaid, or other federal healthcare program patients, or in return for, or to induce, the purchase, lease or order of items or services that are covered by Medicare, Medicaid, or other federal healthcare programs. Similarly, many state laws prohibit the solicitation, payment or receipt of remuneration in return for, or to induce the referral of patients in private as well as government programs. Violation of these anti-kickback laws may result in substantial civil or criminal penalties for individuals or entities and/or exclusion from federal or state healthcare programs. Radiologix and Primedex believe that they are operating in compliance with applicable law and believe that their arrangements with providers would not be found to violate the anti-kickback laws. However, these laws could be interpreted in a manner inconsistent with their operations.

Federal law prohibiting physician self-referrals (the Stark Law) prohibits a physician from referring Medicare or Medicaid patients to an entity for certain designated health services if the physician has a prohibited financial relationship with that entity, unless an exception applies. Certain radiology services are considered designated health services under the Stark Law. Although Primedex and Radiologix believe that their operations do not violate the Stark Law, their activities may be challenged. If a challenge to their activities is successful, it could have an adverse effect on their operations. In addition, legislation may be enacted in the future that further addresses Medicare and Medicaid fraud and abuse or that imposes additional requirements or burdens on them.

All of the states in which Radiologix s and Primedex s diagnostic imaging centers are located have adopted a form of anti-kickback law and almost all of those states have also adopted a form of Stark Law. The scope of these laws and the interpretations of them vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. A determination of liability under the laws described in this risk factor could result in fines and penalties and restrictions on Radiologix s and Primedex s ability to operate in these jurisdictions.

Technological changes in Primedex s industry could reduce the demand for Primedex s services and require Primedex to incur significant costs to upgrade equipment.

The development of new technologies or refinements of existing modalities may require Primedex to upgrade and enhance Primedex s existing equipment before Primedex may otherwise intend. Many companies currently manufacture diagnostic imaging equipment. Competition among manufacturers for a greater share of the diagnostic imaging equipment market may result in technological advances in the speed and imaging capacity of new equipment. This may accelerate the obsolescence of Primedex s equipment, and Primedex may not have the financial ability to acquire the new or improved equipment. In that event, Primedex may be unable to deliver Primedex s services in the efficient and effective manner that payors, physicians and patients expect and thus Primedex s revenue could substantially decrease. During fiscal 2005, Primedex traded in and upgraded Primedex s existing MRI at one of its facilities in Tarzana, California to increase throughput and patient volume and compete in the marketplace. Primedex incurred a loss on disposal of equipment of approximately $696,000 for the upgrade.

Primedex has experienced operating losses and Primedex has a substantial accumulated deficit. If Primedex is unable to improve its financial performance, Primedex may be unable to pay its obligations.

Primedex has incurred net losses of $14.6 million and $3.1 million during the years ended October 31, 2004 and 2005, respectively, and at October 31, 2005 Primedex had an accumulated stockholders deficit of $70.6 million. Also, in recent periods, Primedex has suffered liquidity shortfalls which have led Primedex to, among other things, undertake and complete a pre-packaged Chapter 11 plan of reorganization in 2003 and modify the terms of various of Primedex s financial obligations. While Primedex believes that by taking these and other actions, in the future it will be able to address these issues and solidify its financial condition, Primedex cannot give assurances that it will be able to generate sufficient cash flow from operations to satisfy its debt obligations.

A failure to meet Primedex s capital expenditure requirements could adversely affect Primedex s business.

Primedex operates in a capital intensive, high fixed-cost industry that requires significant amounts of capital to fund operations, particularly the initial start-up and development expenses of new diagnostic imaging facilities and the acquisition of additional facilities and new diagnostic imaging equipment. Primedex incurs capital expenditures to, among other things, upgrade and replace existing equipment for existing facilities and expand within Primedex s existing markets and enter new markets. To the extent Primedex is unable to generate sufficient cash from its operations, funds are not available from its lenders or it is unable to structure or obtain financing through operating leases, long-term installment notes or capital leases, Primedex may be unable to meet its capital expenditure requirements.

Because Primedex has high fixed costs, lower scan volumes per system could adversely affect Primedex s business.

The principal components of Primedex s expenses, excluding depreciation, consist of compensation paid to technologists, salaries, real estate lease expenses and equipment maintenance costs. Because a majority of these expenses are fixed, a relatively small change in Primedex s revenue could have a disproportionate effect on Primedex s operating and financial results depending on the source of Primedex s revenue. Thus, decreased revenue as a result of lower scan volumes per system could result in lower margins, which would adversely affect Primedex s business.

Primedex s success depends in part on Primedex s key personnel and Primedex may not be able to retain sufficient qualified personnel. In addition, former employees could use the experience and relationships developed while employed with Primedex to compete with Primedex.

Primedex s success depends in part on Primedex s ability to attract and retain qualified senior and executive management, managerial and technical personnel. Competition in recruiting these personnel may make it difficult for Primedex to continue Primedex s growth and success. The loss of their services or Primedex s inability in the future to attract and retain management and other key personnel could hinder the implementation of Primedex s business strategy. The loss of the services of Dr. Howard G. Berger, Primedex s President and Chief Executive Officer, or Norman R. Hames, Primedex s Chief Operating Officer, could have a significant negative impact on Primedex s operations. Primedex believes that those executives could not easily be replaced with executives of equal experience and capabilities. Primedex does not maintain key person insurance on the life of any of Primedex s executive officers with the exception of a $5.0 million policy on the life of Dr. Berger. Also, if Primedex loses the services of Dr. Berger, Primedex s relationship with BRMG could deteriorate, which would adversely affect Primedex s business.

Unlike many other states, California does not enforce agreements that prohibit a former employee from competing with the former employer. As a result, any of Primedex s employees whose employment is terminated is free to compete with Primedex, subject to prohibitions on the use of confidential information and, depending on the terms of the employee s employment agreement, on solicitation of existing employees and customers. A former executive, manager or other key employee who joins one of Primedex s competitors could use the relationships he or she established with third party payors, radiologists or referring physicians while Primedex s employee and the industry knowledge he or she acquired during that tenure to enhance the new employer s ability to compete with Primedex.

Capitation fee arrangements could reduce Primedex s operating margins.

For fiscal 2005, Primedex derived approximately 26% of Primedex s net revenue from capitation arrangements, and Primedex intends to increase the revenue it derives from capitation arrangements in the future. Under capitation arrangements, the payor pays a pre-determined amount per-patient per-month in exchange for Primedex providing all necessary covered services to the patients covered under the arrangement. These contracts pass much of the financial risk of providing diagnostic imaging services, including the risk of over-use, from the payor to the provider. Primedex s success depends in part on its ability to negotiate effectively, on behalf of the contracted radiology practices and Primedex s diagnostic imaging facilities, contracts with health maintenance organizations, employer groups and other third-party payors for services to be provided on a capitated basis and to efficiently manage the utilization of those services. If Primedex is not successful in managing the utilization of services under these capitation arrangements or if patients or enrollees covered by these contracts require more frequent or extensive care than anticipated, Primedex would incur unanticipated costs not offset by additional revenue, which would reduce operating margins.

Primedex may be unable to effectively maintain its equipment or generate revenue when its equipment is not operational.

Timely, effective service is essential to maintaining Primedex s reputation and high use rates on Primedex s imaging equipment. Although Primedex has an agreement with GE Healthcare pursuant to which it maintains and repairs the majority of Primedex s imaging equipment, this agreement does not compensate Primedex for loss of revenue when Primedex s systems are not fully operational and Primedex s business interruption insurance may not provide sufficient coverage for the loss of revenue. Also, GE Healthcare may not be able to perform repairs or supply needed parts in a timely manner. Therefore, if Primedex experiences more equipment malfunctions than anticipated or if Primedex is unable to promptly obtain the service necessary to keep its equipment functioning effectively, Primedex s ability to provide services would be adversely affected and its revenue could decline.

Disruption or malfunction in Primedex s information systems could adversely affect Primedex s business.

Primedex s information technology system is vulnerable to damage or interruption from:

- earthquakes, fires, floods and other natural disasters;
- power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events; and
- computer viruses, penetration by hackers seeking to disrupt operations or misappropriate information and other breaches of security.

Primedex relies on its information technology to perform functions critical to its ability to operate, including patient scheduling, billing, collections, image storage and image transmission. Accordingly, an extended interruption in the system s function could significantly curtail, directly and indirectly, Primedex s ability to conduct its business and generate revenue.

Primedex s actual financial results may vary significantly from the projections Primedex filed with the bankruptcy court.

In connection with Primedex s pre-packaged Chapter 11 plan of reorganization that was confirmed by the Bankruptcy Court on October 20, 2003, Primedex was required to prepare projected financial information to demonstrate to the Bankruptcy Court the feasibility of the plan of reorganization and Primedex s ability to continue operations upon its emergence from bankruptcy. The projected financial information and various estimates of value discussed in the disclosure statement contained in the plan of reorganization should not be regarded as representations or warranties by Primedex or any other person as to the accuracy of that information or that those projections or valuations will be realized. Primedex, and Primedex s advisors, prepared the information in the disclosure statement, including the projected financial information and estimates of value. This information was not audited or reviewed by Primedex s independent accountants. The significant assumptions used in preparation of the information and estimates of value were included as an exhibit to the disclosure statement.

Those projections are not included in this joint proxy statement/prospectus, and you should not rely upon them in any way or manner. Primedex has not updated, nor will Primedex update, those projections. At the time Primedex prepared the projections, they reflected numerous assumptions concerning Primedex s anticipated future performance with respect to prevailing and anticipated market and economic conditions which were and remain beyond Primedex s control and which may not materialize. Projections are inherently subject to significant and numerous uncertainties and to a wide variety of significant business, economic and competitive risks and the assumptions underlying the projections may be wrong in many material respects. Primedex s actual results may vary significantly from those contemplated by the projections. As a result, Primedex cautions you not to rely upon those projections.

Primedex is vulnerable to earthquakes and other natural disasters.

Primedex s headquarters and all of Primedex s facilities are located in California, an area prone to earthquakes and other natural disasters. An earthquake or other natural disaster could seriously impair Primedex s operations, and Primedex s insurance may not be sufficient to cover Primedex for the resulting losses.

Complying with federal and state regulations is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

Primedex is directly or indirectly through the radiology practices with which Primedex contracts subject to extensive regulation by both the federal government and the State of California, including:

- the federal False Claims Act;
- the federal Medicare and Medicaid anti-kickback laws, and California anti-kickback prohibitions;
- Federal and California billing and claims submission laws and regulations;
- the federal Health Insurance Portability and Accountability Act of 1996;
- the federal physician self-referral prohibition commonly known as the Stark Law and the California equivalent of the Stark Law;
- California laws that prohibit the practice of medicine by non-physicians and prohibit fee-splitting arrangements involving physicians;
- Federal and California laws governing the diagnostic imaging and therapeutic equipment Primedex uses in its business concerning patient safety, equipment operating specifications and radiation exposure levels; and
- California laws governing reimbursement for diagnostic services related to services compensable under workers compensation rules.

If Primedex s operations are found to be in violation of any of the laws and regulations to which Primedex or the radiology practices with which Primedex contracts are subject, Primedex may be subject to the applicable penalty associated with the violation, including civil and criminal penalties, damages, fines and the curtailment of Primedex s operations. Any penalties, damages, fines or curtailment of Primedex s operations, individually or in the aggregate, could adversely affect Primedex s ability to operate its business. The risk of Primedex being found in violation of these laws and regulations is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against Primedex for violation of

these laws or regulations, even if Primedex successfully defends against it, could cause Primedex to incur significant legal expenses and divert management s attention from the operation of Primedex s business.

If Primedex fails to comply with various licensure, certification and accreditation standards, Primedex may be subject to loss of licensure, certification or accreditation, which would adversely affect Primedex s operations.

Ownership, construction, operation, expansion and acquisition of Primedex s diagnostic imaging facilities is subject to various federal and California laws, regulations and approvals concerning licensing of personnel, other required certificates for certain types of healthcare facilities and medical equipment. In addition, freestanding diagnostic imaging facilities that provide services independent of a physician s office must be enrolled by Medicare as an independent diagnostic testing facility to bill the Medicare program. Medicare carriers have discretion in applying the independent diagnostic testing facility requirements and therefore the application of these requirements may vary from jurisdiction to jurisdiction. Primedex may not be able to receive the required regulatory approvals for any future acquisitions, expansions or replacements, and the failure to obtain these approvals could limit the opportunity to expand Primedex s services.

Primedex s facilities are subject to periodic inspection by governmental and other authorities to assure continued compliance with the various standards necessary for licensure and certification. If any facility loses its certification under the Medicare program, then the facility will be ineligible to receive reimbursement from the Medicare and Medi-Cal programs. For the year ended October 31, 2005, approximately 18% of Primedex s net revenue came from the Medicare and Medi-Cal programs. A change in the applicable certification status of one of Primedex s facilities could adversely affect Primedex s other facilities and in turn Primedex as a whole.

Primedex s agreements with the contracted radiology practices must be structured to avoid the corporate practice of medicine and fee-splitting.

California law prohibits Primedex from exercising control over the medical judgments or decisions of physicians and from engaging in some financial arrangements, such as splitting professional fees with physicians. These laws are enforced by state courts and regulatory authorities, each with broad discretion. A component of Primedex s business has been to enter into management agreements with radiology practices. Primedex provides management, administrative, technical and other non-medical services to the radiology practices in exchange for a service fee typically based on a percentage of the practice s revenue. Primedex structures its relationships with the radiology practices, including the purchase of diagnostic imaging facilities, in a manner that Primedex believes keeps it from engaging in the practice of medicine or exercising control over the medical judgments or decisions of the radiology practices or their physicians or violating the prohibitions against fee-splitting. However, because challenges to these types of arrangements are not required to be reported, Primedex cannot substantiate this belief. There can be no assurance that Primedex s present arrangements with BRMG or the physicians providing medical services and medical supervision at Primedex s imaging facilities will not be challenged, and, if challenged, that they will not be found to violate the corporate practice prohibition, thus subjecting Primedex to potential damages, injunction and/or civil and criminal penalties or require Primedex to restructure its arrangements in a way that would affect the control or quality of Primedex s services and/or change the amounts Primedex receives under its management agreements. Any of these results could jeopardize Primedex s business.

Future federal legislation could limit the prices Primedex can charge for its services, which would reduce its revenue and adversely affect its operating results.

In addition to extensive existing government healthcare regulation, there are numerous initiatives affecting the coverage of and payment for healthcare services, including proposals that would significantly limit reimbursement under the Medicare and Medi-Cal programs as well as recently enacted federal legislation slated to become effective January 1, 2007 which will reduce Medicare reimbursement for MRI procedures by on average 30% to 35% and CT procedures by on average 15% to 20%. Limitations on reimbursement amounts and other cost containment pressures have in the past resulted in a decrease in the revenue Primedex receives for each scan Primedex performs. Limitations on reimbursement amounts and other cost containment pressures have in the past resulted in a decrease in the revenue Primedex receives for each scan Primedex performs.

The regulatory framework in which Primedex operates is uncertain and evolving.

Healthcare laws and regulations may change significantly in the future. Primedex continuously monitors these developments and modifies Primedex s operations from time to time as the regulatory environment changes. Primedex cannot assure you, however, that it will be able to adapt its operations to address new regulations or that new regulations will not adversely affect its business. In addition, although Primedex believes that it is operating in compliance with applicable federal and California laws, neither Primedex s current or anticipated business operations nor the operations of the contracted radiology practices have been the subject of judicial or regulatory interpretation. Primedex cannot assure you that a review of Primedex s business by courts or regulatory authorities will not result in a determination that could adversely affect Primedex s operations or that the healthcare regulatory environment will not change in a way that restricts Primedex s operations.

Some states have enacted statutes or adopted regulations affecting risk assumption in the healthcare industry, including statutes and regulations that subject any physician or physician network engaged in risk-based managed care contracting to applicable insurance laws and regulations. These laws and regulations, if adopted in California, may require physicians and physician networks to meet minimum capital requirements and other safety and soundness requirements. Implementing additional regulations or compliance requirements could result in substantial costs to Primedex and the contracted radiology practices and limit Primedex s ability to enter into capitation or other risk sharing managed care arrangements.

Primedex s substantial debt could adversely affect its financial condition and prevent Primedex from fulfilling its obligations.

In connection with the merger, Primedex intends to refinance all of its and Radiologix s current outstanding indebtedness with a $405 million credit facility. This indebtedness and any future indebtedness that Primedex incurs could have important consequences by adversely affecting its financial condition, which could make it more difficult for Primedex to satisfy its obligations to creditors. Primedex s substantial indebtedness could also:

- require Primedex to dedicate a substantial portion of its cash flow from operations to payments on Primedex s debt, reducing the availability of Primedex s cash flow to fund working capital, capital expenditures and other general corporate purposes;

- increase Primedex s vulnerability to adverse general economic and industry conditions;

- limit Primedex s flexibility in planning for, or reacting to, changes in Primedex s business and the industry in which Primedex operates;

- place Primedex at a competitive disadvantage compared to Primedex s competitors that have less debt; and
- limit Primedex s ability to borrow additional funds on terms that are satisfactory to Primedex or at all.

Primedex has identified ineffective disclosure controls and procedures that if unsuccessfully remediated could adversely affect its ability to report its financial results on a timely and accurate basis.

Primedex determined that its disclosure controls and procedures were ineffective for the fiscal year ended October 31, 2005 and for the subsequent quarters ended January 31, 2006, April 30, 2006 and July 31, 2006. With respect to Primedex s ineffective disclosure controls and procedures, Primedex determined that it had insufficient personnel resources and technical accounting expertise within the accounting function to resolve the following non-routine accounting matters: the recording of non-typical cost-based investments and unusual debt-related transactions and the appropriate analysis of the amortization lives of leasehold improvements in accordance with GAAP.

Primedex believes that it has adequately remediated the material weakness by entering into a consulting agreement on August 1, 2006 with MorganFranklin Corporation to advise it with respect to non-routine accounting matters. However, if Primedex has not effectively remediated the material weakness, such material weakness could result in non-timely filing of periodic reports or accounting deficiencies in its financial reporting.

Primedex may identify additional material weaknesses or other deficiencies in its internal controls in the future. Any material weaknesses or other deficiencies in Primedex s control systems may affect its ability to comply with SEC reporting requirements and listing standards or cause Primedex s financial statements to contain material misstatements which could negatively affect market price and trading liquidity of its common stock. In addition, there are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected.

Agreements with Radiologix s contracted radiology practices must be structured to avoid the corporate practice of medicine and fee-splitting.

The laws of many states, including many of the states in which Radiologix s contracted radiology practices are located, prohibit Radiologix from exercising control over the medical judgments or decisions of physicians and from engaging in some financial arrangements, such as splitting professional fees with physicians. These laws and their interpretations vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. A component of Radiologix s business has been to enter into service agreements with radiology practices. Radiologix provides management, administrative, technical and other non-medical services to the radiology practices in exchange for a service fee. Radiologix structures its relationships with the radiology practices, including the purchase of diagnostic imaging centers, in a manner that it believes keeps it from engaging in the practice of medicine or exercising control over the medical judgments or decisions of the radiology practices or their physicians or violating the prohibitions against fee-splitting. State regulatory authorities or other parties may assert that Radiologix is engaged in the corporate practice of medicine or that the payment of service fees to Radiologix by the radiology practices constitutes fee-splitting. If such a claim were successfully asserted, Radiologix could be subject to civil and criminal penalties and could be required to restructure or terminate the applicable contractual arrangements. This result, or Radiologix s inability to successfully restructure its relationships to comply with these statutes, could jeopardize Radiologix s business.

Deficit Reduction Act of 2005.

On February 8, 2006, the President signed into law the Deficit Reduction Act of 2005, referred to as the DRA. The DRA provides that reimbursement for the technical component for imaging services (excluding diagnostic and screening mammography) in non-hospital based freestanding facilities will be capped at the lesser of reimbursement under the Medicare Part B physician fee schedule or the Hospital Outpatient Prospective Payment System (HOPPS) schedule.

Currently, the technical component of Radiologix s and Primedex s imaging services is reimbursed under the Part B physician fee schedule, which, in most cases, allows for higher reimbursement than under the HOPPS. Under the DRA, Radiologix and Primedex will be reimbursed at the lower of the two schedules, beginning January 1, 2007.

The DRA also codifies the reduction in reimbursement for multiple images on contiguous body parts previously announced by the Centers for Medicare and Medicaid Services (CMS). In November 2005, CMS announced that it will pay 100% of the technical component of the higher priced imaging procedure and 50% for the technical component of each additional imaging procedure for imaging procedures involving contiguous body parts within a family of codes when performed in the same session. Under current methodology, Medicare pays 100% of the technical component of each procedure. CMS had indicated that it would phase in this rate reduction over two years, so that the reduction will be 25% for each additional imaging procedure in 2006 and another 25% in 2007. On August 8, 2006, CMS issued a proposed rule that would eliminate the 25% reduction in 2007.

