INTEGRAMED AMERICA INC
Form DEFM14A
August 20, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(Rule 14a-101)

**INFORMATION REQUIRED IN
PROXY STATEMENT**

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No. ___)

Filed by the Registrant þ
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))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a-12
IntegraMed America, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
o No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(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:

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þ 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:
(4) Date Filed:

August 20, 2012

To the Stockholders of IntegraMed America, Inc.:

I am pleased to inform you that, on June 10, 2012, IntegraMed America, Inc., or the Company, entered into an Agreement and Plan of Merger, or the merger agreement, with SCP-325 Holding Corp., or Buyer, and Buyer's wholly-owned subsidiary, SCP-325 Merger Sub, Inc., or Merger Sub, providing for the merger of Merger Sub with and into the Company, or the merger, with the Company surviving the merger as a wholly-owned subsidiary of Buyer. Buyer and Merger Sub are both affiliates of Sagard Capital Partners, L.P., an investment firm. If the merger is completed, each share of the Company's common stock, or a common share, other than as provided below, will be converted into the right to receive $14.05 in cash, without interest and less applicable withholding tax. The following common shares will not be converted into the right to receive $14.05 in cash, without interest and less applicable withholding tax, in connection with the merger: (i) common shares owned by Buyer, Merger Sub or any other direct or indirect wholly-owned subsidiary of Buyer, (ii) common shares owned by the Company as treasury stock or any direct or indirect wholly-owned subsidiary of the Company and (iii) common shares owned by stockholders who have properly exercised appraisal rights under the Delaware General Corporation Law.

You will be asked, at a special meeting of the holders of common shares, or the special meeting, to be held on September 19, 2012, at 3:00 p.m. local time, at the Company's headquarters located at Two Manhattanville Road, 3rd Floor, Purchase, New York 10577, to consider and vote on a proposal to adopt and approve the merger agreement.

After careful consideration, the Company's board of directors approved the merger agreement and the transactions contemplated by the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Company and the holders of common shares. **THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ADOPTION AND APPROVAL OF THE MERGER AGREEMENT**.

The accompanying proxy statement provides you with information about the merger agreement, the merger and the special meeting of the holders of common shares. A copy of the merger agreement is attached as *Annex A* to the accompanying proxy statement. The Company encourages you to read the entire proxy statement and merger agreement carefully. You may also obtain more information about the Company from documents that it has filed with the Securities and Exchange Commission.

Your vote is important. Adoption and approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding common shares entitled to vote thereon. The failure of any holder of common shares to vote will have the same effect as a vote "AGAINST" adopting and approving the merger agreement. Accordingly, whether or not you plan to attend the special meeting, you are requested to promptly vote your common shares by completing, signing and dating the enclosed proxy card and returning it in the envelope provided, or by voting over the telephone or over the internet as instructed in the accompanying materials. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct that entity how to vote in accordance with the voting instruction form that it furnished to you. The failure to instruct your broker, dealer, commercial bank, trust company or other

nominee to vote your common shares "FOR" adoption and approval of the merger agreement will have the same effect as a vote "AGAINST" adopting and approving the merger agreement.

Voting by proxy will not prevent you from voting your common shares in person if you subsequently choose to attend the special meeting.

Thank you for your cooperation and continued support.

Sincerely,

Jay Higham

Chairman, President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the merger, or upon the adequacy or accuracy of the information contained in this document or the accompanying proxy statement. Any representation to the contrary is a criminal offense.

THE ACCOMPANYING PROXY STATEMENT IS DATED AUGUST 20, 2012 AND IS FIRST BEING MAILED TO HOLDERS OF COMMON SHARES ON OR ABOUT AUGUST 20, 2012.

INTEGRAMED AMERICA, INC.

Two Manhattanville Road, 3rd Floor

Purchase, New York 10577

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 19, 2012

To the Stockholders of IntegraMed America, Inc.:

Notice is hereby given that a special meeting, or the special meeting, of the stockholders of IntegraMed America, Inc., or the Company, will be held on September 19, 2012, at 3:00 p.m. local time, at the Company's headquarters located at Two Manhattanville Road, 3rd Floor, Purchase, New York 10577. The special meeting is called for the following purposes:

1. To consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of June 10, 2012, or the merger agreement, by and among SCP-325 Holding Corp., a Delaware corporation, or Buyer, Buyer's wholly-owned subsidiary, SCP-325 Merger Sub, Inc., a Delaware corporation, or Merger Sub, and the Company, pursuant to which Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Buyer;

2. To consider and vote on a proposal to approve, on a non-binding advisory basis, the merger-related executive compensation payable under existing agreements with the Company that the Company's named executive officers will or may receive in connection with the merger contemplated by the merger agreement;

3. To consider and vote on a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt and approve the merger agreement or to constitute a quorum; and

4. To transact such other business as may properly come before the special meeting.

Only holders of record of shares of the Company's common stock, or common shares, at the close of business on July 26, 2012 are entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting. All holders of record of common shares are cordially invited to attend the special meeting in person.

