

PALIGENT INC
Form PREM14A
October 04, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

Paligent 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):

- No fee required
 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: common stock.
(2) Aggregate number of securities to which transaction applies: 32,490,948
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule (set forth the amount on which the filing fee is calculated and state how it was determined): The transaction valuation is determined based upon the product of the 32,490,948 shares of Paligent common stock outstanding on September 25, 2006 and the merger consideration of \$0.15 per share (equal to \$4,873,642). 95% of the shares will be transferred in the transaction, therefore the total consideration value of the transaction is \$4,629,960. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, the filing fee was determined by multiplying 0.000107 by the Total Consideration.
(4) Proposed maximum aggregate value of transaction: \$4,629,960
(5) Total fee paid: \$495.41
 Fee paid previously with preliminary materials.

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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:
-
-
-

PALIGENT INC.

**10 EAST 53RD STREET
33RD FLOOR
NEW YORK, NEW YORK 10022**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

**To Be Held on [] [], 2006
10:00 A.M. (Eastern Standard Time)**

To the stockholders of Paligent Inc.:

You are cordially invited to attend a special meeting of stockholders (the "special meeting") of Paligent Inc., a Delaware corporation ("Paligent," "we," "our," "us," or the "company"). At the meeting, to be held on [] [], 2006 at 10:00 a.m. Eastern Standard Time, at [], you will be asked:

1. To consider and vote upon a proposal to approve the Merger of Paligent with International Fight League, Inc., a privately held Delaware corporation ("IFL"), pursuant to an Agreement and Plan of Merger executed on August 25, 2006, as amended (the "Merger Agreement"), by and among Paligent, IFL and IFL Corp., a privately held Delaware corporation and wholly-owned subsidiary of Paligent (the "Merger Sub"), including the issuance of shares of Paligent common stock and the assumption by Paligent of outstanding options to purchase IFL shares as consideration for the merger (the "Merger"). Pursuant to the Merger Agreement, the Merger will be effectuated through Merger Sub, which will merge with and into IFL, with IFL being the surviving corporation. Upon closing, the Merger will result in control of Paligent by IFL's stockholders and the assumption of IFL's operations, assets and liabilities by Paligent.

2. To consider and vote upon a proposal to approve an amendment to Paligent's Certificate of Incorporation to effect a reverse stock split of Paligent's common stock pursuant to which every 20 outstanding shares would be combined into 1 share of Paligent common stock (the "Stock Split") and to authorize Paligent's Board of Directors to file such amendment prior to the closing of the Merger.

3. To consider and vote upon a proposal to approve the International Fight League, Inc. 2006 Equity Incentive Plan (the "New Plan").

4. To consider and vote upon a proposal to approve an amendment to Paligent's Certificate of Incorporation to change Paligent's name to "International Fight League, Inc." (the "Name Change").

5. To elect five directors, effective at the time of the Merger (the "Election").

In addition, we will conduct any other business properly brought before the meeting.

The Merger, the Stock Split, the New Plan and the Name Change were approved by our board of directors on August 22, 2006. However, we cannot proceed with the Merger unless proposal 1 is approved by stockholders holding a majority of shares of our common stock issued and outstanding and by stockholders holding a majority of the shares of our common stock voting at the special meeting other than Richard J. Kurtz and his affiliates, proposals 2 and 4 are approved by stockholders holding a majority of shares of our common stock issued and outstanding, proposal 3 is approved by stockholders holding a majority of shares voting at the special meeting and proposal 5 is approved by an affirmative vote of a plurality of votes cast at the special meeting, either in person or by proxy. The Stock Split will not be effective until we file a Certificate of Amendment to Paligent's Certificate of Incorporation with the Delaware Secretary of State. The Name Change will not be effective until we file an additional amendment to the Certificate of Incorporation with the Delaware Secretary of State. The closing of the Merger is also contingent upon the satisfaction of all other terms and conditions of the Merger Agreement and the filing of the Certificate of Merger with the Delaware Secretary of State. The Election is contingent upon the approval of the Merger.

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These items of business are more fully described in the proxy statement accompanying this notice. We encourage you to read the proxy statement in its entirety before voting. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER "RISK FACTORS" BEGINNING ON PAGE 18 OF THE PROXY STATEMENT.