For the fiscal year ended December 31, 2005, Medicare revenue from Radiologix s imaging centers represented approximately 26% of Radiologix s total revenue from its imaging centers. If both reimbursement reductions contained in the DRA had been in effect during fiscal year 2005, Radiologix estimates that its Medicare revenue would have been reduced by approximately $13.3 million and equity in earnings of unconsolidated affiliates would have been reduced by $1.6 million. The estimated future reduction in revenue and pre-tax earnings from the reimbursement changes contained in the DRA is as follows:

Estimated Reduction in Revenue and Pre-Tax Earnings from DRA

	2006	**2007**
	(In thousands of dollars)	
Consolidated Operations:		
Contiguous Body Parts	$ 1,900	$ 2,900
Fee Schedule Change		10,400
Total	$ 1,900	$ 13,300
Unconsolidated Operations:		
Contiguous Body Parts	$ 200	$ 200
Fee Schedule Change		1,400
Total	$ 200	$ 1,600

For the fiscal year ended October 31, 2005, Medicare revenue from Primedex s imaging centers represented approximately 14.7% of Primedex s total revenue from its imaging centers. If both reimbursement reductions contained in the DRA had been in effect during fiscal year 2005, Primedex estimates that its Medicare revenue would have been reduced by approximately $4.5 million. The estimated future reduction in revenue and pre-tax earnings from the reimbursement changes contained in the DRA is as follows:

Estimated Reduction in Revenue and Pre-Tax Earnings from DRA

	2006	2007
	(In thousands of dollars)	
Consolidated Operations:		
Contiguous Body Parts	$ 400	$ 1,000
Fee Schedule Change		3,500
Total	$ 400	$ 4,500

Risks Related to the Transfer Restrictions on Primedex Common Stock

The imposition of transfer restrictions may cause the market price of Primedex s stock to decline.

If the amendment to the certificate of incorporation imposing transfer restrictions is approved, the transfer restrictions will be applicable to Primedex s common stock. These transfer restrictions currently do not apply to Primedex s common stock. It is possible that the transfer restrictions will have an adverse effect on the market price of Primedex common stock. If the transfer restrictions are approved, they will remain in effect until such time as the board of directors of Primedex determines that they are no longer necessary, which should be the earlier of full usage of the NOLs, as defined on page 82, or their expiration. The latest date of expiration of Primedex s NOLs is estimated to be 2025.

The transfer restrictions may impede or discourage efforts by a third party to acquire Primedex, even if doing so would benefit Primedex s stockholders.

Although the transfer restrictions are designed as a protective measure to preserve Primedex s $161 million of NOLs, the transfer restrictions may have the effect of impeding or discouraging a merger, tender offer or proxy contest, even if such a transaction may be favorable to the interests of some or all of the stockholders of Primedex. This effect might prevent stockholders from realizing an opportunity to sell all or a portion of their shares of common stock of Primedex at a premium above market prices. In addition, the transfer restrictions may delay the assumption of control by a holder of a large block of Primedex s stock and the removal of incumbent directors and management, even if such removal may be beneficial to some or all of the stockholders of Primedex.

The transfer restrictions may not be enforceable, and an ownership change may occur with the result that the ability to use the NOLs could be severely limited.

The transfer restrictions could be challenged, and a court could refuse to enforce them. It also is possible that the tax authorities (including the IRS) could take the position that the transfer restrictions were not effective and did not protect Primedex from an ownership change for tax purposes. Furthermore, transactions permitted under the transfer restrictions, such as transfers by pre-existing 5% stockholders, could trigger an ownership change for purposes of Section 382 and result in limitations on Primedex s ability to use the NOLs in the future.

Risks Related to Primedex s Future use of NOLs

Future legislation may result in Primedex being unable to realize the tax benefits of the NOLs.

It is possible that legislation or regulations will be adopted that would limit Primedex s ability to use the tax benefits associated with the NOLs. However, we are not aware of any proposed changes in the tax laws or regulations that would materially impact the ability of Primedex to use the NOLs.

Primedex may not be able to make use of the existing tax benefits of the NOLs because Primedex may not generate taxable income.

The use of the NOLs is subject to uncertainty because it is dependent upon the amount of taxable income and capital gains generated by Primedex. Primedex has not generated taxable income on an annual basis since October 31, 2001, and there can be no assurance that Primedex will have sufficient taxable income or capital gains in future years to use the NOLs before they expire.

This is especially true for the capital loss carryforwards because they expire over a shorter period of time than the net operating loss carryforwards.

The IRS could challenge the amount of the NOLs or claim Primedex experienced an ownership change, which could reduce the amount of NOLs that Primedex can use.

The amount of the NOLs has not been audited or otherwise validated by the IRS. The IRS could challenge the amount of the NOLs, which could result in an increase in the liability of Primedex in the future for income taxes. In addition, calculating whether an ownership change has occurred is subject to uncertainty, both because of the complexity and ambiguity of Section 382 and because of limitations on a publicly traded company s knowledge as to the ownership of, and transactions in, its securities. Therefore, Primedex cannot assure you that a governmental authority will not claim that Primedex experienced an ownership change and attempt to reduce or eliminate the benefit of the NOLs even though the stock of Primedex is subject to the transfer restrictions.

Primedex s business could be adversely affected if the amendment to its certificate of incorporation is not approved.

Primedex currently does not have restrictions in place that limit transfers of its common stock. If the amendment to its certificate of incorporation imposing transfer restrictions is not approved, Primedex will not have the ability to prohibit any transfers. As a result, an ownership change could occur. An ownership change could severely limit Primedex s ability to use the NOLs. Primedex s ability to use the NOLs to reduce its future liability to pay federal income tax is an important aspect of its business strategy. Primedex s business could be adversely affected if it is unable to make use of the NOLs.

THE RADIOLOGIX SPECIAL MEETING

General

Radiologix is furnishing this joint proxy statement/prospectus to you in order to provide you with important information regarding the matters to be considered at the special meeting of Radiologix stockholders and at any adjournment or postponement of the special meeting. Radiologix first mailed this joint proxy statement/prospectus and the accompanying form of proxy to its stockholders on or about October 20, 2006.

Date, Time and Place of the Radiologix Special Meeting

Radiologix will hold its 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.

Purposes of the Radiologix Special Meeting

At the Radiologix special meeting, Radiologix stockholders will be asked to consider and vote on the following proposals:

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 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 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 proposals; 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.

Record Date and Outstanding Voting Securities

Radiologix s board of directors has established October 6, 2006, as the record date for determining the Radiologix stockholders entitled to receive notice of and to vote at the special meeting. On the record date, there were issued and outstanding 22,442,417 shares of Radiologix common stock, which are entitled to one vote per share upon the proposals presented at the special meeting. On the record date, there were no shares of Radiologix preferred stock issued and outstanding.

As of the record date, the directors and officers of Radiologix and their affiliates held shares of common stock representing approximately 1.8% of the outstanding shares of Radiologix common stock.

A list of stockholders eligible to vote at the special meeting will be available for your review during Radiologix s regular business hours at its headquarters in Dallas, Texas for at least ten days prior to the special meeting for any purpose related to the special meeting.

Voting and Revocation of Proxies

The proxy regarding the Radiologix special meeting accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of Radiologix for use at the special meeting.

General

Shares represented by a properly signed and dated proxy will be voted at the special meeting in accordance with the instructions indicated on the proxy. Proxies that are properly signed and dated but that do not contain voting instructions will be voted FOR each of the proposals described in this joint proxy statement/prospectus.

Abstentions

Radiologix will count a properly executed proxy marked abstain with respect to a particular proposal as present for purposes of determining whether a quorum is present, but the shares represented by that proxy will not be voted at the special meeting with respect to such proposal. Because approval of Proposal No. 1 will require the affirmative vote of a majority of the outstanding shares of Radiologix common stock and approval of Proposal No. 2 will require the affirmative vote of a majority of the shares of Radiologix common stock, present in person or represented by proxy and entitled to vote at the Radiologix special meeting, abstentions on these proposals will have the same effect as a vote AGAINST those proposals.

Broker Non-Votes

If your shares are held by your broker or other nominee, your broker or other nominee will vote your shares for you if you provide instructions to your broker or other nominee on how to vote. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares. Broker non-votes are shares held by a broker or other nominee that are represented at the special meeting, but with respect to which the broker or other nominee is not instructed by the beneficial owner of the shares to vote on the particular proposal and the broker or other nominee does not have discretionary voting power on the proposal. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum but will not be counted for purposes of determining the number of shares represented and voting with respect to a proposal. Failure to instruct your broker or other nominee on how to vote your shares on Proposal No. 1 will have the effect of voting AGAINST the proposal. If you do not provide instructions to your broker on how to vote your shares on Proposal No. 2, your broker generally will have the authority to vote on proposals to adjourn or postpone the meeting. However, your broker will not be authorized to vote on any proposal to adjourn or postpone the meeting solely relating to the solicitation of proxies to adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Voting Shares in Person that are Held Through Brokers or Other Nominees

If your Radiologix shares are held in street name (that is, through a broker or other nominee) and you would like to attend the special meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of Radiologix common stock as of the close of business on October 6, 2006, the record date for voting. Alternatively, in order to vote, you may contact the person in whose name your shares are registered, obtain a properly executed legal proxy from that person, identifying you as a Radiologix stockholder, authorizing you to act on behalf of the nominee at the Radiologix special meeting and identifying the number of shares with respect to which the authorization is granted, and bring that proxy to the special meeting.

Revocation of Proxies

If you submit a proxy, you may revoke it at any time before it is voted by:

- delivering to the corporate secretary of Radiologix a written notice, dated later than the proxy you wish to revoke, stating that the proxy is revoked;

- submitting to the corporate secretary of Radiologix a new, signed proxy card with a later date than the proxy you wish to revoke;

- if available, voting again by telephone or over the Internet and submitting your proxy so that it is received prior to your stockholder meeting; or

- attending the special meeting and voting in person (attendance by itself will not revoke your proxy).

Attendance and Procedures at the Special Meeting

Attendance at the special meeting will be limited to stockholders of record, beneficial owners of common stock entitled to vote at the meeting having evidence of ownership, the authorized representative (one only) of an absent stockholder, and invited guests of management. If you plan to attend the special meeting and you hold your shares directly in your name, please vote your proxy and bring valid picture identification with you to the meeting. Stockholders who hold their shares through a broker or other nominee will need to bring a copy of a brokerage or other statement reflecting their stock ownership as of the record date. All stockholders will be asked to present valid picture identification. Any person claiming to be an authorized representative of a stockholder must, upon request, produce written evidence of the authorization.

Notices to the corporate secretary of Radiologix should be sent to 3600 JPMorgan Chase Tower, 2200 Ross Avenue, Dallas, Texas 75201-2776.

If you have instructed your broker or other nominee to vote your shares, you must follow directions received from your broker or other nominee to change those instructions.

Required Stockholder Vote

In order to conduct business at the Radiologix special meeting, a quorum must be present. The holders of a majority of the common stock issued and outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting for the transaction of business under Radiologix s certificate of incorporation and bylaws. All shares of Radiologix common stock represented at the special meeting, including broker non-votes and shares voted abstain or withheld, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Radiologix will treat shares of Radiologix common stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the Radiologix special meeting for the purposes of determining the existence of a quorum. If a quorum is not present, it is expected that the special meeting will be adjourned to solicit additional proxies.

For Proposal No. 1, the vote of a majority of the outstanding shares of Radiologix common stock for the proposal will be the act of the stockholders. For Proposal No. 2, the vote of a majority of the shares of Radiologix common stock, present in person or represented by proxy and entitled to vote at the Radiologix special meeting. Therefore, shares voted abstain and broker non-votes on those proposals will have the same effect as votes against those proposals.

The votes required to approve the respective proposals at the Radiologix special meeting are:

Proposal No. 1 Adoption of the merger agreement and the merger requires the affirmative vote of a majority of the outstanding shares of Radiologix common stock. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 1.

Proposal No. 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 Proposal No. 1 requires the affirmative vote of a majority of the shares of Radiologix common stock, present in person or represented by proxy and entitled to vote at the Radiologix special meeting. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 2.

The inspector of elections for the Radiologix special meeting will tabulate the votes.

Recommendation of Board of Directors

After careful consideration, the board of directors of Radiologix has unanimously determined that each proposal is advisable and in the best interests of Radiologix and its stockholders and recommends that Radiologix stockholders vote FOR each of the proposals.

Other Business; Adjournments or Postponements

We are not aware of any other business to be acted upon at the special meeting. If, however, other matters are properly brought before the special meeting, your proxies will have discretion to vote or act on those matters according to their best judgment.

Any adjournment may be made from time to time by approval of the stockholders holding a majority of the voting power present in person or by proxy at the special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting. In addition, if the adjournment of the special meeting is for more than 30 days or if after the adjournment a new record date is fixed for an adjourned meeting, notice of the adjourned meeting must be given to each stockholder of record entitled to vote at such special meeting. If a quorum is not present at the special meeting, stockholders may be asked to vote on a proposal to adjourn or postpone the special meeting to solicit additional proxies. If a quorum is not present at the special meeting, the holders of a majority of the shares entitled to vote who are present in person or by proxy may adjourn or postpone the special meeting. If a quorum is present at the special meeting but there are not sufficient votes at the time of the special meeting to approve the other proposal(s), holders of common stock may also be asked to vote on a proposal to approve the adjournment or postponement of the special meeting to permit further solicitation of proxies.

Solicitation of Proxies

This solicitation of proxies for the Radiologix special meeting is being made by management of Radiologix on behalf of the Radiologix board of directors and will be made by mail, telephone, the Internet, facsimile and electronic transmission or overnight delivery. Radiologix will bear the entire cost of soliciting proxies from Radiologix stockholders. In addition to this mailing, Radiologix s directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, by mail, telephone, the Internet, facsimile and electronic transmission or overnight delivery. Radiologix has also engaged D. F. King for a fee of approximately $10,000 plus a per call fee and reimbursement of expenses to assist in the solicitation of proxies. Radiologix and its proxy solicitors will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Radiologix common stock and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted. You should promptly vote by submitting your completed proxy card without delay by mail.

Voting Agreement

Contrarian Equity Fund, L.P., a 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.

Security Ownership of Principal Stockholders, Directors and Executive Officers

For information regarding the security ownership of Radiologix common stock by principal stockholders, directors and executive officers of Radiologix, see the disclosure below under the caption Information About Radiologix Beneficial Ownership of Radiologix Common Stock beginning on page 259.

Assistance

If you need assistance in completing your proxy card or have questions regarding Radiologix s special meeting, please contact Radiologix s General Counsel at 214-303-2776 or write to Radiologix, Inc., 3600 JPMorgan Chase Tower, 2200 Ross Avenue, Dallas, Texas 75201-2776, Attention: General Counsel.

Appraisal and Dissenters Rights

Holders of Radiologix common stock have dissenters rights under Delaware law with respect to the merger transaction. For information regarding such dissenters rights, see The Merger Appraisal and Dissenters Rights beginning on page 130.

Interest of Certain Persons in Matters to be Acted Upon

Under the merger agreement, Sami S. Abbasi will be paid $2,392,000 in full and final settlement of Radiologix s obligations to him as a result of a Change of Control (as defined in his employment agreement), and his employment agreement shall automatically terminate and be cancelled effective as of the closing date of the merger, except for non-competition covenants and Radiologix s obligation to pay some of the taxes Mr. Abbasi may owe as a result of this payment to him. The $2,392,000 is in addition to the $175,000 payable to him as a 2005 bonus, the amount to be received by him as a result of the exercise of stock options, and the merger consideration to be received by Mr. Abbasi with respect to his Radiologix common stock. As a result of the merger, Mr. Abbasi will become vested in 200,000 shares of Radiologix common stock that were restricted and options to purchase 637,922 shares of Radiologix common stock.

The matters to be considered at the special meeting are of great importance to the stockholders of Radiologix. You are accordingly urged to read and carefully consider the information presented in this joint proxy statement/prospectus, and to submit your proxy by mail in the enclosed postage-paid envelope.

PROPOSAL NO. 1

**ADOPTION OF THE MERGER AGREEMENT
AND THE MERGER**

As discussed elsewhere in this joint proxy statement/prospectus, Radiologix stockholders are considering and voting on a proposal to adopt the merger agreement and the merger. Radiologix stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger, including the sections of this joint proxy statement/prospectus titled "The Merger," which begins on page 100, and "The Merger Agreement," which begins on page 141. In addition, Radiologix stockholders should read the merger agreement, which is attached as *Annex A* to this joint proxy statement/prospectus, in its entirety.

Recommendation

The Radiologix board of directors unanimously recommends a vote "**FOR**" adopting the merger agreement and the merger, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 2

**APPROVAL OF ADJOURNMENTS OR POSTPONEMENTS
OF THE RADIOLOGIX SPECIAL MEETING**

As discussed elsewhere in this joint proxy statement/prospectus, Radiologix stockholders are considering and voting on a proposal 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 Proposal No. 1. Radiologix stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger, including the sections of this joint proxy statement/prospectus titled "The Merger," which begins on page 100, and "The Merger Agreement," which begins on page 141. In addition, Radiologix stockholders should read the merger agreement, which is attached as *Annex A* to this joint proxy statement/prospectus, in its entirety.

Recommendation

The Radiologix board of directors unanimously recommends a vote "**FOR**" the proposal 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 Proposal No. 1, and your proxy will be so voted unless you specify otherwise.

THE PRIMEDEX SPECIAL MEETING

General

Primedex is furnishing this joint proxy statement/prospectus to you in order to provide you with important information regarding the matters to be considered at the 2006 special meeting of Primedex stockholders and at any adjournment or postponement of the special meeting. Primedex first mailed this joint proxy statement/prospectus and the accompanying form of proxy to its stockholders on or about October 20, 2006.

Date, Time and Place of the Primedex Special Meeting

Primedex will hold its 2006 special meeting of stockholders at The Olympic Collection, 11301 Olympic Boulevard, Los Angeles, California 90064 at 9:00 a.m., Pacific Time, on November 15, 2006.

Purposes of the Primedex Special Meeting

At the Primedex special meeting, Primedex stockholders will be asked to consider and vote on the following proposals:

- **Proposal No. 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 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.

- **Proposal No. 2** To adopt an amendment to Primedex s certificate of incorporation to change Primedex s name to RadNet, Inc.

- **Proposal No. 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.

- **Proposal No. 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.

- **Proposal No. 5** To adopt Primedex s 2006 Stock Incentive Plan.

- **Proposal No. 6** To elect five directors to Primedex s board of directors.

- **Proposal No. 7** To adopt an amendment to Primedex s certificate of incorporation to effect a one-for-two reverse stock split.

- **Proposal No. 8** To ratify the appointment of Moss Adams LLP as Primedex s independent registered public accounting firm for its fiscal year ending October 31, 2006.

- **Proposal No. 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.

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.

Record Date and Outstanding Voting Securities

Primedex s board of directors has established October 6, 2006, as the record date for determining the Primedex stockholders entitled to receive notice of and to vote at the special meeting. On the record date, there were issued and outstanding 44,039,105 shares of Primedex common stock, which are entitled to one vote per share upon the proposals presented at the special meeting, except for the election of directors in the event that a stockholder gives notice of his intent to cumulate votes. Cumulative voting is explained below under Required Stockholder Vote. On the record date, there were no shares of Primedex preferred stock issued and outstanding.

As of the record date, the directors and officers of Primedex and their affiliates held shares of common stock representing approximately 33% of the outstanding shares of Primedex common stock, on a fully diluted basis.

A list of stockholders eligible to vote at the special meeting will be available for your review during Primedex s regular business hours at its headquarters in Los Angeles, California for at least ten days prior to the special meeting for any purpose related to the special meeting.

Voting and Revocation of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of Primedex for use at the special meeting.

General

Shares represented by a properly signed and dated proxy will be voted at the special meeting in accordance with the instructions indicated on the proxy. Proxies that are properly signed and dated but that do not contain voting instructions will be voted FOR each of the proposals described in this joint proxy statement/prospectus.

Abstentions

Primedex will count a properly executed proxy marked abstain with respect to a particular proposal as present for purposes of determining whether a quorum is present, but the shares represented by that proxy will not be voted at the special meeting with respect to such proposal. Because approval of Proposals No. 1, No. 2, No. 3, No. 4, and No. 7 will require the affirmative vote of a majority of the voting power of the Primedex shares outstanding, abstentions on these proposals will have the same effect as a vote AGAINST those proposals. However, because approvals of Proposals No. 5 and 8 will require the affirmative vote of a majority of the shares present in person or represented by proxy and voted at the special meeting, and abstentions are not counted as votes cast, abstentions will have no effect on the outcome of those proposals, so long as a quorum is present at the special meeting. In addition, abstentions will have no direct effect on the outcome of Proposal No. 6, assuming that a quorum is present at the special meeting, because the election of directors will be decided by either plurality or cumulative voting.

Broker Non-Votes

If your shares are held by your broker or other nominee, your broker or other nominee will vote your shares for you if you provide instructions to them on how to vote. You should follow the directions provided by your broker or other nominee regarding how to instruct them to vote your shares.   Broker non-votes   are shares held by a broker or other nominee that are represented at the special meeting, but with respect to which the broker or other nominee is not instructed by the beneficial owner of the shares to vote on the particular proposal and the broker or other nominee does not have discretionary voting power on the proposal because it is not deemed to be a routine matter. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum but will not be counted for purposes of determining the number of shares represented and voting with respect to a proposal. Failure to instruct your broker or other nominee on how to vote your shares on Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, and Proposal No. 7 will have the effect of voting AGAINST those proposals. We believe that Proposal No. 6 and Proposal No. 8 will be deemed routine, and brokers will therefore vote in accordance with management s recommendation in the absence of specific instructions from you.

Voting Shares in Person that are Held Through Brokers or Other Nominees

If your Primedex shares are held in   street name   (that is, through a broker or other nominee) and you would like to attend the special meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of Primedex common stock as of the close of business on October 6, 2006, the record date for voting. Alternatively, in order to vote, you may contact the person in whose name your shares are registered, obtain a properly executed   legal proxy   from that person, identifying you as a Primedex stockholder, authorizing you to act on behalf of the nominee at the Primedex special meeting and identifying the number of shares with respect to which the authorization is granted, and bring that proxy to the special meeting.

Revocation of Proxies

If you submit a proxy, you may revoke it at any time before it is voted by:

- delivering to the corporate secretary of Primedex a written notice, dated later than the proxy you wish to revoke, stating that the proxy is revoked;
- submitting to the corporate secretary of Primedex a new, signed proxy card with a later date than the proxy you wish to revoke;
- if available, voting again by telephone or over the Internet and submitting your proxy so that it is received prior to your stockholder meeting; or
- attending the special meeting and voting in person (attendance by itself will not revoke your proxy).