Holders of common shares who do not vote in favor of adopting and approving the merger agreement will have the right to seek appraisal of the fair value of their common shares if the merger contemplated by the merger agreement is completed, but only if they submit a written demand for appraisal to the Company prior to the time the vote is taken on the adoption and approval of the merger agreement and comply with all other requirements of the Delaware General Corporation Law, or the DGCL. A copy of the applicable DGCL statutory provisions is included as *Annex C* to the accompanying proxy statement, and a summary of those provisions can be found under "*Appraisal Rights*" beginning on page 84 of the accompanying proxy statement.

The adoption and approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding common shares entitled to vote thereon. The failure to vote will have the same effect as a vote "**AGAINST**" the adoption and approval of the merger agreement. Even if you plan to attend the special meeting in person, please complete, sign, date and return the enclosed proxy, or vote over the telephone or the internet as instructed in the accompanying materials, as promptly as possible to ensure that your common shares will be represented at the special meeting if you are unable to attend. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct that entity how to vote in accordance with the voting instruction form that it furnishes to you. Your failure to instruct your broker, dealer, commercial bank, trust company or other nominee to vote your common shares "**FOR**" the adoption and approval of the merger agreement will have the same effect as a vote "**AGAINST**" the adoption and approval of the merger agreement. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person. However, if your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you must provide a legal proxy from such nominee in order to vote your common shares in person at the special meeting.

Whether or not you plan to attend the special meeting, you are requested to promptly vote your COMMON shares by completing, signing and dating the enclosed proxy card and returning it in the envelope provided, or by voting over the telephone or over the Internet as instructed in the accompanying materials. VOTING BY PROXY WILL NOT PREVENT YOU FROM ATTENDING THE SPECIAL MEETING IF YOU SO DESIRE.

Claude E. White

Vice President, General Counsel and Secretary

August 20, 2012

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SUMMARY

This summary highlights selected information from this proxy statement. It may not contain all of the information that is important to you. Accordingly, you are urged to read carefully the entire proxy statement, its annexes and the other documents referred to in this proxy statement. See "Where You Can Find More Information" beginning on page 89. Each item in this summary refers to the page of this proxy statement on which that subject is discussed in more detail. In this proxy statement, the terms "we," "us," "our" and the "Company" refer to IntegraMed America, Inc. and its subsidiaries, unless the context requires otherwise.

The Merger (see page 25)

You are being asked to vote to adopt and approve the Agreement and Plan of Merger, dated as of June 10, 2012, which we refer to as the merger agreement, by and among us, SCP-325 Holding Corp., a Delaware corporation, which we refer to as Buyer, and Buyer's wholly-owned subsidiary, SCP-325 Merger Sub, Inc., a Delaware corporation, which we refer to as Merger Sub, pursuant to which Merger Sub would merge with an into the Company and the Company would continue as the surviving corporation and a wholly-owned subsidiary of Buyer following the merger. In this proxy statement, we refer to the merger contemplated by the merger agreement as the merger and we refer to the surviving corporation in the merger as the surviving corporation. Adoption and approval of the merger agreement requires the approval of our stockholders, as described herein. Upon completion of the merger, each share of our common stock, par value $0.01 per share, which we refer to as a common share, other than as provided below, will be automatically cancelled and converted into the right to receive $14.05 per common share in cash, which we refer to as the per common share merger consideration, without interest and less applicable withholding tax. The following common shares will not be converted into the right to receive the per common share merger consideration in connection with the merger: (i) common shares owned by Buyer, Merger Sub or any other direct or indirect wholly-owned subsidiary of Buyer, (ii) common shares owned by us as treasury stock or any of our direct or indirect wholly-owned subsidiaries and (iii) common shares owned by stockholders who have properly exercised appraisal rights under the Delaware General Corporation Law, which we refer to as the DGCL.

Parties to the Merger (see page 25)

The parties to the merger agreement are:

IntegraMed America, Inc. (see page 25)

We are a specialty healthcare services company offering products and services to patients and providers in the fertility and vein care segments of the health industry. We provide services and products through our three operating divisions, fertility centers, consumer services and vein clinics, and shared support services for providers through our corporate offices. We provide our fertility centers and vein clinics with administrative services, such as finance, accounting, human resources, risk management, legal and purchasing support, marketing and sales support, internet marketing and website support, access to integrated information systems, in some instances, non-physician practitioners and access to capital for financing clinic operations and expansion.