Attendance and Procedures at the Special Meeting

Attendance at the special meeting will be limited to stockholders of record, beneficial owners of common stock entitled to vote at the meeting having evidence of ownership, the authorized representative (one only) of an absent stockholder, and invited guests of management. If you plan to attend the special meeting and you hold your shares directly in your name, please vote your proxy but keep the admission ticket attached to your proxy card and bring it with you to the meeting. Stockholders who hold their shares through a broker or other nominee, will need to bring a copy of a brokerage or other statement reflecting their stock ownership as of the record date. All stockholders will be asked to present valid picture identification. Any person claiming to be an authorized representative of a stockholder must, upon request, produce written evidence of the authorization.

Notices to the corporate secretary of Primedex should be sent to 1510 Cotner Avenue, Los Angeles, California 90025.

If you have instructed your broker or other nominee to vote your shares, you must follow directions received from your broker or other nominee to change those instructions.

Required Stockholder Vote

In order to conduct business at the Primedex special meeting, a quorum must be present. The holders of a majority of the common stock issued and outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting for the transaction of business under Primedex s certificate of incorporation and bylaws. All shares of Primedex common stock represented at the special meeting, including broker non-votes and shares voted abstain or withheld, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Primedex will treat shares of Primedex common stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the Primedex special meeting for the purposes of determining the existence of a quorum. If a quorum is not present, it is expected that the special meeting will be adjourned to solicit additional proxies.

For Proposals No. 1, No. 2, No. 3, No 4, and No. 7 the vote of a majority of the outstanding shares of Primedex common stock for the proposal will be the act of the stockholders. Therefore, shares voted abstain and broker non-votes on those proposals will have the same effect as votes against those proposals. For Proposals No. 5 and No. 8, the vote of a majority of the shares present in person or represented by proxy at the special meeting, entitled to vote and voting for the proposal, will be the act of the stockholders.

For the election of directors in Proposal No. 6, each stockholder is entitled to cumulative voting rights, which means that the total number of votes which the stockholder may cast for the election of directors equals the number of directors to be elected multiplied by the number of shares held, and the stockholder may cast all of such votes for one candidate for director or may distribute the total votes among all or several candidates, as the stockholder sees fit. A stockholder may not cumulate votes for a candidate unless the candidate s name has been placed in nomination prior to the voting and unless the stockholder gives notice at the special meeting, prior to the voting, of an intention to cumulate votes. If any stockholder present at the special meeting gives such notice, all stockholders may cumulate their votes. In such event, the persons designated in the accompanying proxy card will allocate votes among the candidates nominated as directed by the board of directors. If cumulative voting is not invoked, the candidates receiving the highest number of votes of the shares entitled to vote for them, up to the number of directors to be elected, shall be elected. The proxy card provided with this proxy statement indicates the number of shares of Primedex common stock that you own and are entitled to vote.

The votes required to approve the respective proposals at the Primedex special meeting are:

Proposal No. 1 Adoption and approval of the merger agreement and approval of the transactions contemplated thereby, including the merger and the issuance of shares of Primedex common stock in connection with the merger agreement, requires the affirmative vote of a majority of the outstanding shares of Primedex common stock. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 1.

Proposal No. 2 Adoption and approval of an amendment to Primedex s certificate of incorporation to change Primedex s name to RadNet, Inc. requires the affirmative vote of a majority of the outstanding shares of Primedex common stock. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 2.

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Proposal No. 3 Adoption and approval of 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 requires the affirmative vote of a majority of the outstanding shares of Primedex common stock. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 3.

Proposal No. 4 Adoption and approval of an amendment to Primedex s certificate of incorporation to implement certain stock transfer restrictions to preserve Primedex s unrestricted use of its net operating loss carry-forwards requires the affirmative vote of a majority of the outstanding shares of Primedex common stock. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 4.

Proposal No. 5 Adoption and approval of the 2006 Stock Incentive Plan requires the affirmative vote of a majority of the votes cast at the special meeting. Neither broker non-votes nor abstentions will have any effect on Proposal No. 5.

Proposal No. 6 Election of the five existing members of Primedex s board of directors will be decided by plurality voting unless a stockholder gives proper notice of intent to cumulate votes at the special meeting, in which case it will be decided by cumulative voting. In either event, the five directors who receive the most for votes will be elected, and broker non-votes, abstentions and votes against or withheld will have no effect on the election.

Proposal No. 7 Adoption and approval of an amendment to Primedex s certificate of incorporation to effect a one-for-two reverse stock split requires the affirmative vote of a majority of the outstanding shares of Primedex common stock. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 7.

Proposal No. 8 Ratification of the appointment of Moss Adams LLP as Primedex s independent registered public accounting firm for the new fiscal year ending December 31, 2006 requires the affirmative vote of a majority of the votes cast at the special meeting. Neither broker non-votes nor abstentions will any effect on Proposal No. 8.

Proposal No. 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. Abstentions and broker non-votes will have the same effect as voting AGAINST Proposal No. 9.

The inspector of elections for the Primedex special meeting will tabulate the votes.

Recommendation by the Board of Directors

After careful consideration, the board of directors of Primedex has determined that each proposal is advisable and in the best interests of Primedex and its stockholders and recommends that Primedex stockholders vote FOR each of the proposals.

Other Business; Adjournments or Postponements

We are not aware of any other business to be acted upon at the special meeting. If, however, other matters are properly brought before the special meeting, your proxies will have discretion to vote or act on those matters according to their best judgment.

Any adjournment may be made from time to time by approval of the stockholders holding a majority of the voting power present in person or by proxy at the special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting. In addition, if the adjournment of the special meeting is for more than 30 days or if after the adjournment a new record date is fixed for an adjourned meeting, notice of the adjourned meeting must be given to each stockholder of record entitled to vote at such special meeting. If a quorum is not present at the special meeting, stockholders may be asked to vote on a proposal to adjourn or postpone the special meeting to solicit additional proxies. If a quorum is not present at the special meeting, the holders of a majority of the shares entitled to vote who are present in person or by proxy may adjourn or postpone the special meeting. If a quorum is present at the special meeting but there are not sufficient votes at the time of the special meeting to approve the other proposal(s), holders of common stock may also be asked to vote on a proposal to approve the adjournment or postponement of the special meeting to permit further solicitation of proxies.

Solicitation of Proxies

This solicitation of proxies for the Primedex special meeting is being made by management of Primedex on behalf of the Primedex board of directors and will be made by mail, telephone, the Internet, facsimile and electronic transmission or overnight delivery. Primedex will bear the entire cost of soliciting proxies from Primedex stockholders, except that Primedex and Radiologix will share equally the expenses incurred in connection with the filing with the SEC of the registration statement of which this joint proxy statement/prospectus forms a part and the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, Primedex s directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, by mail, telephone, the Internet, facsimile and electronic transmission or overnight delivery. Primedex and its proxy solicitors will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Primedex common stock and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted. You should promptly vote by submitting your completed proxy card without delay by mail.

Security Ownership of Principal Stockholders, Directors and Executive Officers

For information regarding the security ownership of Primedex common stock by principal stockholders, directors and executive officers of Primedex, see the disclosure below under the caption Information About Primedex Stock Ownership of Directors and Executive Officers beginning on page 198.

Assistance

If you need assistance in completing your proxy card or have questions regarding Primedex s special meeting, please contact Primedex s Investor Relations at (310) 478-7808 or write to Primedex Health Systems, Inc., 1510 Cotner Avenue, Los Angeles, California, 90025, Attention: Investor Relations.

Appraisal and Dissenters Rights

Holders of Primedex common stock have dissenters rights under California law with respect to the merger transaction. For information regarding such dissenters rights, see The Merger Appraisal and Dissenters Rights beginning on page 130.

Interest of Certain Persons in Matters to be Acted Upon

The officers and directors of Primedex do not have interests in the merger that are materially different from those of Primedex stockholders with respect to any of the proposals. Dr. Howard Berger, Primedex s President and Chief Executive Officer, owns more than 5% of Primedex s outstanding shares of common stock. If Proposal No. 4 is approved, the new transfer restrictions included in Primedex s certificate of incorporation will treat pre-existing 5% stockholders differently from persons who become 5% stockholders after August 21, 2006. See Proposal No. 4 Amendment to Certificate of Incorporation to Implement Transfer Restrictions Treatment of Pre-existing 5% Stockholders.

Stockholder Proposals and Nominations

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting

For stockholder nominations to the board of directors or other proposals to be considered at an annual meeting, the stockholder must have given timely notice of the proposal or nomination in writing to Primedex s Secretary pursuant to Rule 14a-4 under the Securities Exchange Act of 1934, as amended. To be timely for the 2007 annual meeting, a stockholder s notice must be delivered to or mailed and received by Primedex s Secretary at Primedex s principal executive offices not later than June 21, 2007. If the date of the 2007 annual meeting is advanced or delayed more than 30 days from the date of this 2006 special meeting held in lieu of the annual meeting, stockholder proposals intended to be included in the Proxy Statement for the 2007 annual meeting must be received by us within a reasonable time before Primedex begins to print and mail the proxy statement for the 2007 annual meeting. Upon any determination that the date of the 2007 annual meeting will be advanced or delayed by more than 30 days from the date of this 2006 meeting, the Company will disclose the change in the earliest practicable Quarterly Report on Form 10-Q.

Requirements for Stockholder Proposals to be Considered for Inclusion in Primedex s Proxy Materials

Stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and intended to be presented at Primedex s 2007 annual meeting must be received by Primedex not later than June 21, 2007 to be considered for inclusion in Primedex s proxy materials for that meeting.

The matters to be considered at this special meeting are of great importance to the stockholders of Primedex. You are accordingly urged to read and carefully consider the information presented in this joint proxy statement/prospectus, and to submit your proxy by mail in the enclosed postage-paid envelope.

PROPOSAL NO. 1

ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER AND ISSUANCE OF PRIMEDEX COMMON STOCK PURSUANT TO THE MERGER AGREEMENT

As discussed elsewhere in this joint proxy statement/prospectus, Primedex stockholders are considering and voting on a proposal to adopt the merger agreement and approve the merger and the issuance of Primedex common stock pursuant to the terms of the merger agreement. Primedex stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger, including the sections of this joint proxy statement/prospectus titled The Merger, which begin on page 100, and The Merger Agreement , which begin on page 141. In addition, Primedex stockholders should read the merger agreement, which is attached as *Annex A* to this joint proxy statement/prospectus, in its entirety.

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** adopting the merger agreement and approving the merger and issuance of Primedex common stock pursuant to the terms of the merger agreement, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 2

AMENDMENT TO CERTIFICATE OF INCORPORATION TO CHANGE NAME TO RADNET, INC.

On October 11, 2006, Primedex s board of directors unanimously approved an amendment to Primedex s certificate of incorporation to, among other things, change Primedex s name from Primedex Health Systems, Inc. to RadNet, Inc., and unanimously recommended that Primedex s stockholders adopt the amendment. The form of certificate of amendment approved by Primedex s board of directors to effect that amendment is attached to this joint proxy statement/prospectus as *Annex B*.

Purpose of Proposed Name Change.

As a consequence of the merger, Primedex intends to change its corporate name to "RadNet, Inc.," which borrows its name from the operating entity in which Primedex currently conducts its operations. Accordingly, the Primedex board of directors believes that, as Primedex continues to execute its business plan and reach new patients, the new "RadNet, Inc." name is more likely to have a greater intangible value, and a greater name recognition value in the future than its current name.

Restated Certificate of Incorporation.

If approved, the FIRST paragraph of Primedex s certificate of incorporation would be restated in its entirety as follows:

FIRST: The name of the Corporation shall be RADNET, INC.

The form of the certificate of amendment to the certificate of incorporation is included as *Annex B* to this joint proxy statement/prospectus. If adopted, the certificate of amendment will become effective upon its filing with the Department of State of the State of New York, and will be filed as soon as practicable.

Effect of Name Change on Stockholders.

Primedex stockholders will not be required to submit their stock certificates for exchange. Stock certificates bearing the Primedex Health Services, Inc. name will continue to be valid certificates and will evidence ownership of the same number of shares of Primedex s capital stock after the name change as stated in Primedex s amended certificate of incorporation. Following the effective date of the amended certificate of incorporation, all new stock certificates issued by Primedex will be printed using the new name.

New Trading Symbol.

If Primedex s name change is approved at the special meeting, Primedex will promptly thereafter apply to change its Over-The-Counter Bulletin Board trading symbol to a new trading symbol more readily identifiable with its new corporate name. Primedex s new Over-The-Counter Bulletin Board trading symbol is expected to be RDNT .

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** amending the certificate of incorporation to change Primedex s name to RadNet, Inc., and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 3 AMENDMENT TO CERTIFICATE OF INCORPORATION TO INCREASE AUTHORIZED NUMBER OF SHARES

On October 11, 2006, Primedex s board of directors unanimously approved an amendment to Primedex s certificate of incorporation to, among other things, (i) increase the authorized number of 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, none of which is currently outstanding, so that it returns to the status of authorized but undesignated and unissued, 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, and unanimously recommended that Primedex s stockholders adopt the amendment. The form of certificate of amendment approved by Primedex s board of directors to effect that amendment is attached to this joint proxy statement/prospectus as *Annex B*.

The additional shares of Primedex common stock to be authorized by adoption of the amendment would have rights identical to the currently outstanding shares of common stock. See the section of this joint proxy statement/prospectus titled Description of Primedex Capital Stock Common Stock on page 210 for more information on Primedex s common stock. Adoption of the amendment would not affect the rights of the holders of currently outstanding common stock, except to the extent additional shares are actually issued, which may have various effects, including dilution of the earnings per share and voting rights of current holders of common stock.

Primedex has blank check preferred stock authorized under its certificate of incorporation, which may be issued by the Primedex board of directors in one or more designated series. Currently, the only designated series is Series A 5% convertible preference stock, of which there are currently 5,600,000 shares designated. There are no shares of Series A 5% convertible preference stock currently outstanding. See the section of this joint proxy statement/prospectus titled Description of Primedex Capital Stock Preferred Stock on page 261 for more information on Primedex s preferred stock. The amendment, if adopted by Primedex s stockholders, would undesignate the Series A 5% convertible preference stock as a series of preferred stock authorized for issuance by Primedex, such that all 10,000,000 authorized shares of Primedex preferred stock would be undesignated and available for subsequent designation and issuance by the Primedex board of directors in accordance with its certificate of incorporation, bylaws and applicable law. As no Primedex preferred stock is currently outstanding, adoption of the amendment would not affect the rights of any Primedex stockholders, except to the extent one or more series of preferred stock are actually designated and additional shares of preferred stock are actually issued, which may have various effects, including subordination of liquidation preference, dividend rights and voting rights and dilution of the earnings per share and voting rights of current holders of common stock.

If adopted, the certificate of amendment will become effective upon its filing with the Department of State of the State of New York, and will be filed as soon as practicable. On the record date, 44,039,105 shares of common stock were outstanding, and 15,756,334 were reserved for options, warrants, employee equity plans and convertible debentures (not including shares issuable in the merger described in Proposal No. 1), and no shares of preferred stock were outstanding. Upon the approval of this Proposal No. 3, there would be approximately 111,066,239 authorized and unreserved shares of common stock available for issuance, and 30,000,000 authorized and undesignated shares of preferred stock available for designation into one or more series and for issuance.

Purpose and Effect of the Amendment

The principal purpose of this amendment is to provide Primedex with the flexibility to issue shares of common stock and to designate for issuance and issue one or more series of preferred stock for proper corporate purposes, which may be identified in the future, such as to raise equity capital, make additional acquisitions through the use of stock or reserve additional shares for issuance under equity incentive plans. Primedex intends to use a portion of the newly authorized shares of common stock to perform its obligations under the merger agreement described in Proposal No. 1. Except as discussed above, Primedex has at this time no plans, proposals or arrangements, written or otherwise, to issue any of the additional authorized shares of common stock or to designate or issue any of the authorized shares of preferred stock.

The increased reserve of shares available for issuance may be used to facilitate public or private financings. If required operating funds cannot be generated by operations, Primedex may need to, among other things, issue and sell unregistered common stock or preferred stock, or securities convertible into common stock or preferred stock, in private transactions. Such transactions might not be available on terms favorable to Primedex, or at all. Primedex may sell common stock or preferred stock at prices less than the public trading price of the common stock at the time, and may grant additional contractual rights to purchase not available to other holders of common stock, such as warrants to purchase additional shares of common stock or anti-dilution protections.

The increased reserve of shares available for issuance also may be used in connection with potential acquisitions. The ability to use its stock as consideration provides Primedex with negotiation benefits and increases its ability to execute its growth strategy which may include the acquisition of other businesses or technologies.

In addition, the increased reserve of shares available for issuance may be used for Primedex s future equity incentive plans for grants to its employees, consultants and directors. Such equity incentive plans could also be used to attract and retain employees of acquired companies in connection with potential acquisitions.

The flexibility of the board of directors to issue additional shares of common stock and to designate and issue all authorized shares of preferred stock could also enhance the ability of Primedex s board of directors to negotiate on behalf of the stockholders in a takeover situation. The authorized, but unissued shares of common stock and the authorized, but undesignated and unissued shares of preferred stock could be used by the board of directors to discourage, delay or make more difficult a change in the control of Primedex. For example, such shares could be privately placed with purchasers who might align themselves with the board of directors in opposing a hostile takeover bid. The issuance of additional shares could dilute the stock ownership of persons seeking to obtain control and increase the cost of acquiring a given percentage of the outstanding stock. Stockholders should therefore be aware that approval of the amendment could facilitate future efforts by Primedex to deter or prevent changes in control of Primedex, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices.

The availability of additional shares of common stock is particularly important in the event that the board of directors needs to undertake any of the foregoing actions on an expedited basis and therefore needs to avoid the time (and expense) of seeking stockholder approval in connection with the contemplated action. If the amendment is approved by the stockholders, the board of directors does not intend to solicit further stockholder approval prior to the issuance of any additional shares of common stock or prior to the designation for issuance or issuance of any shares of preferred stock, except as may be required by applicable law or rules. For example, if Primedex common stock trades on the American Stock Exchange, under the rules and policies of such exchange, stockholder approval is required for any issuance of 20% or more of Primedex outstanding shares in connection with acquisitions or discounted private placements. Additionally, under California law, to the extent it may apply to Primedex under Section 2115 of the California General Corporation Law, stockholder approval is required for the adoption and approval of the merger agreement and approval of the merger and the issuance of Primedex common stock pursuant to the terms of the merger agreement, where Primedex stockholders, immediately before such merger and stock issuance, do not continue to hold at least five-sixths of Primedex s combined voting power after such merger and stock issuance. Primedex reserves the right to seek a further increase in the authorized number of shares from time to time as considered appropriate by the board of directors.

Existing Anti-Takeover Mechanisms

Primedex s certificate of incorporation and bylaws contain provisions that may make it less likely that Primedex management would be changed, or someone would acquire voting control of Primedex, without the consent of Primedex s board of directors. These provisions include:

- shares of Primedex authorized but unissued blank check preferred stock (as well as shares of Primedex authorized but unissued common stock) could be issued in an effort to dilute the stock ownership and voting power of persons seeking to obtain control of Primedex, or could be issued to purchasers who would support Primedex s board of directors in opposing an unsolicited takeover proposal;

- Primedex stockholders are only allowed to take actions by unanimous written consent, other than actions taken at a duly noticed meeting of stockholders; and

- Primedex s board of directors may increase the number of directors and may fill the vacancies created by such action.

Other than as described above, there are currently no anti-takeover mechanisms present in Primedex s governing documents or otherwise. If Primedex s stockholders approve Proposal No. 4 to amend Primedex s certificate of incorporation to include transfer restrictions, those transfer restrictions, which are described in greater detail in **PROPOSAL NO. 4 AMENDMENT OF CERTIFICATE OF INCORPORATION TO IMPLEMENT TRANSFER RESTRICTIONS** below, may have material anti-takeover consequences. Other than those transfer restrictions, Primedex has no present plans or proposals to adopt other provisions or enter into other arrangements that may have material anti-takeover consequences.

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** amending the certificate of incorporation to increase the authorized number of shares of common stock, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 4 AMENDMENT TO CERTIFICATE OF INCORPORATION TO IMPLEMENT TRANSFER RESTRICTIONS

Introduction

As of October 31, 2005, Primedex had accumulated federal and state net operating losses totaling approximately $161,319,000 and $41,224,000, respectively, that Primedex can carry forward as potential tax deductions until they expire at various intervals from the years 2006 to 2025. In this joint proxy statement/ prospectus, we refer to these net operating losses and capital losses together as NOLs.

NOLs can benefit Primedex by offsetting federal taxable income dollar-for-dollar by the amount of the NOLs, thereby reducing or eliminating Primedex s U.S. federal corporate tax (other than alternative minimum tax) on such income. Assuming Primedex can fully use its NOLs to reduce its U.S. federal corporate tax, Primedex expects to be subject to the alternative minimum tax, which would result in 10% of Primedex s alternative minimum taxable income being subject to the 20% alternative minimum tax. The maximum federal corporate tax rate is currently 35%.

The benefit of the NOLs to Primedex can be reduced or eliminated under Section 382 of the Internal Revenue Code (or Code), if Primedex experiences an ownership change, as defined in Section 382 of the Code and described in more detail below. An ownership change can occur through one or more acquisitions of Primedex stock, whether occurring contemporaneously or pursuant to a single plan, by which stockholders or groups of stockholders, each of whom owns or is deemed to own directly or indirectly at least 5% of Primedex s stock, increase their ownership of Primedex stock by more than 50 percentage points within a three-year period. Primedex currently does not have the ability to restrict transactions that could result in an ownership change.

The Primedex board of directors believes the best interests of Primedex and its stockholders will be served by adopting provisions that are designed to restrict direct and indirect transfers of Primedex stock if such transfers will affect the percentage of stock that is treated as owned by a 5% stockholder. In this joint proxy statement/ prospectus, we refer to these provisions as the transfer restrictions.

As of October 6, 2006, Primedex does not believe that it has experienced an ownership change, but calculating whether an ownership change has occurred is subject to inherent uncertainty. This uncertainty results from the complexity and ambiguity of the Section 382 provisions, as well as limitations on the knowledge that any publicly traded company can have about the ownership of and transactions in its securities.

If you approve this proposal, Primedex s certificate of incorporation will be amended to add the transfer restrictions within Article FOURTH to the certificate of incorporation. **Stockholders are urged to read carefully the accompanying *Annex B*, which sets forth the complete text of the certificate of amendment of certificate of incorporation of Primedex that will be filed if this proposal is approved.**

Limitations on use of NOLs

The benefit of the NOLs to Primedex can be reduced or eliminated under Section 382 of the Code if Primedex experiences an ownership change, as defined in Section 382. Generally, an ownership change can occur through one or more acquisitions, by which one or more stockholders, each of whom owns or is deemed to own directly or indirectly 5% or more in value of a corporation s stock, increase their aggregate percentage ownership by more than 50 percentage points over the lowest percentage of stock owned by such stockholders (with the lowest percentage measured separately for each stockholder) at any time during the preceding three-year period. The amount of the increase in the percentage of stock ownership of each 5% stockholder is computed separately, and each such increase is then added together with any other such increase to determine whether an ownership change has occurred. For this purpose, all holders who own less than 5% of a corporation s stock are generally treated together as one 5% stockholder (although in some circumstances these smaller holders may be counted as two or more separate stockholders, with each being a public group and a separate 5% stockholder, for purposes of Section 382 of the Code). Transactions in the public markets among stockholders owning less than 5% of the equity securities generally do not affect the calculation of an ownership change (but can if a corporation has more than one public group). In addition, constructive ownership rules, which generally attribute ownership of stock owned by estates, trusts, corporations, partnerships or other entities to the ultimate indirect individual owner thereof, or to related individuals, are applied in determining the level of stock ownership of a particular stockholder. Special rules, described below, can result in the treatment of options (including warrants) or other similar interests as having been exercised if such treatment would result in an ownership change. All percentage determinations are based on the fair market value of a corporation s stock.

For example, if a single investor acquired 50.1% of Primedex s stock in a three-year period, a change of ownership would occur. Similarly, if ten persons, none of whom owned Primedex stock, each acquired slightly over 5% of Primedex s stock within a three-year period (so that such persons owned, in the aggregate more than 50%), an ownership change would occur.

If Primedex were to experience an ownership change, then the amount of taxable income in any year (or portion of a year) subsequent to the ownership change that could be offset by NOLs from periods prior to such ownership change could not exceed the product obtained by multiplying (i) the aggregate value of Primedex stock immediately prior to the ownership change (with adjustments) by (ii) the then applicable federal long-term tax exempt rate (this resulting product is referred to as the Section 382 limitation). If Primedex experiences an ownership change for tax purposes, the Section 382 limitation would be reduced to zero in the event Primedex was deemed to fail to continue the business enterprise that we engaged in before the ownership change for the two-year period following the ownership change. Any portion of the annual Section 382 limitation amount not utilized in any year may be carried forward and increase the available Section 382 limitation amount for the succeeding tax year. Thus, an ownership change could significantly reduce or eliminate the annual utilization of Primedex s NOLs and cause a substantial portion or all of such NOLs to expire prior to their use.

Summary of Transfer Restrictions

The following is a summary of the proposed transfer restrictions. This summary is qualified in its entirety by reference to the full text of the proposed transfer restrictions, which if approved by Primedex s stockholders will be contained in Article FOURTH in the certificate of amendment of certificate of incorporation of Primedex and as set forth in the accompanying *Annex B*. **Stockholders are urged to read in their entirety the transfer restrictions set forth in the accompanying *Annex B*.**

Prohibited Transfers

The transfer restrictions generally will restrict any direct or indirect transfer (such as transfers of stock of Primedex that result from the transfer of interests in other entities that own stock of Primedex) if the effect would be to:

1. increase the direct or indirect ownership of Primedex stock by any person from less than 5% to 5% or more of the stock of Primedex;

2. increase the percentage of Primedex stock owned directly or indirectly by a person (or public group) owning or deemed to own 5% or more of the stock of Primedex; or

3. create a new public group.

Transfers included under the transfer restrictions include sales to persons whose resulting percentage ownership (direct or indirect) of stock would exceed the 5% thresholds discussed above, or to persons whose direct or indirect ownership of stock would by attribution cause another person to exceed such threshold. Complicated rules of constructive ownership, aggregation, segregation, combination and other stock ownership rules prescribed by the Code (and related regulations) will apply in determining whether a person or group of persons constitute a 5% stockholder under Section 382 and whether less than 5% stockholders will be treated as one or more public groups, each of which is a 5% stockholder under Section 382.

However, the transfer restrictions will not apply to issuance of stock by Primedex, nor will they apply to the creation or grant of an option by Primedex. As a result, the transfer restrictions do not prevent the exercise of either currently outstanding options to purchase Primedex stock or options that may be granted in the future by Primedex to purchase its stock. These have been excluded from the operation of the transfer restriction because the Primedex board of directors has determined that the issuance of Primedex shares under these circumstances would not adversely affect NOLs. In addition, since Primedex s board of directors will be able to consider the effect on NOLs of future issuances of Primedex shares at the time of the issuance, whether as a result of transactions with third parties, or the issuance of Primedex shares in a private placement or public offering, or as compensation to Primedex s employees, officers or directors, or otherwise, future issuances of Primedex shares, as well as grants of options or warrants, by Primedex also have been excluded from the transfer restrictions. Consequently, persons or entities who are able to acquire Primedex shares directly from us, including our employees, officers and directors, may do so without application of the transfer restrictions, irrespective of the number of Primedex shares they are acquiring. As a result, those persons or entities dealing directly with Primedex may be seen to receive an advantage over persons or entitles who are not able to acquire Primedex shares directly from us and, therefore, are restricted by the terms of the transfer restrictions. It should be noted, however, that any direct acquisitions of Primedex shares from us first requires approval of Primedex s board of directors, and in granting such approval, the Primedex board of directors will review the implications of any such issuance for the NOLs.

For purposes of determining the existence and identity of, and the amount of stock owned by, any stockholder, Primedex will be entitled to rely conclusively on (a) the existence or absence of filings with the SEC of Schedules 13D and 13G (or any similar SEC filings) as of any date and (b) Primedex s actual knowledge of the ownership of Primedex stock. The transfer restrictions will include the right to require a proposed transferee, as a condition to registration of a transfer of stock, to provide all information reasonably requested regarding such person s direct and indirect ownership of Primedex stock. The transfer restrictions may result in the delay or refusal of certain requested transfers of Primedex s common stock.

As a result of these rules, the transfer restrictions could result in prohibiting ownership (thus requiring dispositions) of stock of Primedex as a result of a change in the relationship between two or more persons or entities, or of a transfer of an interest in an entity other than Primedex, such as an interest in an entity that, directly or indirectly, owns stock of Primedex. The transfer restrictions will also apply to proscribe the creation or transfer of certain options (which are broadly defined by Section 382) in respect of Primedex stock to the extent that, in various circumstances, creation, transfer or exercise of the option would result in a proscribed level of ownership.

Absent a court determination, there can be no assurance that the transfer restrictions will be enforceable against all of our stockholders, and the transfer restrictions may be subject to challenge on equitable grounds. It is possible that the transfer restrictions may not be enforceable against current Primedex stockholders who vote against or abstain from voting on the amendment. Nonetheless, Primedex believes that the transfer restrictions are in the best interest of Primedex and its stockholders and are reasonable, and if they are approved by the stockholders, Primedex will act vigorously to enforce the transfer restrictions against all current and future holders of Primedex stock regardless of how they vote on the amendment. Primedex believes that each of its stockholders who vote in favor of the amendment will in effect have consented to the implementation of the transfer restriction and therefore will be bound by the transfer restrictions. If a Primedex stockholder votes for the transfer restrictions, Primedex intends to assert that such stockholder would be estopped from challenging the implementation of the transfer restrictions. All Primedex shareholders should carefully consider this point in deciding whether to vote in favor of the amendment to implement the transfer restrictions.

Treatment of Pre-existing 5% Stockholders

The transfer restrictions will contain exceptions permitting otherwise prohibited transfers by pre-existing 5% stockholders. Pre-existing 5% stockholders are:

- any person or entity who (1) has filed a Schedule 13D or 13G on or before August 21, 2006 or (2) establishes, within 30 days of August 21, 2006, to the satisfaction of the board of directors of Primedex, that such person or entity was a direct or indirect owner of 5% of common stock of Primedex on August 21, 2006 and

- persons and entities with specified ownership interests in the foregoing persons or entities.

Pre-existing 5% stockholders will receive the following different treatment under the transfer restrictions.

- In contrast to the treatment of persons who become 5-percent stockholders (as defined in Section 382) after August 21, 2006, who will be prohibited from disposing of any shares of Primedex common stock without the express consent of Primedex s board of directors, a direct or indirect transfer of shares of common stock of Primedex by (but not to) a pre-existing 5% stockholder will be permitted so long as such a transfer would not:

- increase the ownership of stock by any person (other than a public group) to 5% or more of the stock of Primedex or

- increase the percentage of stock owned by a person owning 5% or more of the stock of Primedex.

- These permitted transfers by pre-existing 5% stockholders include transfers to a public group even though the public group becomes a new public group as a result of such transfer and is treated as a 5% stockholder under Section 382.

- In addition, the transferred shares must have been received in exchange for shares of Primedex common stock already owned by such pre-existing 5% stockholder on August 21, 2006.

These provisions will not permit pre-existing 5% stockholders to increase their ownership of common stock of Primedex without specific approval of the board of directors of Primedex, except for transfers by pre-existing 5% stockholders as described above, but they will permit pre-existing 5% stockholders to dispose of shares of Primedex already owned by them prior to Primedex s first public announcement of Primedex s intention to seek to implement the transfer restrictions, subject to the conditions above.

Consequences of Prohibited Transfers

Upon adoption of the transfer restrictions, any direct or indirect transfer attempted in violation of the restrictions would be void as of the date of the purported transfer as to the purported transferee (or, in the case of an indirect transfer, the ownership of the direct owner of Primedex stock would terminate simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct owner) would not be recognized as the owner of the shares owned in violation of the restrictions for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of such stock, or in the case of options, receiving stock in respect of their exercise. In this joint proxy statement/ prospectus, we refer to stock acquired in violation of the transfer restrictions as excess stock.

In addition to the purported transfer being void as of the date of the purported transfer, upon demand, the purported transferee must transfer the excess stock to Primedex s agent along with any dividends or other distributions paid with respect to such excess stock. Primedex s agent is required to sell such excess stock in an arms length transaction (or series of transactions) that would not constitute a violation under the transfer restrictions. The net proceeds of the sale, together with any other distributions with respect to such excess stock received by Primedex s agent, after deduction of all costs incurred by the agent, will be distributed first to the purported transferee in an amount, if any, equal to the cost (or in the case of gift, inheritance or similar transfer, the fair market value of the excess stock on the date of the violative transfer) incurred by the purported transferee to acquire such excess stock, and the balance of the proceeds, if any, will be distributed to a charitable beneficiary. If the excess stock is sold by the purported transferee, such person will be treated as having sold the excess stock on behalf of the agent, and will be required to remit all proceeds to Primedex s agent (except to the extent Primedex grants written permission to the purported transferee to retain an amount not to exceed the amount such person otherwise would have been entitled to retain had Primedex s agent sold such shares).

Any stockholder who knowingly violates the transfer restrictions will be liable for any and all damages suffered by Primedex as a result of such violation, including damages resulting from a reduction in or elimination of the ability to utilize the NOLs and any professional fees incurred in connection with addressing such violation.

With respect to any transfer of stock which does not involve a transfer of securities of Primedex within the meaning of the New York Business Corporation Law but which would cause any 5% stockholder to violate the transfer restrictions, the following procedure will apply in lieu of those described above. In such case, no such 5% stockholder shall be required to dispose of any interest that is not a security of Primedex, but such 5% stockholder and/or any person whose ownership of securities of Primedex is attributed to such 5% stockholder will be deemed to have disposed of (and will be required to dispose of) sufficient securities, simultaneously with the transfer, to cause such 5% stockholder not to be in violation of the transfer restrictions, and such securities will be treated as excess stock to be disposed of through the agent under the provisions summarized above, with the maximum amount payable to such 5% stockholder or such other person that was the direct holder of such excess stock from the proceeds of sale by the agent being the fair market value of such excess stock at the time of the prohibited transfer.

Common Stock Legend and Exchange of Share Certificates

Section 4 of Paragraph (c) of Article FOURTH provides that all certificates representing shares of Primedex common stock will bear a legend indicating that the shares are subject to the transfer restrictions contained in Primedex s certificate of incorporation. Each share of Primedex common stock issued subsequent to the approval of this Proposal No. 4, including shares of Primedex common stock received by Radiologix stockholders in connection with the merger, will bear such legend, however, existing Primedex stockholders will not be required to surrender or exchange their existing shares of Primedex common stock.

Modification and Waiver of Transfer Restrictions

The board of directors of Primedex will have the discretion to approve a transfer of stock that would otherwise violate the transfer restrictions. If the board of directors of Primedex decides to permit a transfer that would otherwise violate the transfer restrictions, that transfer or later transfers may result in an ownership change that could limit Primedex s use of the NOLs. As a condition to granting an exemption from the transfer restrictions, the board of directors may require an opinion of counsel (the cost of which will be borne by the transferor and/or the transferee) that the transfer will not result in a limitation on the use of the NOLs under Section 382.

In addition, in the event of a change in law, the board of directors of Primedex will be authorized to eliminate the transfer restrictions, modify the applicable allowable percentage ownership interest (now 5%) or modify any of the terms and conditions of the transfer restrictions, provided that the board of directors concludes in writing that such change is reasonably necessary or advisable to preserve the NOLs or that the continuation of the affected terms and conditions of the transfer restrictions is no longer reasonably necessary for such purpose. The board s determination in such circumstances must be based upon a written opinion of tax counsel. Written notice of any such determination will be provided to stockholders.

The Primedex board of directors may establish, modify, amend or rescind by-laws, regulations and procedures for purposes of determining whether any transfer of stock of Primedex would jeopardize Primedex s ability to preserve and use the NOLs. Assuming the amendment is approved, Primedex s board of directors will amend Primedex s bylaws to further implement the transfer restrictions and to provide for the legending of all certificates evidencing shares of Primedex stock.

Expiration of Transfer Restrictions

The transfer restrictions will remain in effect until the board of directors of Primedex determines that the NOLs are no longer available to reduce Primedex s future income tax liability, which should be the earlier of full usage of the NOLs or their expiration. We estimate that the latest date of expiration of the NOLs is 2025. The board of directors of Primedex is permitted to accelerate or extend the expiration date of the transfer restrictions in the event of a change in the law or otherwise.

Reasons for Transfer Restrictions

The purpose of the transfer restrictions is solely to help preserve the long-term value to Primedex and its stockholders of Primedex s accumulated NOL and capital loss carryforwards. The proposed transfer restrictions are designed to prohibit certain transfers of Primedex s stock in excess of amounts that, because of provisions of the Code, could inhibit Primedex s ability to use its NOLs to reduce future income tax liability.

The transfer restrictions may have anti-takeover effects because they will restrict the ability of a person or group from accumulating aggregate of 5% or more of stock of Primedex and the ability of persons or groups now owning 5% or more of stock of Primedex from acquiring additional stock. The transfer restrictions are not in response to any effort to accumulate Primedex common stock or to obtain control of Primedex. Primedex s board of directors considers the transfer restrictions to be reasonable and in the best interests of Primedex and its stockholders because the transfer restrictions reduce certain of the risks related to Primedex s future use of the NOLs. In the opinion of Primedex s board of directors, the fundamental importance to Primedex s stockholders of maintaining the availability of the NOLs is a more significant consideration than the indirect anti-takeover effect the transfer restrictions may have.

Interests of Certain Persons

The officers and directors of Primedex do not have interests in the merger that are materially different from those of Primedex stockholders with respect to any of the proposals. However, Dr. Howard Berger, Primedex s President and Chief Executive Officer, owns more than 5% of Primedex s outstanding shares of Common Stock. If Proposal No. 4 is approved, the new transfer restrictions included in Primedex s certificate of incorporation will treat pre-existing 5% stockholders differently from persons who become 5% stockholders after .

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** amending the certificate of incorporation to include the transfer restrictions, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 5 APPROVAL OF THE 2006 STOCK INCENTIVE PLAN

The stockholders are being asked to approve the adoption of the 2006 Equity Incentive Plan, or the 2006 Plan. The 2006 Plan is intended to replace the 2000 Long-Term Incentive Plan, or the 2000 Plan. Primedex s board of directors adopted the 2006 Plan on October 11, 2006, subject to the approval of the stockholders at the special meeting. Stockholder approval of the 2006 Plan is being sought to qualify certain compensation under the 2006 Plan as performance-based compensation not subject to the tax deduction limitation under Section 162(m) of the Code, and to qualify certain stock options that may be granted under the 2006 Plan as incentive stock options under Section 422 of the Code.

Description of the Proposal

The board of directors approved the 2006 Plan because it believes that the best means for aligning the interests of employees and stockholders is through equity incentives. As of the record date for Primedex s special meeting, Primedex had 1,232,500 shares available for future issuance under its 2000 Plan. Additionally, the 2006 Plan includes provisions that are not part of the 2000 Plan and which are necessary for Primedex to offer a competitive equity incentive program. Recent changes in the accounting treatment for stock options should make the use of these alternative types of awards more attractive in the future.

Description of the 2006 Equity Incentive Plan

A copy of the 2006 Plan is attached to this proxy statement as *Annex E*. The following description of the 2006 Plan is a summary and is qualified by reference to the complete text of the 2006 Plan.

Background and Purpose

The primary purpose of the 2006 Plan is to encourage ownership in our company by key personnel whose long-term service we consider essential to our continued progress, thereby linking these employees directly to stockholder interests through increased stock ownership. We currently have one stock option plan from which awards can be made, which we refer to as the 2000 Plan. The 2000 Plan authorizes up to 2,000,000 shares for issuance pursuant to stock options. The 2006 Plan will provide for added flexibility over the 2000 Plan in light of recent changes in the rules affecting such plans.

As of the record date, options with respect to 767,500 shares were outstanding under the 2000 Plan at exercise prices ranging from $0.38 to $1.67 and 1,232,500 shares remained available for future grants. The Board has determined that the 2000 Plan will no longer be available for further option grants upon the effective date of the approval of our stockholders of the 2006 Plan.

Eligible Participants

Awards may be granted under the 2006 Plan to any of our employees, officers, directors, or consultants or those of our affiliates. As of the record date, there were approximately 997 full-time employees and three non-employee directors who would be eligible to participate. An incentive stock option may be granted under the 2006 Plan only to a person who, at the time of the grant, is an employee of Primedex or a related corporation.

Number of Shares of Common Stock Available

If approved by the stockholders, a total of 5,000,000 new shares of our common stock will be reserved for issuance under the 2006 Plan. The maximum aggregate number of shares that may be issued under the 2006 Plan through the exercise of incentive stock options is 5,000,000. If an award is cancelled, terminates, expires, or lapses for any reason without having been fully exercised or vested, or is settled for less than the full number of shares of common stock represented by such award actually being issued, the unvested, cancelled, or unissued shares of common stock generally will be returned to the available pool of shares reserved for issuance under the 2006 Plan. In addition, if we experience a stock dividend, reorganization, or other change in our capital structure, the administrator may, in its discretion, adjust the number of shares available for issuance under the 2006 Plan and any outstanding awards as appropriate to reflect the stock dividend or other change. The share number limitations included in the 2006 Plan will also adjust appropriately upon such event.

Administration of the 2006 Plan

The 2006 Plan will be administered by the board of directors or one or more committees of the board of directors, which we refer to as the Committee. The Primedex board has appointed the Compensation Committee as the Committee referred to in the 2006 Plan. In the case of awards intended to qualify as performance-based-compensation excludable from the deduction limitation under Section 162(m) of the Code, the Committee will consist of two or more outside directors within the meaning of Section 162(m).

The administrator has the authority to, among other things, select the individuals to whom awards will be granted and to determine the type of award to grant; determine the terms of the awards, including the exercise price, the number of shares subject to each award, the exercisability of the awards, and the form of consideration payable upon exercise; to provide for a right to dividends or dividend equivalents; and to interpret the 2006 Plan and adopt rules and procedures relating to administration of the 2006 Plan. Except to the extent prohibited by any applicable law, the administrator may delegate to one or more individuals the day-to-day administration of the 2006 Plan.

Award Types

Options

A stock option is the right to purchase shares of Primedex s common stock at a fixed exercise price for a fixed period. An option under the 2006 Plan may be an incentive stock option or a nonstatutory stock option. The exercise price of an option granted under the 2006 Plan must be at least equal to the fair market value of Primedex s common stock on the date of grant. In addition, the exercise price for any incentive stock option granted to any employee owning more than ten percent of our common stock may not be less than 110 percent of the fair market value of Primedex s common stock on the date of grant.

Unless the administrator determines to use another method, the fair market value of our common stock on the date of grant will be determined as the closing sales price for our common stock on the date the option is granted (or if no sales are reported that day, the closing price on the last preceding day on which a sale occurred), using a reporting source selected by the administrator. As of the record date, the average quoted sales price on the Over the Counter Bulletin Board for our common stock was $2.69 per share. The administrator determines the acceptable form of consideration for exercising an option, including the method of payment, either through the terms of the option agreement or at the time of exercise of an option, provided that consideration must have a value of not less than the par value of the shares to be issued and must be actually received before issuing any shares. The 2006 Plan permits payment in the form of cash, check or wire transfer, other shares of common stock of Primedex, cashless exercises, any other form of consideration and method of payment permitted by applicable laws, or any combination thereof.