SCP-325 Holding Corp. (see page 26)

Buyer is a Delaware corporation and is a controlled affiliate of Sagard Capital Partners, L.P., an investment firm, which we refer to as Sagard. Buyer was formed at the direction of Sagard solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement and the related financing transactions. At the effective time of the merger, the Company will become a direct, wholly-owned subsidiary of Buyer. Buyer has *de minimis* assets and has not engaged in any business or operations other than activities incidental to its formation and in connection with the merger and the other transactions contemplated by the

merger agreement.

SCP-325 Merger Sub, Inc. (see page 26)

Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Buyer. Merger Sub was formed at the direction of Buyer solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement and the related financing transactions. At the effective time of the merger, Merger Sub will merge with and into the Company and cease to exist, with the Company continuing as the surviving corporation and a wholly-owned subsidiary of Buyer. Merger Sub has *de minimis* assets and has not engaged in any business or operations other than activities incidental to its formation and in connection with the merger and the other transactions contemplated by the merger agreement.

The Special Meeting (see page 20)

Date, Time and Place (see page 20)

The special meeting of the holders of common shares, which we refer to as the special meeting, will be held on September 19, 2012, at 3:00 p.m. local time, at our headquarters located at Two Manhattanville Road, 3rd Floor, Purchase, New York 10577.

Purpose (see page 20)

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

- to adopt and approve the merger agreement;
- to approve, on a non-binding advisory basis, the merger-related executive compensation payable under existing agreements with us that our named executive officers will or may receive in connection with the merger;
- to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt and approve the merger agreement or to constitute a quorum; and
- such other proposals as may properly come before the special meeting.

Record Date (see page 20)

Only holders of record of common shares at the close of business on July 26, 2012, the record date for the special meeting, are entitled to vote at the special meeting and at any adjournment or postponement of the special meeting. On the record date for the special meeting, 11,983,556 common shares were issued and outstanding and were held by 90 holders of record. Holders of record of common shares on the record date for the special meeting are entitled to one vote per common share at the special meeting on each proposal to be voted on at the special meeting.

Quorum (see page 20)

A quorum is necessary to hold the special meeting. The presence at the special meeting, in person or by proxy, of the holders of a majority of the common shares issued and outstanding at the close of business on the record date, and entitled to vote at the special meeting, constitutes a quorum for purposes of the special meeting. Abstentions and broker non-votes will be counted as present for the purposes of determining whether a quorum is present at the special meeting. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed.

Vote Required (see page 21)

The adoption and approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding common shares entitled to vote thereon.

The approval, on a non-binding advisory basis, of the merger-related executive compensation payable under existing agreements with us that our named executive officers will or may receive in connection with the merger requires the approval of a majority of the votes properly cast on this proposal at the special meeting.

The approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies requires the approval of a majority of the votes properly cast on this proposal at the special meeting.

Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote all of their common shares in favor of the proposal to adopt and approve the merger agreement, in favor of the

proposal to approve, on a non-binding advisory basis, the merger-related executive compensation payable under existing agreements with us that our named executive officers will or may receive in connection with the merger and in favor of the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies. As of July 26, 2012, the record date for the special meeting, our directors and executive officers owned, in the aggregate, 541,516 common shares, or collectively approximately 4.5% of the outstanding common shares.

In addition, pursuant to the Voting Agreement, dated as of June 10, 2012, which we refer to as the voting agreement, among Buyer, IAT Reinsurance Company Ltd., which we refer to as IAT, Wilshire Insurance Company, which we refer to as Wilshire, and Peter R. Kellogg, IAT, Wilshire and Mr. Kellogg have generally agreed, subject to certain exceptions and among

other things, to vote all of the common shares beneficially owned by them in favor of the proposal to adopt and approve the merger agreement and the transactions contemplated thereby unless the voting agreement is terminated. As of July 26, 2012, the record date for the special meeting, IAT, Wilshire and Mr. Kellogg owned, in the aggregate, 3,221,286 common shares, or collectively approximately 26.9% of the outstanding common shares. The voting agreement is described under "*The Merger—Voting Agreement*" beginning on page 47.

Proxies and Revocation (see page 23)

Any holder of record of common shares entitled to vote at the special meeting may submit a proxy by telephone, over the internet or by returning the enclosed proxy card in the envelope provided or may vote in person at the special meeting. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct that entity how to vote in accordance with the voting instruction form that it furnished to you. If you fail to submit a proxy or to vote in person at the special meeting, or if you vote "**ABSTAIN**," or if you do not provide your broker, dealer, commercial bank, trust company or other nominee with voting instructions, it will have the same effect as a vote "**AGAINST**" the adoption and approval of the merger agreement.

If you are a holder of record of common shares, you can change your vote at any time before your proxy is voted at the special meeting by properly delivering a later-dated proxy through any of the methods available to you or attending the special meeting in person and voting. You may also revoke your proxy by delivering a notice of revocation to our Secretary prior to the time your proxy is voted at the special meeting. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you must contact your broker, dealer, commercial bank, trust company or other nominee to revoke your proxy.

Reasons for the Merger (see page 34)

After consideration of the various factors described under "*The Merger—Recommendation of the Board of Directors; Reasons for the Merger*" beginning on page 34, our board of directors unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of the Company and the holders of common shares, approved the merger agreement and the transactions contemplated thereby, resolved that a special meeting of the holders of common shares be called to adopt and approve the merger agreement and recommended that the holders of common shares adopt and approve the merger agreement and, on a non-binding advisory basis, approve the merger-related execution compensation that the Company's named executive officers will or may receive in connection with the merger at that meeting.

In considering the recommendation of our board of directors with respect to the proposal to adopt and approve the merger agreement, you should be aware that certain of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of the holders of common shares generally. Our board of directors was aware of and considered these interests, to the extent such interests existed at the time, among other matters, in evaluating and negotiating the merger agreement, and in recommending that the merger agreement be adopted and approved by the holders of common shares. See "*The Merger—Interests of Certain Persons in the Merger*" beginning on page 48.

Our board of directors unanimously recommends that you vote "FOR" the adoption and approval of the merger agreement, "FOR" the approval, on a non-binding advisory basis, of the merger-related executive compensation that our named executive officers will or may receive in connection with the merger and "FOR" the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

Opinion of the Company's Financial Advisor (see page 37)

In connection with the merger, our board of directors received an opinion from the Company's financial advisor, Jefferies & Company, Inc., which we refer to as Jefferies, dated June 9, 2012, as to the fairness, from a financial point of view and as of that date, of the per common share merger consideration to be received by holders of common shares (other than Sagard and its affiliates). The full text of Jefferies' opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Jefferies. This opinion is attached as *Annex B* to this proxy statement, which the Company encourages you to read in its entirety, and is incorporated herein by reference. **Jefferies' opinion was provided for the use and benefit of our board of directors (in its capacity as such) in its evaluation of the per common share merger consideration from a financial point of view and did not address any other aspect of the merger. The opinion did not address the relative merits of the transactions contemplated by the merger agreement as compared to any alternative transactions or opportunity that might be available to the Company, nor did it address the Company's underlying business decision to engage in the merger or the terms of the merger agreement or any voting or other agreements, documents or other arrangements referred to in the merger agreement or entered into in connection with the merger. Jefferies' opinion does**

not constitute a recommendation as to how any holder of common shares should vote or act with respect to the merger or any related matter.

Financing of the Merger (see page 43)

Buyer anticipates that the total funds needed to complete the merger, including the funds needed to:

- pay the holders of common shares (and the holders of our other equity-based interests) the amounts due to them under the merger agreement, which, based upon the common shares (and our other equity-based interests) outstanding as of the record date, would be approximately $169.5 million;
- refinance our outstanding indebtedness, which, as of August 14, 2012, was approximately $8.2 million in principal amount; and
- pay all fees and expenses relating to the merger and the financing of the merger,

will be funded through a combination of:

- up to approximately $79.5 million of equity financing to be provided by Sagard or one or more of its affiliated entities, or other parties to whom Sagard allocates a portion of its commitment pursuant to the equity commitment letter described below;
- a $95.0 million senior secured credit facility, consisting of a $90.0 million term loan and a $5.0 million revolving loan facility; and
- our cash on hand.

Buyer has obtained the equity commitment letter and Sagard and Merger Sub have obtained the debt commitment letter described below. The funding under those commitment letters is subject to certain conditions, including conditions that do not relate directly to the merger agreement. We believe the amounts committed under the commitment letters will be sufficient to complete the transaction, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the commitment letters fails to fund the committed amounts in breach of a commitment letter or if the conditions to a commitment are not met. Although obtaining the proceeds of any financing, including any financing under the commitment letters, is not a condition to the completion of the merger, the failure of Buyer and Merger Sub to obtain any portion of the committed financing (or alternate financing) will likely result in the failure of the merger to be completed. In that case, Buyer may be obligated to pay us a termination fee, as described under "*The Merger Agreement—Termination Fees and Reimbursement of Expenses*" beginning on page 77. Buyer's obligation to pay the termination fee is guaranteed by Sagard pursuant to the limited guaranty referred to below.