An option granted under the 2006 Plan cannot be exercised until it becomes vested. The administrator establishes the vesting schedule of each option at the time of grant and the option will expire at the time established by the administrator. After termination of the optionee s service, he or she may exercise his or her option for the period stated in the option agreement, to the extent the option is vested on the date of termination. If termination is due to death or disability, the option usually will remain exercisable for twelve months following such termination. In all other cases, the option generally will remain exercisable for three months. Nevertheless, an option may never be exercised later than the expiration of its term. The term of any stock option may not exceed ten years, except that with respect to any participant who owns ten percent or more of the voting power of all classes of Primedex s outstanding capital stock, the term for incentive stock options must not exceed five years.

Stock Awards

Stock awards are awards or issuances of shares of our common stock that vest in accordance with terms and conditions established by the administrator. Stock awards include stock units, which are bookkeeping entries representing an amount equivalent to the fair market value of a share of common stock, payable in cash, property, or other shares of stock. The administrator may determine the number of shares to be granted, and impose whatever conditions to vesting it determines to be appropriate, including performance criteria and level of achievement versus the criteria that the administrator determines. The criteria may be based on financial performance, personal performance evaluations, and completion of service by the participant. Unless the administrator determines otherwise, shares that do not vest typically will be subject to forfeiture or to a right of repurchase of the unvested portion of such shares at the original price paid by the participant, which Primedex may exercise upon the voluntary or involuntary termination of the awardee s service with Primedex for any reason, including death or disability.

For stock awards intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the measures established by the administrator must be qualifying performance criteria. Qualifying performance criteria under the 2006 Plan include any of the following performance criteria, individually or in combination:

• cash flow	• earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings)
• earnings per share	• growth in earnings or earnings per share
• stock price	• return on equity or average stockholders equity
• total stockholder return	• return on capital
• return on assets or net assets	• return on investment
• revenue	• income or net income
• operating income or net operating income	• operating profit or net operating profit

• operating margin	• return on operating revenue
• market share	• contract awards or backlog
• overhead or other expense reduction	• growth in stockholder value relative to the moving average of the S&P 500 Index or a peer group index
• credit rating	• strategic plan development and implementation
• improvement in workforce diversity	• EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)
• any other similar criteria	

Qualifying performance criteria may be applied either to Primedex as a whole or to a business unit, affiliate, or business segment, individually or in any combination. Qualifying performance criteria may be measured either annually or cumulatively over a period of years, and may be measured on an absolute basis or relative to a pre-established target, to previous years results, or to a designated comparison group, in each case as specified by the administrator in writing in the award.

Stock Appreciation Rights

A stock appreciation right is the right to receive the appreciation in the fair market value of our common stock in an amount equal to the difference between (a) the fair market value of a share of our common stock on the date of exercise, and (b) the exercise price. This amount will be paid, as determined by the administrator, in shares of our common stock with equivalent value, cash, or a combination of both. The exercise price must be at least equal to the fair market value of our common stock on the date of grant. Subject to these limitations, the administrator determines the exercise price, term, vesting schedule, and other terms and conditions of stock appreciation rights, except that stock appreciation rights terminate under the same rules that apply to stock options.

Cash Awards

Cash awards confer upon the participant the opportunity to earn future cash payments tied to the level of achievement with respect to one or more performance criteria established by the administrator for a performance period. The administrator will establish the performance criteria and level of achievement versus these criteria, which will determine the target and the minimum and maximum amount payable under a cash award. The criteria may be based on financial performance or personal performance evaluations, or both. For cash awards intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the measures established by the administrator must be specified in writing.

Other Provisions of the 2006 Plan

Transferability of Award

Unless the administrator determines otherwise, the 2006 Plan does not permit the transfer of awards other than by beneficiary designation, will, or by the laws of descent or distribution, and only the participant may exercise an award during his or her lifetime.

Preemptive Rights

The 2006 Plan provides that no shares will be issued in violation of any preemptive rights held by any stockholder of Primedex.

Adjustments upon Merger or Change in Control

The 2006 Plan provides that in the event of a merger with or into another corporation in which Primedex is not the surviving entity or Primedex s change in control, including the sale of all or substantially all of Primedex s assets, and various other events, Primedex s Board or the Committee may, in its discretion, provide for the assumption or substitution of, or adjustment to, each outstanding award; accelerate the vesting of options and stock appreciation rights, and terminate any restrictions on stock awards or cash awards; provide for the cancellation of awards in exchange for a cash payment to the participant; or provide for the cancellation of awards that have not been exercised or redeemed as of the relevant event.

Certain Federal Income Tax Information

The following is a summary as of this date of the federal income tax consequences to Primedex and to U.S. participants for awards granted under the 2006 Plan. The federal tax laws may change and the federal, state, and local tax consequences for any participant will depend upon his or her individual circumstances. Tax consequences for any particular individual may be different.

Tax Effects for Participants

Incentive Stock Options. For federal income tax purposes, an optionee does not recognize taxable income when an incentive stock option is granted or upon its exercise. When an incentive stock option is exercised, however, the difference between the option exercise price and the fair market value of the shares on the exercise date is an adjustment in computing the holder s alternative minimum taxable income and may be subject to an alternative minimum tax, which is paid if such tax exceeds the optionee s regular tax for the year.

An optionee who disposes of shares acquired by exercise of an incentive stock option more than two years after the option is granted and one year after its exercise recognizes a long-term capital gain or loss equal to the difference between the sale price and the exercise price. If the holding periods are not met and the sale price *exceeds* the exercise price, the optionee generally will recognize ordinary income as of the exercise date equal to the difference between the exercise price and the lower of the sale price of the shares or their fair market value on the exercise date. Any gain or loss recognized on such premature sale of the shares in excess of the amount of ordinary income is characterized as capital gain or loss. If the holding periods are not met and the sale price is *less than* the exercise price, the option will recognize a capital loss equal to the difference between the exercise price and the sale price.

Nonstatutory Stock Options. A participant who receives a nonstatutory stock option with an exercise price equal to or greater than the fair market value of the stock on the grant date generally will not realize taxable income on the grant of such option, but will realize ordinary income when he or she exercises the option, equal to the excess of the fair market value of the shares on the date of exercise over the option exercise price. Any additional gain or loss recognized upon any later disposition of shares would be capital gain or loss. Any taxable income recognized in connection with an option exercise by an employee or former employee of Primedex is subject to tax withholding by Primedex.

Stock Awards. A participant who receives a stock award that is not subject to a substantial risk of forfeiture will recognize ordinary income at the time of grant equal to the difference between the fair market value of the stock on the date of grant less the amount paid for the stock, if any. A restricted stock award is subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code to the extent the award will be forfeited if the participant ceases to provide services to Primedex. A participant who receives a stock award that is subject to a substantial risk of forfeiture will not recognize ordinary income at the time of grant, but will recognize ordinary income on the date or dates when the stock is no longer subject to a substantial risk of forfeiture, or when the stock becomes transferable, if earlier. The participant s ordinary income is measured as the difference between the fair market value of the stock on the date the stock is no longer subject to a substantial risk of forfeiture less the amount paid for the stock, if any.

The participant may accelerate his or her recognition of ordinary income, if any, and begin his or her capital gains holding period by timely filing (i.e., within thirty days of the award) an election pursuant to Section 83(b) of the Code. In such event, the ordinary income recognized, if any, is measured as the difference between the fair market value of the stock on the date of award less the amount paid for the stock, if any, and the capital gain holding period commences on such date. The ordinary income recognized by an employee or former employee will be subject to tax withholding by Primedex. If the stock award consists of stock units, no taxable income is reportable when stock units are granted to a participant or upon vesting. Upon settlement, the participant will recognize ordinary income in an amount equal to the value of the payment received pursuant to the stock units.

Stock Appreciation Rights. No taxable income is reportable when a stock appreciation right with an exercise price equal to or greater than the fair market value of the stock on the date of grant is granted to a participant or upon vesting. Upon exercise, the participant will recognize ordinary income in an amount equal to the fair market value of any shares or cash received. If the participant receives shares upon exercise, any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Cash Awards. Upon receipt of cash, the recipient will have taxable ordinary income, in the year of receipt, equal to the cash received. Any cash received by an employee or former employee will be subject to tax withholding by Primedex.

Tax Effect for Primedex. Unless limited by Section 162(m) or Section 280G of the Code, Primedex generally will be entitled to a tax deduction in connection with an award under the 2006 Plan in an amount equal to the ordinary income realized by a participant at the time the participant recognizes such income (for example, upon the exercise of a nonstatutory stock option).

Section 162(m) Limits. Section 162(m) of the Code places a limit of $1 million on the amount of compensation that we may deduct in any one year with respect to the chief executive officer and each of the four other most highly paid executive officers. Certain performance-based compensation approved by stockholders is not subject to the deduction limit. The 2006 Plan is qualified such that awards under the Plan may constitute performance-based compensation not subject to Section 162(m) of the Code. One of the requirements for equity compensation plans is that there must be a limit to the number of shares granted to any one individual under the plan. Accordingly, the 2006 Plan provides that the maximum number of shares for which awards may be made to any employee, in any calendar year, is 200,000, except that in connection with his or her initial service, an awardee may be granted awards covering up to an additional 350,000 shares. The maximum amount payable pursuant to that portion of a cash award granted under the 2006 Plan for any fiscal year to any employee that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code may not exceed $1,000,000.

Section 409A. Section 409A of the Code makes compensation that is deferred under a nonqualified deferred compensation arrangement taxable generally on the date of grant (or when vested, if later) and subject to additional taxes and interest, unless various requirements are met. These requirements may apply to some types of awards available under the 2006 Plan. In addition, certain actions may subject an award to which these requirements do not otherwise apply to Code Section 409A. The 2006 Plan provides that it and awards granted thereunder are intended to comply with the requirements of Section 409A of the Code, and are to be interpreted in a manner consistent with that intention.

Section 280G Limits. Section 280G of the Code limits the amount of compensation payable upon a change in control of Primedex, so-called parachute payments. If stock options or other awards vest upon a change in control, or if other payments contingent upon such a change in control are made, the vesting or

payment may in whole or in part result in a nondeductible parachute payment. In addition, the recipient of the parachute payment would be subject to a twenty percent excise tax that we would be required to withhold in addition to federal income tax. The 2006 Plan provides discretion to the board of directors to provide for the vesting of awards upon a change in control.

Plan Benefits

Primedex has no current plans, proposals or arrangements to grant any awards under the 2006 Plan.

Amendment and Termination

The administrator may amend the 2006 Plan at any time or from time to time or may terminate it, but any such amendment shall be subject to the approval of the stockholders in the manner and to the extent required by applicable law, rules, or regulations. Nevertheless, no action by the administrator or the stockholders may alter or impair any option or other type of award under the 2006 Plan, unless mutually agreed otherwise between the holder of the award and the administrator. The 2006 Plan will continue in effect for a term of ten years, unless terminated earlier in accordance with the provisions of the 2006 Plan.

Primedex s board of directors unanimously recommends a vote FOR
Proposal No. 5 to approve the 2006 Equity Incentive Plan.

PROPOSAL NO. 6 ELECTION OF DIRECTORS

The following individuals are the nominees of Primedex s board of directors for election to the board of directors:

- Howard G. Berger, M.D.
- John V. Crues, III, M.D.
- Norman R. Hames
- Lawrence L. Levitt
- David L. Swartz

Each director will be elected to serve for a one-year term, unless he or she resigns or is removed before his or her term expires, or until his or her replacement is elected and qualified. All five of the nominees are currently members of the board of directors and have consented to serve as directors if elected. More detailed information about each of the nominees is available in the section of this joint proxy statement/prospectus titled Information About Primedex Directors of Primedex, which begins on page 184.

If any of the nominees cannot serve for any reason (which is not anticipated), the board of directors may designate a substitute nominee or nominees. If a substitute is nominated, Primedex will vote all valid proxies for the election of the substitute nominee or nominees. Alternatively, the board of directors may also decide to leave the board seat or seats open until a suitable candidate or candidates are located, or it may decide to reduce the size of the board.

Section 6.19 of the merger agreement provides that promptly after the closing date of the merger, Primedex will 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, and that two of those nominees must meet the independence requirements of the SEC by January 1, 2007. Radiologix has not yet designated any persons as nominees to the Primedex board of directors.

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** each of the nominees to the board of directors, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 7 AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT

On October 11, 2006, Primedex s board of directors unanimously adopted a resolution approving, declaring advisable and recommending to the stockholders for their approval an amendment to Primedex s certificate of incorporation to effect a reverse stock split of the outstanding shares of common stock at a ratio of one-to-two.

The reverse stock split will be effected by filing an amendment to Primedex s certificate of incorporation with the Department of State of the State of New York. The certificate of amendment will effect a reverse stock split of the shares by reducing the number of issued and outstanding shares of common stock by the ratio determined by the board of directors to be in the best interests of the Company and its stockholders, but will not change the number of authorized shares of common stock or preferred stock or the par value of the common stock or preferred stock. A copy of the proposed amendment to the certificate of incorporation effecting the 1-for-2 reverse stock split is attached at the back of this joint proxy statement/prospectus as ***Annex B.***

Reasons for Board Recommendation

Primedex s board of directors approved this resolution because it feels that an increased per share stock price may have the effect of making Primedex s common stock more attractive to individuals as well as institutional investors in the future and this would also ultimately aid Primedex if it sought listing on a national securities exchange or the NASDAQ Stock Market by increasing the per share price of its stock to meet the minimum listing price.

Primedex s board of directors feels that having its common stock listed on a national securities exchange or the NASDAQ Stock Market is in the best interests of the long-term success of Primedex. As part of this resolution, the Board will have the authority to effect the reverse split.

Potential Disadvantages to the Reverse Stock Split

Reduced Market Capitalization.

As noted above, the principal purpose of the reverse stock split would be to help maintain the price of Primedex s common stock at a higher level. Primedex cannot assure you that the reverse stock split will accomplish this objective. While Primedex expects that the reduction in its outstanding shares of common stock will increase the market price of its common stock, Primedex cannot assure you that the reverse stock split will increase the market price of its common stock by a multiple equal to the number of pre-split shares in the reverse split ratio determined by the board of directors or result in any permanent increase in the market price, which can be dependent upon many factors, including Primedex business and financial performance and prospects. Should the market price decline after the reverse stock split, the percentage decline may be greater, due to the smaller number of shares outstanding, than it would have been prior to the reverse stock split. In some cases the stock price of companies that have effected reverse stock splits has subsequently declined back to pre-reverse split levels. Accordingly, Primedex cannot assure you that the market price of our common stock immediately after the effective date of the proposed reverse stock split will be maintained for any period of time or that the ratio of post and pre-split shares will remain the same after the reverse stock split is effected, or that the reverse stock split will not have an adverse effect on our stock price due to the reduced number of shares outstanding after the reverse stock split. A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in our overall market capitalization. If the per share price does not increase proportionately as a result of the reverse stock split, then Primedex s overall market capitalization will be reduced.

Increased Transaction Costs.

The number of shares held by each individual stockholder will be reduced if the reverse stock split is implemented. This will increase the number of stockholders who hold less than a round lot, or 100 shares. Typically, the transaction costs to stockholders selling odd lots are higher on a per share basis. Consequently, the reverse stock split could increase the transaction costs to existing stockholders in the event they wish to sell all or a portion of their position.

Liquidity.

Although Primedex s board of directors believes that the decrease in the number of shares of its common stock outstanding as a consequence of the reverse stock split and the anticipated increase in the price of our common stock could encourage interest in our common stock and possibly promote greater liquidity for Primedex stockholders, such liquidity could also be adversely affected by the reduced number of shares outstanding after the reverse stock split.

Effect on Fractional Shares

Primedex will not issue fractional shares of its common stock in connection with the proposed reverse stock split. Instead, in the event Primedex effects the reverse stock split, any fractional share that results from the proposed reverse stock split will be paid 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 reverse split.

Effect of Reverse Stock Split on Options and Warrants

The number of shares subject to outstanding options and Warrants to purchase shares of Primedex s common stock also would automatically be reduced in the same ratio as the reduction in the outstanding shares. Correspondingly, the per share exercise price of those options will be increased in direct proportion to the reverse stock split ratio, so that the aggregate dollar amount payable for the purchase of the shares subject to the options will remain unchanged.

Implementation and Effect of the Reverse Stock Split

If the reverse stock split is approved by Primedex s stockholders at the special meeting, the board of directors will effect the reverse stock split by directing management to file the certificate of amendment of its certificate of incorporation with the New York Department of State. The reverse stock split will become effective at the time specified in the certificate of amendment after the filing of the amendment with the New York Department of State, which we refer to as the effective time.

Primedex estimates that, following the reverse stock split, it would have approximately the same number of stockholders and the completion of the reverse stock split would not affect any stockholder s proportionate equity interest in Primedex. By way of example, a stockholder who owns a number of shares that prior to the reverse stock split represented one-half of a percent of the outstanding shares of Primedex would continue to own one-half of a percent of the outstanding shares after the reverse stock split. The reverse stock split also will not affect the number of shares of common stock that Primedex s board of directors is authorized to issue under its certificate of incorporation. However, it will have the effect of increasing the number of shares available for future issuance because the reduction in the number of shares that will be outstanding after giving effect to the reverse stock split.

Exchange of Stock Certificates

Exchange of Stock Certificates.

Assuming approval of the reverse stock split, promptly after the effective time, you will be notified that the reverse stock split has been effected. Primedex s stock transfer agent, American Stock Transfer Corporation, referred to as the exchange agent, would implement the exchange of stock certificates representing outstanding shares of common stock. You will be asked to surrender to the exchange agent certificates for your pre-split shares in exchange for certificates representing your post-split shares in accordance with the procedures to be set forth in a letter of transmittal which Primedex would send to you. You would not receive a new stock certificate representing your post-split shares until you surrender your outstanding certificate(s) representing your pre-split shares, together with the properly completed and executed letter of transmittal to the exchange agent.

IF THIS REVERSE SPLIT WERE TO BE EFFECTED, PLEASE DO NOT DESTROY ANY STOCK CERTIFICATE OR SUBMIT ANY OF YOUR CERTIFICATES UNTIL YOU ARE REQUESTED TO DO SO.

Effect of Failure to Exchange Stock Certificates.

Upon the filing of the amendment to our certificate of incorporation with the New York Department of State, each certificate representing shares of Primedex common stock outstanding prior to that time would, until surrendered and exchanged as described above, be deemed, for all corporate purposes, to evidence ownership of the whole number of shares of Primedex common stock. However, a holder of such unexchanged certificates would not be entitled to receive any dividends or other distributions payable by Primedex after the effective date, until the old certificates have been surrendered. Such dividends and distributions, if any, would be accumulated, and at the time of surrender of the old certificates, all such unpaid dividends or distributions will be paid without interest.

No Appraisal Rights

Under the NYBCL, the CGCL, and Primedex s certificate of incorporation and bylaws, you are not entitled to appraisal rights with respect to the reverse stock split.

Federal Income Tax Consequences of the Reverse Stock Split

The following is a summary of the material U.S. federal income tax consequences of the proposed reverse stock split. This discussion is based on the Internal Revenue Code, the Treasury Regulations promulgated thereunder, published statements by the Internal Revenue Service and other applicable authorities on the date of this proxy statement, all of which are subject to change, possibly with retroactive effect. This discussion does not address the tax consequences to stockholders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. Further, it does not address any state, local or foreign income or other tax consequences. This summary also assumes that the shares of common stock held immediately prior to the effective time of the reverse stock split were, and the new shares received will be, held as a capital asset , as defined in the Internal Revenue Code (generally, property held for investment). Subject to the discussion below concerning the treatment of the receipt of cash payments instead of fractional shares, we believe that the material U.S. federal income tax consequences of the reverse stock split are as follows:

- Primedex will not recognize any gain or loss as a result of the reverse stock split.
- Stockholders of Primedex will not recognize any gain or loss as a result of the reverse stock split, except with respect to cash received instead of fractional shares.

- The aggregate adjusted basis of the shares of Primedex common stock held by each stockholder following the reverse stock split will be equal to the aggregate adjusted basis immediately prior to the reverse stock split, reduced by any tax basis attributable to a fractional share.

- The holding period for the Primedex common stock held by each Primedex stockholder after the reverse stock split will include the holding period for the common stock held immediately prior to the reverse stock split.

In general, a stockholder who receives cash instead of a fractional share of Primedex common stock will recognize capital gain or loss based on the difference between the amount of cash received and the stockholder s adjusted basis in the fractional share. The capital gain or loss will constitute long-term capital gain or loss if the holding period for the common stock is greater than one year as of the date of the reverse stock split. The deductibility of capital losses is subject to limitations.

Primedex s view regarding the tax consequences of the reverse stock split is not binding on the Internal Revenue Service or the courts. Accordingly, please consult with a tax advisor with respect to all of the potential tax consequences of the reverse stock split.

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** amending the certificate of incorporation to effect the reverse stock split, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 8 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Primedex s board of directors, upon the recommendation of the audit committee and subject to the ratification by Primedex s stockholders, has appointed Moss Adams LLP, a national accounting firm of independent certified public accountants, to act as the independent registered public accounting firm for Primedex and its consolidated subsidiaries for its 2006 fiscal year. The board believes that Moss Adam LLP s experience with and knowledge of Primedex are important, and would like to continue this relationship. Moss Adams has served as Primedex s Independent Registered Public Accounting Firm since October 1999. Moss Adams LLP has advised Primedex that the firm does not have any direct or indirect financial interest in Primedex or any of its subsidiaries, nor has Moss Adams LLP had any such interest since Primedex s inception in 1985, other than as a provider of auditing and accounting services.

In making the recommendation for Moss Adams LLP to continue as Primedex s independent accountants for the fiscal year ending October 31, 2006, the audit committee reviewed past audit results and the non-audit services performed during 2005 and proposed to be performed during 2006. In selecting Moss Adams LLP, the audit committee and the board of directors carefully considered Moss Adams LLP s independence. The audit committee has determined that the performance of the non-audit services performed by Moss Adams LLP did not impair Moss Adam LLP s independence.

Moss Adams LLP has confirmed to Primedex that it is in compliance with all rules, standards and policies of the Public Company Accounting Oversight Board and the SEC governing auditor independence.

A representative of Moss Adams LLP is expected to attend the special meeting. The Moss Adams LLP representative will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions from stockholders.

Although ratification by stockholders is not required by law, Primedex s board of directors has determined that it is desirable to request approval of this section by Primedex s stockholders. Notwithstanding its selection, the Primedex board of directors, in its discretion, may appoint a new independent registered public accounting firm at any time during the year if the board of directors believes that such a change would be in the best interests of Primedex and its stockholders. If the stockholders do not ratify the appointment of Moss Adams LLP, the Primedex board of directors may reconsider its selection.

The Company paid the following fees to Moss Adams LLP during fiscal years ended October 31, 2005 and 2004, respectively:

	2005	**2004**
Audit Fees	$ 227,000	$ 221,000
Audit-Related Fees	$ 13,000	$ 239,000
Tax- Fees	$ 92,000	$ 104,000
Total	$ 332,000	$ 564,000

The Audit Fees for the years ended October 31, 2005 and October 31, 2004, respectively, were for professional services rendered for the audits of the consolidated financial statements of Primedex, consents and assistance with review of documents filed with the SEC. The Audit-Related Fees were for the audit of Primedex s 401(k) benefit plan and offering memorandum. The Tax Fees were for services provided to prepare federal, state, and local income and franchise tax returns for 2004, and related tax services and estimated tax payments for 2005.

Audit Committee Pre-Approval Policy

The Audit Committee s policy is to pre-approve all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services, and other services. Pre-approval is generally provided for up to 12 months from the date of pre-approval and any pre-approval is detailed as to the particular service or category of services. The Audit Committee may delegate pre-approval authority to one or more of its members when expedited services are necessary. The Audit Committee has determined that the provision of non-audit services by Moss Adams LLP is compatible with maintaining Moss Adams independence.

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** ratification of the appointment of Moss Adams LLP, and your proxy will be so voted unless you specify otherwise.

PROPOSAL NO. 9 APPROVAL OF ADJOURNMENTS OR POSTPONEMENTS OF THE PRIMEDEX SPECIAL MEETING

As discussed elsewhere in this joint proxy statement/prospectus, Primedex stockholders are considering and voting on a proposal 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 Proposals No. 1-8. Primedex stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger, including the sections of this joint proxy statement/prospectus titled The Merger, which begins on page 100, and The Merger Agreement, which begins on page 141. In addition, Primedex stockholders should read the merger agreement, which is attached as *Annex A* to this joint proxy statement/prospectus, in its entirety.

Recommendation

The Primedex board of directors unanimously recommends a vote **FOR** the proposal 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 Proposals No. 1-8., and your proxy will be so voted unless you specify otherwise.

THE MERGER

Background of the Merger

The management and boards of directors of both Radiologix and Primedex continually review their companies respective market positions in light of the changing competitive environment of the diagnostic imaging industry with the objective of determining which strategic alternatives are available to enhance shareholder value. From time to time, the management of each of Radiologix and Primedex have had conversations with other companies to explore opportunities to improve their companies respective market positions, including through potential acquisitions or dispositions of assets, joint ventures and other strategic transactions.

On October 12, 2005, Sami S. Abbasi, Radiologix s President and Chief Executive Officer, Howard Berger, MD, Primedex s Chief Executive Officer, Mark Stolper, Primedex s Chief Financial Officer, and a representative of Bear Stearns**,** which had not been engaged by Radiologix at that time, met at the Admirals Club at the Los Angeles International Airport in Los Angeles, California. At the meeting, the parties discussed general industry issues, and no discussions took place regarding a possible strategic transaction between Radiologix and Primedex.

During a regular meeting of Radiologix s board on October 26, 2005, Mr. Abbasi informed the board of the October 12, 2005 meeting with Primedex and told the board that he thought Primedex might be a potential acquisition target for Radiologix. The board also discussed the possibility of taking Radiologix private. The board authorized Mr. Abbasi to initiate discussions with Primedex regarding a possible strategic transaction, to pursue other possible strategic alternatives, including a going private transaction, and to work with Bear Stearns in connection with these pursuits.

After the October 26, 2005 board meeting, Bear Stearns contacted six private equity firms to inquire of their interest in Radiologix. Four of these firms, which we will refer to as Firm A, Firm B, Firm C and Firm D, expressed interest in learning more about Radiologix.

On November 9, 2005, Mr. Abbasi and Michael N. Murdock, Radiologix s Chief Financial Officer, met with Firm A regarding a possible transaction with Radiologix.

On November 10, 2005, Mr. Abbasi, Mr. Murdock and Stephen M. Forthuber, Radiologix s then-Chief Development Officer, met with Dr. Berger and Mr. Stolper at Primedex s offices in Los Angeles, California. During this meeting, the parties discussed the operations and history of Primedex, its organizational structure and systems, industry issues and development opportunities. That evening, Mr. Abbasi and Dr. Berger began talking about a possible strategic transaction involving Radiologix and Primedex. Mr. Abbasi and Dr. Berger agreed to continue their discussions at a later date.

On November 18, 2005, Messrs. Abbasi and Murdock met with Firm B and on December 9, 2005 with Firm C regarding a possible transaction with Radiologix. Firm B notified Mr. Abbasi in late November 2005 that Firm B was not interested in pursuing a transaction with Radiologix, and Firm A notified Mr. Abbasi in early December 2005 that Firm A was not interested in pursuing a transaction with Radiologix.

During a regular meeting of Radiologix s board on December 12, 2005, the board again discussed the possibility of a strategic transaction with Primedex. The board determined not to pursue a transaction with Primedex at that time and discussions with Primedex were suspended.

On February 1, 2006, Firm C terminated discussions with Radiologix.

Diagnostic imaging reimbursement reductions were included in the Deficit Reduction Act of 2005 (DRA), which was signed into law on February 8, 2006.

Radiologix s common stock price dropped almost 50% in February 2006.

As a result of the DRA and the decrease in Radiologix s stock price, Radiologix began preserving cash and reducing capital expenditures and other costs.

During the week of February 13, 2006, another potential acquirer, which we will refer to as Company A, contacted Mr. Abbasi to discuss the possibility of acquiring Radiologix. Also in February, 2006, Mr. Abbasi met with Company A s Chief Executive Officer to discuss the possibility of a transaction between Company A and Radiologix. Company A and Radiologix executed a confidentiality agreement on February 27, 2006, but negotiations between the two companies ended after two weeks due to an internal conflict at Company A.

On March 29, 2006, Messrs. Abbasi and Murdock met with Firm D regarding a possible transaction with Radiologix. While Firm D found that Radiologix presented some opportunities, the uncertainty of regulation regarding reimbursement for diagnostic imaging surrounding the DRA caused Firm D to not pursue any transaction with Radiologix.

On April 3, 2006, Dr. Berger called Mr. Abbasi to discuss the DRA and Primedex s recent recapitalization. Dr. Berger also informed Mr. Abbasi that Primedex remained interested in a potential transaction with Radiologix.

On April 17, 2006, Dr. Berger and Mr. Abbasi had another telephone conversation during which Dr. Berger asked for an in-person meeting with Mr. Abbasi. They agreed to meet in Dallas, Texas on April 28, 2006.

At the regular meeting of the board of Radiologix on April 24 and 25, 2006, Mr. Abbasi discussed with the board his calls with Dr. Berger. At the meeting, a financial advisor gave a presentation regarding financial alternatives available to Radiologix. The Radiologix board established a special committee to oversee management s exploring financial and strategic alternatives and developing recommendations relating to Radiologix s capital structure. Marvin S. Cadwell, Chairman of the Board, and Paul D. Farrell, Chairman of the Audit Committee, were appointed to the special committee.

On April 28, 2006, Mr. Abbasi and Dr. Berger met at Radiologix s offices in Dallas, Texas. At this meeting, Dr. Berger proposed that Primedex acquire Radiologix. Mr. Abbasi informed Dr. Berger that he would need to discuss this proposal with other members of Radiologix s senior management and the special committee of the Radiologix board**.** At the meeting, the parties discussed the possibility of a merger in general and that the consideration for the merger would include both cash and stock, although no discussions took place regarding a possible price or valuation of Radiologix.

On May 1, 2006, Mr. Abbasi spoke to Mr. Cadwell and Mr. Farrell, who authorized Mr. Abbasi to continue discussions with Dr. Berger. On May 3, 2006, Mr. Abbasi called Dr. Berger to set up a meeting on May 16 and 17, 2006, to further discuss Dr. Berger s proposal. Subsequent to the call, Dr. Berger updated the Primedex board members regarding his discussions with Mr. Abbasi and conferred with Jefferies concerning a proposed Radiologix acquisition. They each advised Dr. Berger that they believed it was worth pursuing and the members of the Board authorized Dr. Berger to continue discussions, enter a confidentiality agreement and/or retain a financial advisor.

On May 5, 2006, Radiologix and Primedex signed a confidentiality agreement.

On May 9, 2006, Primedex retained Jefferies & Company, Inc. as its financial advisor in connection with a possible transaction with Radiologix.

On May 10, 2006, after Mr. Abbasi again consulted with the special committee, Radiologix retained Bear Stearns to act as its financial advisor in connection with a possible transaction with Primedex.

On May 16, 2006, Dr. Berger and Mr. Abbasi met at Bear Stearns offices in New York City, New York. Dr. Berger said that Primedex was interested in acquiring Radiologix for stock and cash, however Dr. Berger did not make any suggestions as to a price that would be offered to Radiologix. Dr. Berger also informed Mr. Abbasi that to preserve Primedex s net operating loss carryforwards, there might be restrictions imposed on the number of shares of Primedex common stock that could be issued in the transaction.

On May 17, 2006, Messrs. Berger, Stolper and Abbasi along with representatives of Bear Stearns and Jefferies met to continue the negotiations. The parties discussed a timetable for the proposed acquisition. Dr. Berger proposed that Primedex acquire Radiologix for $30 million in cash and 18 million shares of Primedex common stock. At the completion of the meeting, Mr. Abbasi and Dr. Berger agreed to meet again in Dallas, Texas on May 23 and 24, 2006, at which time each of the parties would begin a due-diligence review.

On May 23 and 24, 2006 at Bear Stearns offices in Dallas, Texas, Messrs. Abbasi and Murdock gave Dr. Berger and Mr. Stolper a business and financial review of Radiologix.

On May 25, 2006, the Primedex board met to further discuss the transaction.

On May 25, 2006, Dr. Berger telephoned a representative of Bear Stearns and repeated his offer to acquire Radiologix for $30 million in cash and 18 million shares of Primedex common stock. The Bear Stearns representative relayed this information to Mr. Abbasi.

On May 26, 2006, Messrs. Abbasi and Murdock met with the special committee of the Radiologix board. The committee members authorized them to propose to Primedex a purchase price of $45 million in cash and more than 20 million shares of Primedex common stock. Mr. Abbasi telephoned Dr. Berger to convey this counteroffer. Dr. Berger conferred with certain members of the Primedex board and then responded that, subject to obtaining approval of Primedex s board, he would be willing to offer $44 million in cash and 18 million shares of Primedex common stock. In a telephonic meeting on May 26, 2006, Mr. Abbasi conveyed this new offer to the special committee. The special committee was receptive to this offer and requested that Bear Stearns do an in-depth analysis of the proposed transaction to be presented to the special committee and then to the Radiologix board.

On May 30, 2006, after consulting with certain members of the Primedex board, Dr. Berger telephoned a representative at Bear Stearns and modified Primedex s offer to $42.95 million in cash and 18.75 million shares of Primedex common stock.

In the morning of May 31, 2006, the Primedex board held a special meeting at which the status of the negotiations, as well as the financial impact of the proposed merger and a proposed letter of intent to be provided to Radiologix were discussed. Following the meeting, Dr. Berger proposed the offer, $42.95 million in cash and 18.75 million shares of Primedex common stock, in a letter to Mr. Abbasi. Mr. Abbasi conveyed this offer to the special committee, which met on June 5, 2006 with Bear Stearns, who presented a preliminary analysis of the proposed transaction. The special committee decided to recommend to the full board that Radiologix proceed with negotiations with Primedex concerning a possible acquisition.

At a special meeting of Radiologix s board on June 6, 2006, Mr. Abbasi and the special committee updated the board regarding the May 31, 2006 proposal letter and discussions with Primedex and Bear Stearns preliminary analysis of the proposal. In-house and outside counsel for Radiologix attended this special meeting. The Radiologix board authorized management to proceed with discussions with Primedex on the basis outlined in Primedex s May 31, 2006 letter. Later that day, Mr. Abbasi phoned Dr. Berger to inform him of the outcome of the Radiologix board meeting. Mr. Abbasi and Dr. Berger agreed that legal counsel should begin preparing a merger agreement.

From June 7 through 9, 2006, representatives of Primedex conducted legal due diligence at Radiologix s offices in Dallas, Texas.

On June 13, 2006, Dr. Berger provided Mr. Abbasi with an initial draft of the merger agreement, prepared by Sheppard Mullin Richter & Hampton LLP, Primedex s outside legal counsel.

On June 14, 2006, Mr. Abbasi met with Mr. Farrell to update him regarding the status of the merger negotiations.

On June 14, 2006, representatives of GE Healthcare Financial Services informed Mr. Abbasi and Dr. Berger that they had approval to commit $405 million of total financing to refinance the existing indebtedness of the combined companies, the cash portion of the purchase price and fees and expenses of the transaction.

On June 15, 2006, Mr. Abbasi, Dr. Berger and Mr. Stolper, and representatives of GE Healthcare Financial Services met with rating agencies in New York City to make a presentation regarding the proposed combination of Primedex and Radiologix.

On June 16, 2006, Dr. Berger met with Mr. Abbasi and Dr. Michael L. Sherman, a radiologist and member of Radiologix s board of directors, to discuss Primedex s structure and organization from a medical and operational perspective.

On June 17, 2006, Michael L. Silhol, Radiologix s General Counsel, and Mr. Abbasi attended a conference call with Dr. Berger, Jeffrey Linden, Primedex s General Counsel, and the parties legal advisors to discuss the initial draft of the merger agreement.

On June 19 and 20, 2006, Messrs. Abbasi and Murdock, Jeff Kent, Radiologix s Vice President, Legal, and representatives from Bear Stearns conducted business, legal and financial due diligence at Primedex Los Angeles offices.

At a special meeting of Radiologix s board on June 22, 2006, the board met with Radiologix s legal and financial advisors to discuss the proposed merger agreement and the results of the due-diligence investigation that had been conducted with respect to Primedex. Radiologix s outside legal counsel advised the board of directors of its fiduciary duties. The board recommended that Radiologix and its legal counsel continue negotiating the terms of the merger agreement.

On June 23, 2006, Mr. Abbasi telephoned Dr. Berger to update him regarding the board meeting and recommended that the parties attempt to sign the merger agreement by July 6, 2006. Dr. Berger agreed to the timing.

Between June 23 and July 6, Radiologix and its legal counsel and Primedex and its legal counsel continued to negotiate the terms of a definitive merger agreement.

On June 26, 2006, Mr. Abbasi telephoned a representative of Contrarian Capital Management, LLC, Radiologix s largest shareholder, to explain the proposed transaction, the merger consideration and proposed timing. The telephone call and all subsequent, related communications between Radiologix and Contrarian were governed by a confidentiality agreement that was signed by Contrarian on November 30, 2005. On June 27, 2006, the Contrarian representative telephoned Mr. Abbasi and indicated he was generally supportive of the proposed transaction but believed that Radiologix should ask Primedex to increase its offer price.

On June 27, 2006, the Primedex board held a special meeting. At the meeting, representatives of Jefferies reviewed with the Primedex board the financial terms of the proposed transaction. Outside legal counsel discussed the current draft of the merger agreement that had been delivered to the board members prior to the meeting.

On June 28, 2006, Messrs. Abbasi and Murdock, representatives from Bear Stearns, and Contrarian s representative had a telephonic meeting to discuss the proposed merger. During the meeting, the Contrarian representative again stated his view that Radiologix should receive more consideration in the merger. Messrs. Abbasi and Murdock then telephoned the special committee to convey Contrarian s views. The special committee recommended that Mr. Abbasi and a representative from Bear Stearns call Dr. Berger to discuss Contrarian s views regarding the proposed valuation of Radiologix.

On June 28, 2006, Mr. Abbasi and a representative from Bear Stearns telephoned Dr. Berger to update Dr. Berger on Mr. Abbasi s discussions with Contrarian regarding the proposed merger. Mr. Abbasi also expressed concerns about moving forward without Contrarian s support. Dr. Berger telephoned Mr. Abbasi later that day and informed him that he would discuss a possible revision to the offer with Primedex s board and financial advisors.

At a special meeting of the Radiologix board on June 30, 2006, the board discussed the status of merger negotiations. The board also discussed the possibility that, pursuant to the draft merger agreement delivered by Primedex, Contrarian enter into a voting agreement. Mr. Abbasi telephoned Contrarian s representative later that day to discuss the possibility of Contrarian entering into a voting agreement.

On June 30, 2006, the Primedex board held a special meeting to discuss the status of the merger and the position of Contrarian. The Primedex board approved an increase in the purchase price for the acquisition of Radiologix. Representatives of Jefferies provided the board with a presentation based upon the increased consideration to Radiologix. Outside legal counsel to Primedex discussed revisions in the merger agreement and the conditions to closing.

On July 3, 2006, Mr. Abbasi telephoned the Contrarian representative that Primedex had revised its offer to $42.95 million and 22,621,922 shares of Primedex s common stock. Contrarian agreed to execute a voting agreement in support of the merger.

On July 6, 2006, the board of directors of Primedex met and approved the terms of the merger agreement. During the meeting, Dr. Berger updated the Primedex board of directors on developments since that last meeting. 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. Primedex s legal counsel then reviewed the terms and conditions of the most recent draft of the merger agreement, a copy of which had been provided to the board of directors. After discussion, Primedex s board of directors unanimously approved the merger agreement and the terms and conditions of the merger.

On July 6, 2006, the Radiologix board also met to consider the proposed acquisition upon the terms set forth in the definitive merger agreement. During this meeting, Mr. Abbasi updated the Radiologix board of directors on developments since the June 30 meeting. Radiologix s outside legal counsel advised the board of directors of its fiduciary duties and discussed other legal and regulatory matters with the board of directors. The Radiologix board of directors was apprised of the interests of certain members of management in the transaction. Bear Stearns reviewed its financial analysis of the proposed transaction with Primedex and delivered its oral opinion, later confirmed in writing, to the effect that, as of that date and based upon and subject to the factors, assumptions and limitations set forth in the opinion, the merger consideration was fair, from a financial point of view, to the holders of Radiologix common stock. Radiologix s legal counsel then reviewed the terms and conditions of the most recent draft of the merger agreement, a copy of which had been provided to the board of directors.

After extensive discussion and deliberation relating to the proposed transaction, Radiologix s board of directors unanimously approved and declared advisable the merger agreement and the terms and conditions of the merger and determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of Radiologix and its stockholders.

Thereafter, Radiologix and Primedex and their advisors finalized the documentation for the transaction for execution and the parties signed the merger agreement.

Radiologix and Primedex publicly announced the transaction through the issuance of a press release on July 7, 2006.

Radiologix s Reasons for the Merger and Recommendation of Radiologix s Board of Directors

At a special meeting of Radiologix s board of directors on July 6, 2006, after careful consideration, including consultation with financial and legal advisors, Radiologix s board of directors unanimously determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of Radiologix and its stockholders. Radiologix s board of directors unanimously approved and declared advisable the merger agreement and the terms and conditions of the merger and recommends that Radiologix s stockholders vote FOR the adoption of the merger agreement.

In reaching its decision to approve the merger agreement and to recommend that Radiologix stockholders vote to adopt the merger agreement, Radiologix s board of directors consulted Messrs. Abbasi, Murdock and Silhol, members of Radiologix s senior management, Radiologix s financial advisors and legal counsel, reviewed a significant amount of information and considered a number of factors, including, among others, the following:

- the business, competitive position, strategy and prospects of Radiologix, which Radiologix s board believed had been severely impacted by the Deficit Reduction Act of 2005 (the DRA) signed into law on February 8, 2006, the position of current and likely competitors of Radiologix, including the possibility that Primedex or other diagnostic imaging service company might acquire a competitor or otherwise enter the market; and current industry, economic and market conditions, which Radiologix s board considered to be favorable but subject to the risk of deterioration;

- the total consideration per share of $1.84 cash and one share of Primedex stock, valued together at a total per share consideration of $3.59, to be paid as merger consideration in relation to the then-current market price of Radiologix shares and the fact that the $3.59 total value per share of merger consideration represents a significant premium to historical trading prices of Radiologix common stock, including a premium of 59.5% over the $2.25 closing price of Radiologix common stock on July 6, 2006;

- the financial analysis presented by representatives of Bear Stearns, as well as the opinion of Bear Stearns to the effect that, as of July 6, 2006, and based upon and subject to the factors, assumptions and limitations set forth in the opinion, the merger consideration was fair, from a financial point of view, to the holders of Radiologix common stock;

- the value of the consideration to be received by Radiologix stockholders and the fact that a portion of the consideration would be paid in cash, which provides certainty and immediate value to Radiologix s stockholders;

- the operational benefits that may result from the transaction, including the creation of a strong national competitor in the imaging industry, which will allow entry into new geographic markets, and the diversification of payors;

- the financial benefits, including the significant cost synergies that may be realized without closing any imaging centers and the increased exposure to analysts and the broader investment community that comes with an increased size;

- that given its size and concentration in markets, the combined company will be more attractive to payors as a provider of imaging services;

- that the transaction will increase the combined company s attractiveness to potential employees and improve employee retention;

- the fact that the transaction will result in a combination of the industry s premier and most experienced management teams;

- the opportunity to explore capitated contracts in new geographic areas;

- the possible alternatives to the merger (including the possibility of continuing to operate Radiologix as an independent entity, the possibility of seeking a superior offer from a potential buyer other than Primedex, and the desirability and perceived risks of those alternatives), the range of potential benefits to Radiologix s stockholders of the possible alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, the risk, which was perceived to be significant, of losing Primedex s offer if Radiologix sought another offer, and Radiologix s board of directors assessment that none of such alternatives were reasonably likely to present superior opportunities for Radiologix or to create greater value for its stockholders, taking into account risks of execution as well as business, competitive, industry and market risks, than the merger;

- that under the terms of the merger agreement, Radiologix can furnish information to, and negotiate with, a third party in response to an unsolicited bona fide acquisition proposal that Radiologix s board of directors concludes in good faith is, or is reasonably likely to become, a superior offer and accept a superior offer should one be made and not matched by Primedex, upon payment to Primedex of a termination fee of $3.0 million and reimbursement of expenses up to $1.0 million; and

- the likelihood that the proposed acquisition would be completed in light of the conditions to closing in the merger agreement, and financial capabilities and reputation of Primedex.