Equity Financing (see page 44)

Buyer has entered into an equity commitment letter with Sagard, dated as of June 10, 2012, which we refer to as the equity commitment letter, pursuant to which Sagard has committed to purchase, directly or indirectly through one or more affiliated entities, at or prior to the closing of the merger, equity interests of Buyer, for an amount equal to approximately $79.5 million, to fund a portion of the aggregate merger consideration to be paid by Buyer under the merger agreement and to pay the related fees and expenses pursuant to and in accordance with the merger agreement. Sagard may allocate a portion of its equity commitment to other investors. However, the allocation of any portion of Sagard's equity commitment to other investors will only reduce Sagard's equity commitment by the amount actually contributed to Buyer by those other investors (and not returned) at or prior to the closing date of the merger for the purpose of funding a portion of the merger consideration, any other amounts required to be paid pursuant to the merger agreement and related fees and expenses pursuant to the merger agreement.

Sagard's obligation to fund the equity financing contemplated by the equity commitment letter is subject to:

- our execution and delivery of the merger agreement (which took place on June 10, 2012);

- the satisfaction or waiver (with Sagard's prior written approval) of each of the conditions to the obligations of Buyer and Merger Sub to consummate the transactions contemplated by the merger agreement; and
- the contemporaneous funding of the debt financing, or any alternate debt financing that is accepted from alternate sources in accordance with the merger agreement, in accordance with the terms and conditions thereof.

Debt Financing (see page 44)

In connection with the execution of the merger agreement, Sagard and Merger Sub received a debt commitment letter, dated as of June 10, 2012, which, along with the related fee letter, we refer to as the debt commitment letter, from GCI Capital Markets LLC, which we refer to as the commitment party. Pursuant to the debt commitment letter, the commitment party or, to the extent all or a portion of any syndication contemplated by the debt commitment letter has occurred, a syndicate of lenders, which we refer to as the lenders, have committed to provide a $95.0 million senior secured credit facility, consisting of a $90.0 million term loan and a $5.0 million revolving loan facility, to us and Merger Sub on the terms and subject to the conditions set forth in the debt commitment letter. The debt commitment letter will expire if either the closing of the debt facilities contemplated by the debt commitment letter or the funding of the loans thereunder has not occurred on or prior to November 15, 2012.

The debt facilities contemplated by the debt commitment letter are subject to a number of closing conditions, as described under "*The Merger—Financing of the Merger—Debt Financing*" beginning on page 44. However, the debt commitment letter is not subject to a due diligence or a "market out" condition that would allow the commitment party not to fund its commitment if the financial markets are materially adversely affected. There is a risk that the conditions to the debt financing will not be satisfied and the debt financing may not be funded when required. As of the date of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event that the debt financing described in this proxy statement is not available as anticipated.

Limited Guaranty (see page 46)

Pursuant to the limited guaranty, dated as of June 10, 2012, which we refer to as the limited guaranty, by Sagard in favor of the Company, Sagard has agreed to guarantee:

- the payment by Buyer of the $8,476,812 termination fee payable to us in certain circumstances; and
- the reimbursement and indemnification obligations of Buyer in connection with the costs and expenses incurred by us in connection with the arrangement of the financing of the merger and successful suits to enforce the termination fee provisions of the merger agreement.

See "*The Merger Agreement—Termination Fees and Reimbursement of Expenses*" beginning on page 77 and "*The Merger Agreement—Expenses*" beginning on page 78. However, Sagard's obligations under the limited guaranty are subject to a cap equal to $8,476,812.

Voting Agreement (see page 47)

In connection with the execution of the merger agreement, Buyer, IAT, Wilshire and Peter R. Kellogg entered into the voting agreement, pursuant to which IAT, Wilshire and Mr. Kellogg have generally agreed, subject to certain exceptions and among other things, to vote all of the common shares beneficially owned by them in favor of the proposal to adopt and approve the merger agreement and the transactions contemplated thereby unless the voting agreement is terminated. As of July 26, 2012, the record date for the special meeting, IAT, Wilshire and Mr. Kellogg owned, in the aggregate, 3,221,286 common shares, or collectively approximately 26.9% of the outstanding common shares. A copy of the voting agreement is attached as *Annex D* to this proxy statement, which we encourage you to read in its entirety.

Interests of Certain Persons in the Merger (see page 48)

In considering the recommendation of our board of directors with respect to the proposal to adopt and approve the merger agreement, you should be aware that certain of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of the holders of common shares generally. Our board of directors was aware of and considered these interests, to the extent such interests existed at the time, among other

matters, in evaluating and negotiating the merger agreement, and in recommending that the merger agreement be adopted and approved by the holders of common shares, as described under "*The Merger—Recommendation of the Board of Directors; Reasons for the Merger*" beginning on page 34. These interests include, among others:

- accelerated vesting of options to purchase common shares that were issued under our stock option or long-term compensation plans, and cash payments with respect to those options to purchase common shares that have an exercise price of less than $14.05;
- accelerated vesting of common shares that are subject to restrictions on transfer or forfeiture and that were granted pursuant to our stock option or long-term compensation plans, which we refer to as restricted stock, and cash