In the course of its deliberations, Radiologix s board of directors also considered a variety of risks and other potentially negative factors, including the following:

- Radiologix will no longer exist as an independent public company and Radiologix stockholders will forgo any future increase in Radiologix s value that might result from its possible growth;

- the risks and contingencies related to the announcement and pendency of the merger, including the impact of the merger on Radiologix s employees, customers and its relationships with third parties;

- the assessment of management that further discussion was unlikely to cause Primedex to increase its valuation for Radiologix;

- the assessment of management and its legal counsel that, based on negotiations with Primedex, it was unlikely that additional discussions with Primedex would yield significantly more favorable contractual terms in the near term;

- the conditions to Primedex s obligation to complete the merger and the right of Primedex to terminate the merger agreement in certain circumstances described under The Merger Agreement Termination of the Merger Agreement on page 152;

- that under the terms of the merger agreement, Radiologix cannot solicit other acquisition proposals and must pay to Primedex a termination fee of $3.0 million plus up to $1.0 million of expenses if the merger agreement is terminated under certain circumstances;

- that the income realized by stockholders as a result of the merger will be taxable to Radiologix s stockholders;

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- the interests that certain directors and executive officers of Radiologix may have in the merger, in addition to their interests as stockholders of Radiologix generally, as described in The Merger Interests of Radiologix s Executive Officers and Directors in the Merger beginning on page 126; and

- that, pursuant to the merger agreement, Radiologix must generally conduct its business in the ordinary course and Radiologix is subject to a variety of other restrictions on the conduct of its business prior to closing of the merger or termination of the merger agreement, which may delay or prevent Radiologix from pursuing business opportunities that may arise or preclude actions that would be advisable if Radiologix were to remain an independent company.

Radiologix s board of directors did not assign any particular weight or rank to any of the positive or potentially negative factors or risks discussed in this section, and Radiologix s board of directors carefully considered all of these factors as a whole in reaching its determination and recommendation.

Primedex s Reasons for the Merger and Recommendation of Primedex s Board of Directors

Primedex s board of directors has approved the merger agreement and determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Primedex and its stockholders. Primedex s board of directors recommends that Primedex stockholders vote FOR adopting the merger agreement and approving the merger and issuance of Primedex common stock pursuant to the terms of the merger agreement at the Primedex special meeting.

In reaching its conclusion to approve the merger and the related transactions and to recommend that Primedex stockholders adopt the merger agreement and approve the merger and issuance of Primedex common stock pursuant to the terms of the merger agreement, the Primedex board consulted Primedex s senior management, its financial advisors and legal counsel, reviewed a significant amount of information and considered the following factors as supporting its decision to enter into the merger agreement.

Strategic Considerations

Primedex s board believes that the merger with Radiologix will provide a number of significant strategic opportunities and benefits, including the following, all of which it viewed as supporting its decision to approve the merger with Radiologix:

- The merger is expected to create the largest owner and operator of fixed site diagnostic imaging centers in the United States, with 134 locations, including 83 centers in California, 31 centers in Maryland, 12 centers in New York and 8 centers in other states, including Florida, Kansas, Colorado and Minnesota.

- The merger will provide Primedex with 18 additional imaging locations in California. These additional centers are in markets, except for San Francisco, where Primedex currently has no presence, thereby expanding the markets and customer base it serves.

- The merger will provide Primedex with a platform for expansion in the future. By creating a national platform, Primedex will also have greater recognition in the debt and equity capital markets, making it potentially easier to access capital in the future.

- Primedex s board of directors also considered management s view that the combined companies should produce cost synergies of approximately $11 million on an annual basis, resulting from elimination of duplicative corporate overhead. While these synergies reflect management s estimates, the Primedex board of directors recognized that there could be no assurance that they would be achieved. In addition, the potential to realize greater synergies represents an additional factor considered by Primedex s board.

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- The merger will allow Primedex to expand its presence in California, and will give Primedex a concentrated platform outside of California that it plans to optimize and grow.

- The merger will allow Primedex to further its strategies of geographic clustering, exclusive capitation contracting and multi-modality product offerings on a national scale.

- Primedex s board considered that Primedex will be able to augment its talent pool with the most capable managers from Radiologix.

Other Factors Considered by the Primedex Board

In addition to considering the strategic factors outlined above, the Primedex board considered the following additional factors, all of which it viewed as supporting its decision to approve the merger with Radiologix:

- comparisons of historical information concerning Radiologix s and Primedex s respective businesses, financial performance and condition, operations, management, competitive positions and stock performance, which the members of the board used to inform themselves of the relative values of Primedex, Radiologix and the combined companies;

- the results of the due diligence review of Radiologix s businesses and operations;

- management s assessment that the proposed merger was likely to meet the criteria they deemed necessary for a successful merger strategic fit, acceptable execution risk, and financial benefits to Primedex and Primedex s stockholders;

- the current and prospective competitive environment in which companies such as Primedex operate;

- the terms and conditions of the merger agreement, including:

- the limited number and nature of the conditions to Radiologix s obligation to consummate the merger and the limited risk of non-satisfaction of such conditions; and

- that Primedex may be entitled to receive a $3 million termination fee from Radiologix if the merger is not consummated for certain reasons;

- the likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary antitrust and other regulatory approvals without unacceptable conditions on a timely basis.

- the financial analysis presented by representatives of Jefferies, as well as the opinion of Jefferies to the effect that, as of July 6, 2006, and based upon and subject to the factors, assumptions and limitations set forth in the opinion, the aggregate merger consideration was fair, from a financial point of view, to Primedex;

Potential Risks Considered by the Primedex Board

Primedex s board of directors also considered the potential risks of the merger and potential conflicts of interest, including the following:

- the challenges of combining the operations of two diagnostic imaging services businesses and effecting cultural changes;

- the possible disruptions from anticipated workforce reductions to be implemented as part of the merger integration plan;

- the risk that anticipated operating profit synergies and cost savings will not be achieved (or the risk that cost savings will adversely affect operating profits);

- the challenge of offsetting the impact of DRA with savings to be achieved through the economics of the reorganization;

- the one-time costs of the acquisition, including transaction costs of $13.5 million and financing costs of $9.2 million spread over a six to seven-year period;

- the costs of the acquisition and integration related to severance of terminated employees and retention of certain employees, which management estimated at approximately $2.6 million;

- the risk that Primedex will have to reimburse Radiologix its expenses up to $1 million if the merger agreement is terminated under certain circumstances;

- the potential dilution to Primedex s stockholders; and

- the risk of diverting management s attention from other strategic priorities to implement merger integration efforts.

The foregoing discussion of the information and factors considered by Primedex s board of directors is not meant to be exhaustive but is believed to include all material factors considered by it in connection with its determination that the terms of the merger agreement, including the issuance of Primedex common stock in the merger, are advisable and in the best interests of Primedex and its stockholders. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Primedex board did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, individual members of the Primedex board may have given different weight to different factors. The Primedex board conducted an overall analysis of the factors described above, including thorough discussions with, and questioning of, Primedex s management and Primedex s legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

Opinions of Our Financial Advisors

Bear Stearns

Pursuant to an engagement letter dated May 16, 2006, Radiologix retained Bear Stearns to act as its financial advisor with respect to a possible merger with Primedex. In selecting Bear Stearns, Radiologix s board of directors considered, among other things, the fact that Bear Stearns is an internationally recognized investment banking firm with substantial experience advising companies in the healthcare industry as well as substantial experience providing strategic advisory services. Bear Stearns, as part of its investment banking business, is continuously engaged in the evaluation of businesses and their debt and equity securities in connection with mergers and acquisitions, underwritings, private placements and other securities offerings, senior credit financings, valuations, and general corporate advisory services.

At the July 6, 2006 meeting of Radiologix s board of directors, Bear Stearns delivered its oral opinion, which was subsequently confirmed in writing, that, as of July 6, 2006, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the merger consideration to be received was fair, from a financial point of view, to the stockholders of Radiologix.

The full text of Bear Stearns written opinion is attached as *Annex C* to this proxy statement and you should read the opinion carefully and in its entirety. The opinion sets forth the assumptions made, some of the matters considered and qualifications to and limitations of the review undertaken by Bear Stearns. The Bear Stearns opinion is subject to the assumptions and conditions contained therein and is necessarily based on economic, market and other conditions and the information made available to Bear Stearns as of the date of the Bear Stearns opinion.

In reading the discussion of the fairness opinion set forth below, you should be aware that Bear Stearns opinion:

- was provided to Radiologix s board of directors for its benefit and use;
- did not constitute a recommendation to the board of directors of Radiologix or any shareholder of Radiologix as to how to vote in connection with the merger or otherwise; and
- did not address Radiologix s underlying business decision to pursue the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Radiologix, the financing of the merger or the effects of any other transaction in which Radiologix might engage.

Radiologix did not provide specific instructions to, or place any limitations on, Bear Stearns with respect to the procedures to be followed or factors to be considered by it in performing its analyses or providing its opinion.

In connection with rendering its opinion, Bear Stearns:

- reviewed the merger agreement in substantially final form;
- reviewed Radiologix s Annual Reports to Stockholders and Annual Reports on Form 10-K for the years ended December 31, 2003, 2004 and 2005, its Quarterly Report on Form 10-Q for the period ended March 31, 2006 and its Current Reports on Form 8-K filed since December 31, 2005;
- reviewed Primedex s Annual Reports to Stockholders and Annual Reports on Form 10-K for the years ended October 31, 2003, 2004 and 2005, its Quarterly Reports on Form 10-Q for the periods ended January 31, 2006 and April 30, 2006 and its Current Reports on Form 8-K filed since October 31, 2005;
- reviewed operating and financial information relating to Radiologix s businesses and prospects, including projections for the five years ending December 31, 2010, all as prepared and provided to Bear Stearns by Radiologix s management;
- reviewed operating and financial information relating to Primedex s businesses and prospects, including projections for the five years ended December 31, 2010, all as prepared and provided to Bear Stearns by Primedex s management and as reviewed by Radiologix s management;
- reviewed estimates of cost savings expected to result from the merger, including costs to obtain the cost savings (collectively, the potential synergies), all as prepared and provided to Bear Stearns by Radiologix s and Primedex s management;
- met with members of Radiologix s senior management to discuss Radiologix s businesses, operations, historical and estimated financial results and future prospects;
- met with members of Primedex s senior management to discuss Primedex s businesses, operations, historical and estimated financial results and future prospects;
- reviewed the historical prices, trading multiples and trading volumes of the common shares of Radiologix and Primedex;

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- reviewed publicly available financial data, stock market performance data and trading multiples of companies which Bear Stearns deemed generally comparable to Radiologix and Primedex;
- reviewed the terms of recent mergers and acquisitions involving companies that Bear Stearns deemed generally comparable to Radiologix;
- performed discounted cash flow analyses based on the Radiologix projections, Primedex projections and potential synergies;
- reviewed the pro forma financial results, financial condition and capitalization of Primedex giving effect to the merger; and
- conducted such other studies, analyses, inquiries and investigations as Bear Stearns deemed appropriate.

Bear Stearns relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information provided to or discussed with it by Radiologix and Primedex or obtained by it from public sources, including, without limitation, the projections and potential synergies referred to above. With respect to the projections and potential synergies, Bear Stearns relied on representations that they were reasonably prepared on bases reflecting the best then available estimates and judgments of the senior management of each of Radiologix and Primedex, respectively, as to the expected future performance of Radiologix and Primedex. Bear Stearns did not assume any responsibility for the independent verification of any such information, including, without limitation, the projections and potential synergies, and Bear Stearns further relied upon the assurances of the senior management of each of Radiologix and Primedex that they are unaware of any facts that would make the information, projections and potential synergies incomplete or misleading.

In arriving at its opinion, Bear Stearns did not perform or obtain any independent appraisal of the assets or liabilities (contingent or otherwise) of Radiologix and Primedex, nor was Bear Stearns furnished with any such appraisals. Bear Stearns assumed that the transactions contemplated by the merger agreement will be consummated in a timely manner and in accordance with the terms of the merger agreement without any limitations, restrictions, conditions, amendments or modifications, regulatory or otherwise, that collectively would have a material effect on Radiologix or Primedex.

Bear Stearns did not express any opinion as to the price or range of prices at which the shares of common stock of Radiologix or Primedex may trade subsequent to the announcement or consummation of the merger.

The following is a brief summary of the material financial analyses performed by Bear Stearns and presented to Radiologix s board of directors in connection with rendering its fairness opinion.

Some of the financial analyses summarized below include summary data and information presented in tabular format. In order to understand fully the financial analyses, the summary data and tables must be read together with the full text of the analyses. Considering the summary data and tables alone could create a misleading or incomplete view of Bear Stearns financial analyses.

Discounted Cash Flow Analysis. Based on cash flow projections for Radiologix, Primedex and potential synergies, Bear Stearns performed a discounted cash flow analysis to assist the Radiologix board of directors in valuing Radiologix, Primedex and the pro forma combined company.

Bear Stearns performed a discounted cash flow analysis assuming:

- for Radiologix, a range of illustrative discount rates of 12% to 15% and a range of terminal EBITDA multiples (based on estimated 2010 EBITDA) of 5.5x to 6.5x;

- for Primedex, a range of illustrative discount rates of 12% to 15% and a range of terminal EBITDA multiples (based on estimated 2010 EBITDA) of 6.0x to 7.0x; and

- for potential synergies, a range of illustrative discount rates of 12% to 15% and a range of terminal EBITDA multiples (based on estimated 2010 EBITDA) of 5.5x to 6.5x.

Discounted cash flow valuations were calculated for Radiologix on a stand-alone basis using the projections provided to Bear Stearns by Radiologix management along with the assumptions noted above. Bear Stearns derived a range of implied equity values and share prices for Radiologix as follows:

	Range	
	Low	**High**
Radiologix Stand-Alone		
Implied Equity Value ($M)	$ 38.9	$ 82.1
Implied Share Price	$ 1.75	$ 3.66

Discounted cash flow valuations were calculated for Primedex on a stand-alone basis using the projections provided to Bear Stearns by Primedex management along with the assumptions noted above. Bear Stearns derived a range of implied equity values and share prices for Primedex as follows:

	Range	
	Low	**High**
Primedex Stand-Alone		
Implied Equity Value ($M)	$ 76.9	$ 134.6
Implied Share Price	$ 1.56	$ 2.63

Discounted cash flow valuations were calculated for the pro forma combined company, both including and excluding potential synergies, using the individual company projections and potential synergies, all provided to Bear Stearns by Radiologix and Primedex management, along with the assumptions noted above. Bear Stearns derived a range of implied share prices for the pro forma combined company as follows:

	Range	
	Low	**High**
Pro Forma Combined Company		
Implied Share Price, excluding potential synergies	$ 0.67	$ 2.06
Implied Share Price, including potential synergies	1.38	2.94

The implied value of the merger consideration to be received by stockholders were calculated based on the discounted cash flow valuations for the pro forma combined company, both including and excluding potential synergies, as shown in the table above. Bear Stearns derived a range of implied values of the merger consideration per Radiologix share as follows:

	Range	
	Low	**High**
Implied Value Per Radiologix Share		
Excluding potential synergies	$ 2.51	$ 3.90
Including potential synergies	3.22	4.78

Comparable Public Companies Analysis. Bear Stearns performed a comparable public companies analysis to assist the Radiologix board of directors in valuing Radiologix based on various financial multiples of selected comparable public companies in the diagnostic imaging industry. In performing this analysis, Bear Stearns reviewed financial information relating to Radiologix and compared this

information to the corresponding financial information of publicly-traded diagnostic imaging companies, which Bear Stearns deemed to be generally comparable to Radiologix.

Bear Stearns compared the projected financial performance and the resulting multiples of Radiologix as of June 30, 2006, at the transaction price based on Primedex closing stock price as of June 30, 2006, and at the transaction price based on Primedex one month average closing stock price as of June 30, 2006, to two publicly-traded companies, which are providers of diagnostic imaging services and were deemed by Bear Stearns to be generally comparable to Radiologix. These publicly-traded comparable companies consisted of:

- Alliance Imaging, Inc.
- Primedex Health Systems, Inc.

Using publicly available information and market data as of June 30, 2006, and in the case of Radiologix and Primedex, information based on Radiologix and Primedex management estimates and using Wall Street research projections for revenue, EBITDA, EBIT and EBITDA CapEx for Alliance Imaging, Bear Stearns calculated the following harmonic mean multiples for the above publicly-traded comparable companies:

	LTM	2006E	2007E
Primary Comparable Companies			
Harmonic Mean Multiples:			
Enterprise Value/Revenue	1.8 x	1.8 x	1.7 x
Enterprise Value/EBITDA	6.4	6.5	5.9
Enterprise Value/EBIT	13.5	15.0	12.5
Enterprise Value/EBITDA CapEx	10.6	11.8	8.5
Radiologix at Market Multiples:			
Enterprise Value/Revenue	0.7 x	0.7 x	0.7 x
Enterprise Value/EBITDA	4.0	3.9	5.1
Enterprise Value/EBIT	8.5	7.8	12.6
Enterprise Value/EBITDA CapEx	12.7	5.9	8.7
Radiologix at Deal Multiples:			
(Primedex at Current Price)			
Enterprise Value/Revenue	0.8 x	0.8 x	0.8 x
Enterprise Value/EBITDA	4.7	4.5	5.9
Enterprise Value/EBIT	9.9	9.1	14.6
Enterprise Value/EBITDA CapEx	14.8	6.9	10.1
Radiologix at Deal Multiples:			
(Primedex at One Month Average)			
Enterprise Value/Revenue	0.8 x	0.8 x	0.8 x
Enterprise Value/EBITDA	4.7	4.5	5.8
Enterprise Value/EBIT	9.8	9.0	14.5
Enterprise Value/EBITDA CapEx	14.7	6.8	10.0

Bear Stearns noted that the Deficit Reduction Act of 2005 (the DRA) signed into law on February 8, 2006 is expected to result in reimbursement reductions for certain imaging services provided by Radiologix and to have a significant negative effect on Radiologix s business and earnings in 2007 and beyond. Due to the negative impact of the DRA on Radiologix, Bear Stearns took into specific consideration the 2007 multiples and focused more on 2007 multiples than on LTM or 2006 multiples.

In addition to the primary set of comparable companies, Bear Stearns reviewed valuation multiples of a secondary set of publicly-traded comparable companies, which are health care service companies that operate via facilities and deliver health care services at multiple sites. These publicly-traded comparable companies consisted of:

- Allion Healthcare, Inc.
- HealthTronics, Inc.
- Rehabcare Group, Inc.
- US Physical Therapy, Inc.

Using publicly available information and market data as of June 30, 2006, and using Wall Street research projections for revenue, EBITDA, EBIT and EBITDA CapEx, Bear Stearns calculated the following harmonic mean multiples for the above publicly-traded comparable companies:

	LTM	2006E	2007E
Secondary Comparable Companies			
Harmonic Mean Multiples:			
Enterprise Value/Revenue	0.9 x	0.7 x	0.5 x
Enterprise Value/EBITDA	9.8	5.9	4.5
Enterprise Value/EBIT	9.7	9.0	6.6
Enterprise Value/EBITDA CapEx	17.1	9.1	7.1

The multiples of the secondary comparable companies should be compared to the Radiologix multiples included in the primary comparable companies table above.

Harmonic mean is calculated by taking the inverse of the average reciprocals of the multiples and gives equal weight to equal dollar investments in securities whose ratios are being averaged. Bear Stearns utilizes the harmonic mean in averaging ratios in which value is the numerator. Enterprise Value is calculated as the sum of the value of the common equity on a fully diluted basis and the value of the net debt, minority interest and preferred stock. EBITDA is a company s earnings before interest, taxes, depreciation and amortization. EBIT is a company s earnings before interest and taxes. CapEx is a company s expenditures on property, plant and equipment. Radiologix at Market is defined as Radiologix s enterprise value and share price based on the closing share price of the Radiologix common stock as of June 30, 2006. Radiologix at Deal is defined as Radiologix enterprise value and share price based on the merger consideration plus the value of Radiologix s net debt and minority interest. Primedex at Current Price is defined as the closing share price of the Primedex common stock as of June 30, 2006. Primedex at One Month Average is defined as the one month average closing share price of the Primedex common stock as of June 30, 2006. LTM refers to the latest twelve months of publicly reported activity.