- payments of $14.05, without interest and less applicable withholding tax, with respect to each share of restricted stock;
- a lump sum cash payment to Jay Higham, our Chairman, President and Chief Executive Officer, representing his base salary for a 24-month period, plus twice the full amount of his annual bonus based on current salary, without regard to the conditions precedent established for the bonus payment, pursuant to his employment agreement, if, within one year after the merger, Mr. Higham's employment is terminated by Mr. Higham for "Good Reason" (as defined in the employment agreement) or by the surviving corporation without cause;
- certain payments and benefits to our executive officers who have entered into employee retention agreements with us, in the event that, within 18 months of the completion of the merger, their employment is terminated, either by the surviving corporation without cause or by themselves for "Good Reason" (as defined in the employee retention agreements), including:
  - a cash lump sum payment equal to the executive officer's annual base salary, plus the pro rata portion of the cash bonus that he or she would have earned for the fiscal year during which the termination occurred, plus the most recent annual cash bonus, if any, paid by us to him or her prior to the date that his or her employment is terminated or the date of the completion of the merger, whichever is higher;
  - continuation of certain employee benefits for one year following the date that the executive officer's employment is terminated (or if that continuation of benefits is not available, payment of the equivalent value thereof);
  - accelerated vesting of all incentive stock options granted to the executive officer;
  - reimbursement of up to $15,000 of reasonable expenses incurred within two years of the date that the executive officer's employment is terminated for outplacement services; and
  - payment of reasonable fees and expenses incurred in successfully litigating the executive officer's rights under his or her employee retention agreement;
- if our board of directors were to terminate our Long-Term Cash Award Plan as of the effective date of the merger, lump sum cash payments would be made to certain of our executive officers representing the entire unpaid balance of their cash award accounts maintained by us under the Long-Term Cash Award Plan;
- continued indemnification and liability insurance for our directors and officers following the completion of the merger;
- for a period of at least one year following the completion of the merger, Buyer will provide, or cause the surviving corporation and its subsidiaries to provide, our executive officers who remain employed by Buyer, the surviving corporation or any of their respective subsidiaries, with base salaries, bonus opportunities and employee pension and welfare benefits (other than equity-based or change in control compensation) that are substantially comparable in the aggregate to those provided by us and our subsidiaries to such individuals immediately prior to the completion of the merger; and
- credit for prior service with us for purposes of eligibility, vesting and other determinations under benefit plans in which our executive officers may become eligible to participate following the completion of the merger.

See "*The Merger—Interests of Certain Persons in the Merger*" beginning on page 48 for additional information.

Material U.S. Federal Income Tax Consequences of the Merger (see page 56)

The exchange of common shares for cash pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder whose common shares are converted into the right to receive cash in the merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to his, her or its common shares (determined before the deduction of any applicable withholding taxes) and his, her or its adjusted tax basis in those common shares. Any gain recognized on the exchange of common shares for cash pursuant to the merger by non-U.S. holders will generally not be subject to U.S. federal income tax unless the non-U.S. holder has certain connections to the United States. Backup withholding may also apply to the cash payments made pursuant to the merger unless the holder or other payee provides the required information and certification and otherwise complies with the backup withholding rules. For the definitions of "U.S. holder" and "non-U.S. holder" and a more detailed discussion of the U.S. federal income tax consequences of the merger, see "*The Merger—Material U.S. Federal Income Tax Consequences of*

the Merger" beginning on page 56. You should also consult your tax advisor regarding the specific tax consequences of the merger applicable

to you in light of your particular circumstances and for a complete analysis of the effect of the merger on your federal, state, local and foreign taxes.

Required Antitrust Approvals (see page 59)

Under the terms of the merger agreement, the merger cannot be consummated until the waiting period, and any extensions thereof, applicable to the consummation of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, has expired or been earlier terminated.

Under the HSR Act and the rules promulgated thereunder by the Federal Trade Commission, the merger cannot be consummated until each of the Company and Buyer files a notification and report form with the Federal Trade Commission and the Antitrust Division of the Department of Justice under the HSR Act and the applicable waiting period has expired or been terminated. These notification and report forms were filed on June 22, 2012 and the parties received notification of early termination of the waiting period on June 29, 2012.

Litigation Related to the Merger (see page 59)

On June 21, 2012, we, the members of our board of directors, Buyer, Merger Sub and Sagard were named as defendants in a putative class action filed in the Supreme Court of the State of New York, County of Westchester. The complaint relating to this lawsuit alleges that the members of our board of directors breached their fiduciary duties and that we, Buyer, Merger Sub and Sagard aided and abetted purported breaches of fiduciary duties by our board of directors. This lawsuit seeks injunctive and other equitable relief, including enjoining the merger, and damages, as well as recovery of the costs of the action, including reasonable attorneys' fees.