Precedent M&A Transaction Analysis. Bear Stearns performed a precedent transactions analysis to assist the Radiologix board of directors in valuing Radiologix based on various financial multiples of selected comparable precedent transactions in the diagnostic imaging industry. In performing this analysis, Bear Stearns reviewed financial information relating to Radiologix and compared this information to the corresponding financial information of precedent transactions involving diagnostic imaging companies which Bear Stearns deemed to be generally comparable to Radiologix. These comparable precedent transactions consisted of:

Date Announced	Target	Acquiror
04/05/05	Diagnostic Imaging Group LLC	Evercore Partners
08/15/02	MedQuest Associates, Inc.	JPMorgan Partners
06/30/01	Insight Health Services Corp.	J.W. Chiles Associates; Halifax Group
09/14/99	Alliance Imaging Inc.	Kohlberg Kravis Roberts & Co.
10/14/97	Insight Health Services Corp.	The Carlyle Group

Using publicly available information, and in the case of Radiologix, information based on Radiologix management estimates, for revenue, EBITDA and EBITDA CapEx, Bear Stearns calculated the following harmonic mean multiples for the above comparable precedent transactions:

	LTM	CY	CY+1
Precedent Transactions Harmonic Mean Multiples:			
Enterprise Value/Revenue	2.0 x	2.1 x	2.0 x
Enterprise Value/EBITDA	6.9	6.1	5.9
Enterprise Value/EBITDA CapEx	11.9	9.2	10.6
Radiologix at Market Multiples:			
Enterprise Value/Revenue	0.7 x	0.7 x	0.7 x
Enterprise Value/EBITDA	4.0	3.9	5.1
Enterprise Value/EBITDA CapEx	12.7	5.9	8.7
Radiologix at Deal Multiples: (Primedex at Current Price)			
Enterprise Value/Revenue	0.8 x	0.8 x	0.8 x
Enterprise Value/EBITDA	4.7	4.5	5.9
Enterprise Value/EBITDA CapEx	14.8	6.9	10.1
Radiologix at Deal Multiples: (Primedex at One Month Average)			
Enterprise Value/Revenue	0.8 x	0.8 x	0.8 x
Enterprise Value/EBITDA	4.7	4.5	5.8
Enterprise Value/EBITDA CapEx	14.7	6.8	10.0

CY refers to the fiscal year in which the transaction was consummated. CY+1 refers to the fiscal year ending after the fiscal year in which the transaction was consummated.

Due to the negative effects of the DRA on Radiologix, Bear Stearns took into specific consideration, and focused more on the CY+1 multiples than on the LTM or CY multiples

Contribution Analysis. Bear Stearns performed a contribution analysis to assist the Radiologix board of directors in valuing Radiologix based on the relative contribution by each company to the combined pro forma entity. In performing the analysis, Bear Stearns used the financial projections and potential synergies provided to Bear Stearns by Radiologix and Primedex management. Bear Stearns calculated the

relative contribution by both Radiologix and Primedex to the combined entity with respect to the enterprise value and equity value based on the value of the merger consideration and Primedex s closing stock price as of June 30, 2006 and projected financial data including revenue, EBITDA, EBITDA CapEx, EBIT and net income with and without giving effect to the potential synergies. Bear Stearns noted that this analysis assumes a hypothetical 100% stock transaction in lieu of the actual merger consideration.

The following tables illustrate the relative contribution to revenue, EBITDA, EBITDA CapEx, EBIT and net income by both Radiologix and Primedex, without the potential synergies, to the combined company:

	% of Contribution	
	Primedex	**Radiologix**
Enterprise Value	**54.4 %**	**45.6 %**
Revenue		
2007E	40.7	59.3
2008E	41.1	58.9
2009E	41.6	58.4
EBITDA		
2007E	52.6	47.4
2008E	53.3	46.7
2009E	53.9	46.1
EBITDA CapEx		
2007E	58.8	41.2
2008E	58.8	41.2
2009E	58.9	41.1
EBIT		
2007E	62.3	37.7
2008E	60.4	39.6
2009E	61.6	38.4
Equity Value	**51.3 %**	**48.7 %**
Net Income		
2007E	100.0	NM
2008E	100.0	NM
2009E	83.7	16.3

The following table illustrates the relative contribution to revenue, EBITDA, EBITDA CapEx, EBIT and net income by both Radiologix and Primedex, with the potential synergies, to the combined company:

	% of Contribution		
	Primedex	**Radiologix**	**Potential Synergies**
Enterprise Value	**54.4 %**	**45.6 %**	**NA**
Revenue			
2007E	40.7	59.3	NA
2008E	41.1	58.9	NA
2009E	41.6	58.4	NA
EBITDA			
2007E	51.8	46.6	1.6 %
2008E	46.9	41.1	12.0
2009E	47.7	40.9	11.4
EBITDA CapEx			
2007E	57.5	40.3	2.3
2008E	49.1	34.3	16.6
2009E	49.7	34.7	15.6
EBIT			
2007E	60.4	36.5	3.0
2008E	48.5	31.8	19.7
2009E	50.3	31.4	18.3
Equity Value	**51.3 %**	**48.7 %**	**NA**
Net Income			
2007E	89.0	0.0	11.0 %
2008E	59.1	0.0	40.9
2009E	59.8	11.6	28.6

Pro Forma Transaction Analysis. Bear Stearns performed a pro forma transaction analysis to assist the Radiologix board of directors in analyzing the financial impact of the transaction to the holders of Radiologix common stock based on the following, among other items:

- Primedex finances the merger consideration with $42.95 million in cash and 22.6 million shares of newly issued Primedex stock;
- Primedex refinances substantially all of Radiologix s and Primedex s existing debt with a $405 million credit facility underwritten by GE Healthcare Financial Services; and
- the financial projections and potential synergies provided to Bear Stearns by Primedex and Radiologix management.

The following table shows the projected per share accretion / (dilution) to Primedex pro forma earnings including the potential synergies:

	2007E	**2008E**	**2009E**
Accretion / (Dilution) to Primedex Earnings Per Share	$ (0.12)	$ 0.05	$ 0.05

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Miscellaneous. The preparation of a fairness opinion is a complex process and involves various judgments and determinations as to the most appropriate and relevant assumptions and financial analyses and the application of those methods to the particular circumstances involved. Such an opinion is therefore not readily susceptible to partial analysis or summary description, and taking portions of the analyses set out above, without considering the analysis as a whole, would in the view of Bear Stearns, create an incomplete and misleading picture of the processes underlying the analyses considered in rendering the Bear Stearns opinion. Bear Stearns based its analysis on assumptions that it deemed reasonable, including assumptions concerning general business and economic conditions and industry-specific factors. Bear Stearns did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support the Bear Stearns opinion. In arriving at its opinion, Bear Stearns considered the results of all its analyses and did not attribute any particular weight to any one analysis or factor. Bear Stearns arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and believes that the totality of the factors considered and analyses performed by Bear Stearns in connection with its opinion operated collectively to support its determination as to the fairness of the merger consideration to be received by the stockholders of Radiologix. The analyses performed by Bear Stearns, particularly those based on estimates and projections, are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. None of the public companies used in the comparable companies analysis described above are identical to Radiologix, and none of the precedent transactions used in the precedent transactions analysis described above are identical to the merger. Accordingly, an analysis of publicly traded comparable companies and comparable precedent transactions is not mathematical; rather it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies and precedent transactions and other factors that could affect the value of Radiologix and the public trading values of the companies and precedent transactions to which they were compared. The analyses do not purport to be appraisals or to reflect the prices at which any securities may trade at the present time or at any time in the future.

The Bear Stearns opinion was just one of the many factors taken into consideration by Radiologix s board of directors. Consequently, Bear Stearns analysis should not be viewed as determinative of the decision of Radiologix s board of directors with respect to the fairness of the aggregate consideration to be received, from a financial point of view, by the stockholders of Radiologix.

Pursuant to the terms of Bear Stearns engagement letter, Radiologix has agreed to pay Bear Stearns a transaction fee of 1.10% of the total aggregate value of the consideration paid to Radiologix stockholders in connection with the transaction contemplated by the merger agreement (or approximately $2,200,000), a substantial portion of which is payable upon consummation of the transaction contemplated by the merger agreement. In addition, Radiologix has agreed to reimburse Bear Stearns for reasonable out-of-pocket expenses incurred by Bear Stearns in connection with its engagement and the transactions contemplated by the merger agreement, including reasonable fees and disbursements of its legal counsel. Radiologix has agreed to indemnify Bear Stearns against certain liabilities arising out of or in connection with Bear Stearns engagement.

The inclusion of the Bear Stearns opinion in this proxy statement as *Annex C* to this proxy statement and the related disclosure in this section of the proxy statement titled The Merger Opinions of our Financial Advisors are permitted under the engagement letter between Radiologix and Bear Stearns.

Bear Stearns may seek to provide Primedex, or its affiliates, investment banking and other services in the future, for which Bear Stearns would expect to receive customary fees. In the ordinary course of business, Bear Stearns and its affiliates may actively trade the equity and debt securities and/or bank debt of Radiologix and/or Primedex and their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or bank debt.

Jefferies & Company, Inc.

Primedex engaged Jefferies & Company, Inc. to serve as Primedex s financial advisor in connection with the merger and to render an opinion to Primedex s board of directors as to the fairness, from a financial point of view, to Primedex of the aggregate merger consideration to be paid by Primedex pursuant to the merger. Jefferies is an internationally recognized investment banking and advisory firm. Jefferies, as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, financial restructurings and other financial services.

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*. Primedex and its board of directors encourage Primedex shareholders to read the Jefferies opinion carefully and in its entirety. The summary of the Jefferies opinion in the joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the Jefferies opinion. **The Jefferies opinion was provided to Primedex s board of directors in connection with its consideration of the merger and addresses only the fairness, from a financial point of view, to Primedex, as of the date of the Jefferies opinion, of the aggregate merger consideration of 22,621,922 shares of Primedex common stock and $42.95 million in cash to be paid by Primedex, and does not address any other aspect 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.**

In connection with its opinion, Jefferies, among other things:

- reviewed a draft of the merger agreement dated as of July 5, 2006, which for purposes of its opinion, Jefferies assumed to be identical in all material respects to the definitive merger agreement;

- reviewed Primedex s and Radiologix s respective operations and prospects;

- reviewed certain financial and other information about Primedex and Radiologix that was publicly available;

- reviewed information concerning Primedex furnished by Primedex, including certain internal financial forecasts, financial analyses, budgets, reports and other information, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the merger (which are referred to as the expected synergies);

- reviewed information concerning Radiologix furnished by Radiologix, including certain internal financial forecasts, financial analyses, budgets, reports and other information, as well as financial forecasts of Radiologix that were prepared by the management of Primedex;

- held discussions with senior management of Primedex and Radiologix concerning historical and current operations, financial conditions and prospects, including recent financial performance, and the expected synergies;

- reviewed the share trading price histories of the Primedex common stock and the Radiologix common stock and certain publicly traded securities of such other companies which were deemed to be generally relevant for a period that Jefferies deemed appropriate;

- reviewed the valuation of Radiologix implied by the merger consideration;
- prepared discounted cash flow analyses of Radiologix on a standalone basis and of the expected synergies;
- compared the historical and projected financial performance of Primedex and Radiologix with those of certain publicly traded companies which Jefferies deemed to be generally relevant in evaluating Primedex and Radiologix;
- reviewed, to the extent publicly available, the financial terms of certain public transactions which Jefferies deemed to be generally relevant in evaluating the merger; and
- reviewed the premiums paid in selected acquisition transactions.

In addition, Jefferies conducted such other quantitative reviews, analyses and inquiries relating to Primedex and Radiologix as Jefferies considered appropriate in rendering its opinion.

In its review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy, completeness and fair presentation of all financial and other information that was provided to Jefferies by Primedex or Radiologix or that was publicly available (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies. The Jefferies opinion was expressly conditioned upon that information, whether written or oral, being complete, accurate and fair in all respects material to Jefferies analysis.

With respect to the financial forecasts and the expected synergies provided to and examined by Jefferies, Jefferies noted that projecting future results of any company is inherently subject to uncertainty. Primedex informed Jefferies, however, and Jefferies assumed, that those financial forecasts and the expected synergies were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Primedex as to the future performance of Primedex and Radiologix, respectively, and the expected synergies. Jefferies expressed no opinion as to any financial forecasts, the expected synergies or the assumptions on which they were made.

Accordingly, Jefferies analyses must be considered as a whole. Considering any portion of such analyses or the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusions expressed herein. Jefferies expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which Jefferies became aware after the date of its opinion.

In its review, Jefferies did not obtain any independent evaluation or appraisal of the assets or liabilities of, nor did it conduct a comprehensive physical inspection of any of the assets of, Primedex or Radiologix, nor did Jefferies assume any responsibility to obtain any such evaluations, appraisals or inspections. The Jefferies opinion was based on economic, monetary, regulatory, market and other conditions existing and which could be evaluated as of the date of its opinion. Jefferies made no independent investigation of any legal or accounting matters affecting Primedex or Radiologix, and Jefferies assumed the correctness in all respects material to its analysis of all legal and accounting advice given to Primedex and its board of directors, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the merger agreement to Primedex and its stockholders. In addition, in preparing its opinion Jefferies did not take into account any tax consequences of the transaction to Primedex or Radiologix or any of their respective stockholders.

In rendering its opinion, Jefferies also assumed that:

- the transactions contemplated by the merger agreement will be consummated on the terms described in the merger agreement without any waiver of any material terms or conditions;

- there was not, and there will not as a result of the consummation of the transactions contemplated by the merger agreement be, any default, or event of default, under any indenture, credit agreement or other material agreement or instrument to which Primedex or Radiologix or any of their respective subsidiaries or affiliates is a party; and

- all material assets and liabilities (contingent or otherwise, known or unknown) of Primedex and Radiologix were as set forth in the consolidated financial statements provided to Jefferies, as of the dates of such financial statements.

The Jefferies opinion was for the use and benefit of Primedex s board of directors in its consideration of the merger, and did not address the relative merits of the merger as compared to any alternative transactions that might be available to Primedex, nor did it address the underlying business decision by Primedex to engage in the merger or the terms of the merger agreement or the documents referred to therein. Jefferies expressed no opinion as to the price at which shares of Primedex common stock will trade at any future time.

In preparing its opinion, Jefferies performed a variety of financial and comparative analyses. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analysis and the applications of those methods to the particular circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description. Jefferies believes that its analyses must be considered as a whole. Considering any portion of Jefferies analyses or the factors considered by Jefferies, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusion expressed in the Jefferies opinion. In addition, Jefferies may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuation resulting from any particular analysis described below should not be taken to be Jefferies view of Primedex s or Radiologix s actual value. Accordingly, the conclusions reached by Jefferies are based on all analyses and factors taken as a whole and also on the application of Jefferies own experience and judgment.

In performing its analyses, Jefferies made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Jefferies , Primedex s and Radiologix s control. The analyses performed by Jefferies are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those suggested by those analyses. In addition, analyses relating to the value of businesses or assets do not purport to be appraisals or to necessarily reflect the prices at which businesses or assets may actually be sold and are inherently subject to uncertainty. The analyses performed were prepared solely as part of Jefferies analysis of the fairness, from a financial point of view, to Primedex of the merger consideration and were provided to Primedex s board of directors in connection with the delivery of its opinion.

The following is a summary of the material financial and comparative analyses performed by Jefferies that were presented to the Primedex board of directors on July 6, 2006 in connection with the delivery of its opinion. The financial analyses summarized below include information presented in tabular format. In order to fully understand Jefferies financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies financial analyses.

Transaction Overview. Based upon the closing price per share of Primedex common stock on July 5, 2006 of $1.71, Jefferies noted that the aggregate implied value of the consideration to be paid in the merger, including the $42.95 million in cash, was approximately $81.65 million, or approximately $80.4 million excluding estimated amounts payable to Radiologix option holders, which is referred to as the implied aggregate consideration value. Based upon the implied aggregate consideration value, approximately 22.6 million shares of Radiologix common stock outstanding as of March 31, 2006 (based on the number of shares outstanding as set forth in Radiologix s filing with the SEC on Form 10-Q for the fiscal quarter ended March 31, 2006 plus the number of shares of restricted stock outstanding as provided by Radiologix management), Jefferies noted that the implied value of the consideration to be paid in the merger per share of Radiologix common stock as of that date was approximately $3.55, which is referred to as the implied per share consideration value. Jefferies noted that the actual value of the merger consideration to be received in the merger per share of Radiologix common stock would depend upon the price per share of Primedex common stock and the number of in-the-money Radiologix options as of the effective time of the merger.

Jefferies compared the implied per share consideration value of $3.55 to the average daily closing prices for Radiologix common stock and noted the following implied offer premia:

Implied Offer Premia

Time Period Ending July 5, 2006	Radiologix Common Stock Price	Premium Implied by Implied Per Share Consideration Value Dollars	Percentage
1 day	$ 2.25	$ 1.30	57.9 %
1 week	$ 2.34	$ 1.21	51.8 %
4 weeks	$ 2.14	$ 1.41	66.0 %

Historical Trading Analysis. Jefferies reviewed the share price trading history of the Radiologix common stock for the one-year period ending on July 5, 2006 on a stand-alone basis and also in relation to Primedex, Alliance Imaging Inc. and the Morgan Stanley Healthcare Providers index. During this period, Jefferies noted that the Radiologix common stock traded as low as $1.40 per share and as high as $4.55 per share, compared to the closing price of Radiologix common stock on July 5, 2006 of $2.25 per share and the implied per share consideration value of $3.55.

Comparable Company Analysis. Using publicly available information and information provided by Radiologix and Primedex management, Jefferies reviewed the trading multiples of Radiologix and the corresponding trading multiples of a group consisting of the following companies:

- Alliance Imaging Inc., and
- Primedex.

In its analysis, Jefferies derived and compared multiples for Radiologix and the selected companies, calculated as follows:

- the enterprise value divided by estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, for calendar year 2007, which is referred to as Enterprise Value/2007E EBITDA.
- the enterprise value divided by estimated EBITDA for calendar year 2006, which is referred to as Enterprise Value/2006E EBITDA, and
- the enterprise value divided by estimated EBITDA for the latest-twelve-month period, or LTM, which is referred to as Enterprise Value/LTM EBITDA.

This analysis indicated the following:

Comparable Public Company Multiples

Benchmark	High	Low	Radiologix*	Primedex**
Enterprise Value/2007E EBITDA	6.2x	5.6x	5.2x	6.2x
Enterprise Value/2006E EBITDA	6.9x	5.7x	3.7x	6.9x
Enterprise Value/LTM EBITDA	7.4x	5.6x	3.8x	7.4x

* Based upon Primedex management projections for Radiologix.

** Based upon Primedex management projections.

Using a reference range of 5.6x to 6.2x Radiologix s estimated 2007 EBITDA, 5.7x to 6.9x Radiologix s estimated 2006 EBITDA and 5.6x to 7.4x Radiologix s LTM EBITDA, Jefferies determined an implied enterprise value for Radiologix. Jefferies then subtracted debt from and added cash to the implied enterprise value to determine an implied equity value, and after accounting for the vesting of in-the-money options and amounts payable to Radiologix optionholders, and the present value of the expected synergies of up to approximately $44.1 million, calculated as discussed below, this analysis indicated a range of implied Radiologix equity values of approximately $64.1 million to $128.3 million using the 2007E EBITDA multiples, approximately $135.2 million to $232.7 million using the 2006E EBITDA multiples, and approximately $127.0 million to $244.5 million using LTM EBITDA multiples, in each case compared to the implied aggregate consideration value of $80.4 million.

No company utilized in the comparable company analysis is identical to Radiologix. In evaluating selected companies, Jefferies made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond Radiologix s and Jefferies control. Jefferies does not believe that mathematical analysis, such as determining the mean or median, is in itself a meaningful method of using comparable company data.

Synergies Analysis. Jefferies performed an analysis of the present value of the expected synergies projected by the management of Primedex to be realized from the merger. Based upon the expected synergies provided by Primedex management, Jefferies calculated a terminal value of the expected synergies at December 31, 2010 by applying an exit multiple of 6.0x to the expected synergies in that year. The present value of the expected synergies for 2006 through 2010 and the terminal value was then calculated using a discount rate of 13.1%. This analysis resulted in a net present value for the expected synergies of up to approximately $44.1 million.

Selected Comparable Transaction Analysis. Using publicly available information, Jefferies examined the following fifteen transactions in the diagnostic imaging sector. The transactions considered and the month and year each transaction was announced were as follows:

Buyer	**Target**	**Month and Year Announced**
Alliance Imaging	PET Scans of America	October 2005
Evercore Partners (65% interest)	Diagnostic Imaging Group	April 2005
Onex Partners	Center for Diagnostic Imaging	October 2004
InSight Health Services	Comprehensive Medical Imaging (21 fixed sites)	April 2004
InSight Health Services	CDL Medical (22 mobile sites)	June 2003
Trivest Partners	Regional Diagnostics	May 2003
Advent International Corp	American Radiology Services	March 2003
InSight Health Services	Comprehensive Medical Imaging (13 fixed sites)	January 2003
Presgar Medical Imaging	US Diagnostic	September 2002
CapStreet Group, Wachovia Capital Partners	River Oaks Imaging and Diagnostic	September 2002
JPMorgan Partners	MedQuest Associates	August 2002
Halifax Group, J.W. Childs Associates	InSight Health Services	July 2001
Comprehensive Medical Imaging	US Diagnostic (14 imaging centers)	July 2000
InSight Health Services	Wilkes-Barre Imaging Center	May 2000
Kolhlberg Kravis Roberts & Co.	Alliance Imaging	September 1999

Using publicly available estimates and other information for each of these transactions, Jefferies reviewed the transaction value as a multiple of the target company s LTM EBITDA immediately pr