On June 26, 2012, we, the members of our board of directors, our former director Wayne R. Moon, Buyer, Merger Sub and Sagard were named as defendants in a putative class action filed in the Court of Chancery of the State of Delaware. The complaint relating to this lawsuit alleges that the members of our board of directors and Mr. Moon breached their fiduciary duties and that Buyer, Merger Sub and Sagard aided and abetted purported breaches of fiduciary duties by our board of directors and Mr. Moon. This lawsuit seeks injunctive and other equitable relief, including enjoining the merger, and damages, as well as recovery of the costs and disbursements of the action, including reasonable attorneys' and experts' fees. On July 31, 2012, counsel for the plaintiff in this lawsuit requested that this lawsuit be stayed in deference to and during the pendency of the lawsuit filed in the Supreme Court of the State of New York, County of Westchester. On August 1, 2012, the Court of Chancery of the State of Delaware entered an order staying this lawsuit.

On August 14, 2012, a memorandum of understanding was entered into relating to the settlement and dismissal with prejudice of both lawsuits. The settlement is subject to, among other things, the completion of appropriate settlement documentation, confirmatory discovery, notice to the putative class and all necessary court approvals. See "*The Merger—Litigation Related to the Merger*" beginning on page 59 for additional information.

Delisting and Deregistration (see page 59)

Following the consummation of the merger, the common shares will be delisted from the Nasdaq Global Market and deregistered under the Securities Exchange Act of 1934, as amended, and will cease to be publicly traded. Therefore, following the consummation of the merger, we would no longer file periodic reports with the Securities and Exchange Commission on account of the common shares.

The Merger Agreement (see page 60)

Treatment of Options and Restricted Stock (see page 61)

Immediately prior to the effective time of the merger, each outstanding and unexercised option to purchase common shares that was issued under our stock option or long-term compensation plans, whether or not then vested or exercisable, will become fully vested and exercisable and, at the effective time of the merger, each such option that is not exercised will be cancelled and automatically converted into the right to receive, as soon as reasonably practicable after the effective time of the merger (but in any event no later than three business days after the effective time of the merger), an amount in cash equal to the product of (i) the total number of common shares subject to that option immediately prior to the effective time of the merger and (ii) the excess, if any, of $14.05 over the exercise price of that option, without interest and less applicable withholding tax. In the event that the exercise price per common share of any option to purchase common shares that was issued under our stock option or long-term compensation plans is equal to or greater than $14.05, at the effective time of the merger, that option will be cancelled without any consideration being payable in respect thereof.

Immediately prior to the effective time of the merger, each outstanding share of restricted stock, whether or not then vested, will become free of all restrictions, fully vested and transferable and, at the effective time of the merger, will be cancelled and automatically converted into the right to receive, as soon as reasonably practicable after the effective time of the merger (but in any event no later than three business days after the effective time of the merger), $14.05 in cash, without interest and less applicable withholding tax.

No Solicitation (see page 69)

As of the date of the merger agreement, we were generally required to, and generally must use our reasonable best efforts to instruct and cause our representatives to, cease and cause to be terminated any discussions or negotiations with any person or entity that may have been ongoing with respect to an acquisition proposal.

From the date of the merger agreement until the effective time of the merger, we generally may not, and generally must use our reasonable best efforts to instruct and cause our representatives not to:

- initiate, solicit or knowingly encourage the making of any acquisition proposals;
- engage in or otherwise participate in any discussions or negotiations with any person or entity with respect to any acquisition proposals;
- provide any non-public information concerning us or any of our subsidiaries to any person or entity with the intent to initiate, solicit or knowingly encourage the making of any acquisition proposals; or
- enter into any alternative acquisition agreement.

However, at any time following the date of the merger agreement and prior to obtaining the vote of the holders of common shares required for the consummation of the merger, if we or any of our representatives receives an acquisition proposal from any person or entity that did not result from our material breach of the non-solicitation provisions of the merger agreement, we and our representatives may contact that person or entity to clarify the terms and conditions of the acquisition proposal and (i) we and our representatives may provide access to non-public information concerning us and our subsidiaries to that person or entity pursuant to a confidentiality agreement that meets certain criteria set forth in the merger agreement (so long as we promptly make that material non-public information available to Buyer and Merger Sub, to the extent that it has not previously been provided to Buyer and Merger Sub), (ii) we and our representatives may engage, enter into or participate in any discussions or negotiations with that person or entity with respect to the acquisition proposal, if and only to the extent that, prior to taking any action described above, our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) that the acquisition proposal either constitutes a superior proposal or could reasonably be expected to lead to a superior proposal and (iii) after complying with the relevant provisions of the merger agreement, our board of directors may authorize, adopt, approve, recommend or otherwise declare advisable such acquisition proposal if, and only to the extent that, prior to taking any action referenced to in this clause (iii), our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) that the acquisition proposal is a superior proposal.

Generally, our board of directors may not (i) withhold, withdraw, modify or amend, in a manner adverse to Buyer, its recommendation that the holders of common shares adopt the merger agreement, (ii) authorize, adopt, approve, recommend or otherwise declare advisable any acquisition proposal or (iii) cause or permit us to enter into an alternative acquisition agreement; provided, however, so long as we comply with certain terms of the merger agreement, described under "*The Merger Agreement—No Solicitation*" beginning on page 69, prior to obtaining the vote of the holders of common shares required for the consummation of the merger, our board of directors may (a) withhold, modify or amend its recommendation that the holders of common shares adopt the merger agreement or (b) authorize, adopt, approve, recommend or otherwise declare advisable any acquisition proposal made after the date of the merger agreement that our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) is a superior proposal, in each case if our board of directors determines in good faith (after consultation with our outside legal counsel) that failure to do so could be inconsistent with its fiduciary obligations under applicable law. In addition, prior to obtaining the vote of the holders of common shares required for the consummation of the merger, if our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) that an acquisition proposal is a superior proposal, we may terminate the merger agreement and enter into an alternative acquisition agreement with respect to that superior proposal, so long as we comply with certain terms of the merger agreement, described under "*The Merger Agreement—No Solicitation*" beginning on page 69, including paying a termination fee to Buyer. See "*The Merger Agreement—Termination Fees and*

Reimbursement of Expenses" beginning on page 77. In addition, we must notify Buyer at least 72 hours prior to terminating the merger agreement to enter into an alternative acquisition agreement with respect to a superior proposal. Buyer would then have the opportunity to deliver to us a written, binding and irrevocable offer altering the terms of the merger agreement, the equity commitment letter, the debt commitment letter and the limited guaranty as would permit our board of directors to conclude that the superior proposal no longer constitutes a superior proposal.

Please refer to "*The Merger Agreement—No Solicitation*" beginning on page 69 for the definitions of "acquisition proposal," "alternative acquisition agreement" and "superior proposal."

Conditions to the Merger (see page 74)

The respective obligations of the Company, Buyer and Merger Sub to effect the merger are subject to the satisfaction or waiver (where permissible under applicable law) of the following conditions:

- the merger agreement must have been duly adopted by the holders of a majority of the outstanding common shares;
- any waiting period, and extensions thereof, applicable to the consummation of the merger under the HSR Act relating to the merger must have expired or been earlier terminated (notification of which was received on June 29, 2012) and all required approvals and clearances by any other applicable governmental antitrust entity applicable to the merger under applicable antitrust law must have been obtained and any applicable waiting period, or extension thereof, thereunder must have expired or been earlier terminated; and
- no governmental entity of competent jurisdiction will have enacted, issued, promulgated, enforced or entered any statute, law, common law, ordinance, code, rule, order, judgment, injunction, writ, decree, directive, regulation, guideline or interpretation having the force of the law, permit or franchise that is in effect and has the effect of making the merger illegal or otherwise prohibiting consummation of the merger.

The obligations of Buyer and Merger Sub to effect the merger are also subject to the satisfaction or waiver (where permissible under applicable law) of the following additional conditions:

- our representations and warranties regarding the absence of a Company material adverse effect since December 31, 2011 and our and our subsidiaries' security interests in certain assets of the fertility centers and vein clinics to which we or one of our subsidiaries provides management services must be true and correct in all respects at and as of the effective time of the merger;
- our representations and warranties regarding our capitalization and the absence of encumbrances on our ownership of the capital stock of our subsidiaries must be true and correct in all respects, except for inaccuracies that are *de minimis* relative to those representations and warranties taken as a whole, at and as of the effective time of the merger (except to the extent expressly made as of an earlier date, in which case as of that date);
- our representations and warranties regarding the absence of any undisclosed broker's or finder's fee and our and our subsidiaries' indebtedness, without giving effect to any materiality or Company material adverse effect qualifications, must be true and correct in all material respects at and as of the effective time of the merger with the same effect as though made as of the effective time of the merger (except to the extent expressly made as of an earlier date, in which case as of that date);
- our representations and warranties (other than those referenced in the preceding bullet points), without giving effect to any materiality or Company material adverse effect qualifications, must be true and correct as of the effective time of the merger (except to the extent expressly made as of an earlier date, in which case as of that date), except for failures to be true and correct that would not have, individually or in the aggregate, a Company material adverse effect;
- we must have performed in all material respects the obligations required to be performed by us under the merger agreement prior to the closing date of the merger;
- a Company material adverse effect must not have occurred since the date of the merger agreement;
- we must have delivered to Buyer a certificate, dated as of the closing date of the merger, signed on our behalf by a duly authorized officer, certifying as to the satisfaction of the conditions set fort