The record date for the special meeting is [] [], 2006. Only stockholders of record at the close of business on that date may vote at the special meeting or any adjournments thereof. All stockholders of record are cordially invited to attend the special meeting in person. Whether or not you expect to attend the special meeting, please complete, date, sign and return the enclosed proxy card as promptly as possible in order to ensure your representation at the meeting and avoid the expense of additional proxy solicitation. A return envelope (with postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

Your vote is important regardless of the number of shares you own. Paligent and IFL cannot complete the proposed transaction until proposals 1, 2 and 4 are each approved by stockholders holding a majority of shares of our common stock issued and outstanding, proposal 3 is approved by stockholders holding a majority of shares voting at the special meeting, proposal 5 is approved by an affirmative vote of a plurality of votes cast at the special meeting and proposal 1 is also approved by stockholders holding a majority of the shares voting at the special meeting other than Richard J. Kurtz and his affiliates, either in person or by proxy. On behalf of your board of directors, thank you for your continued support of and interest in Paligent Inc.

Dated: [] [], 2006

By Order of the Board of Directors,

Salvatore A. Bucci
President and Chief Executive Officer

REFERENCE TO ADDITIONAL INFORMATION

This proxy statement is accompanied by a copy of Paligent's Annual Report on Form 10-K for its fiscal year ended December 31, 2005 and by its Quarterly Report on Form 10-Q for its fiscal quarter ended June 30, 2006.

In addition to these documents, Paligent has incorporated by reference into this proxy statement other important information about Paligent from documents filed with the SEC that are not included in or delivered with this proxy statement. Paligent will provide you with copies of this information, free of charge, upon request to:

PALIGENT INC.
10 East 53rd Street, 33rd Floor
New York, New York 10022

In order to receive timely delivery of the documents before the Paligent special meeting, you should make your request no later than [], 2006.

Please also see "Where You Can Find More Information" on page 67.

PALIGENT INC.
10 East 53rd Street, 33rd Floor
New York, New York 10022

PROXY STATEMENT

**FOR SPECIAL MEETING OF STOCKHOLDERS TO BE HELD
[], 2006, 10:00 A.M. (Eastern Time)**

This Proxy Statement is furnished to the stockholders of Paligent Inc., a Delaware corporation (referred to as "Paligent," "we," "us," "our" or the "Company"), in connection with the solicitation by our board of directors of proxies to be voted at a special meeting of the Paligent stockholders or any adjournment thereof (the "special meeting"), to be held at 10:00 a.m. Eastern Standard Time on [] [], 2006, at []. This Proxy Statement, accompanying proxy and notice of special meeting were first mailed on or about [] [], 2006, to all stockholders of record as of the close of business on [] [], 2006, who shall be the stockholders entitled to vote at the special meeting.

As indicated in the accompanying Notice of Special Meeting, the only matters to be considered at the special meeting are proposals related to the proposed merger of Paligent with International Fight League, Inc., a privately held Delaware corporation ("IFL"), pursuant to an Agreement and Plan of Merger executed August 25, 2006, as amended (the "Merger Agreement"), by and among Paligent, IFL and IFL Corp., a privately held Delaware corporation and wholly owned subsidiary of Paligent (the "Merger Sub") (the "Merger"). Pursuant to the Merger Agreement, we will effectuate the Merger, if approved, through Merger Sub, which will merge with and into IFL, with IFL being the surviving corporation.

To effectuate the Merger, if approved, we will issue 30,872,101 shares of our common stock to the stockholders of IFL in exchange for 100% of the issued and outstanding shares of common stock of IFL (including shares of preferred stock of IFL which will be converted to common stock immediately prior to the consummation of the Merger). We also will assume options to purchase shares of common stock on substantially the same terms and conditions as previously issued by IFL. Upon closing, the Merger will result in control of Paligent by IFL's stockholders and the assumption of IFL's operations, assets and liabilities by Paligent.

The closing of the Merger is contingent upon the approval of the Merger by our stockholders, approval of a proposed 1-for-20 reverse stock split of our common stock (the "Stock Split"), approval of the International Fight League, Inc. 2006 Equity Incentive Plan (the "New Plan"), approval of a proposal for the name change to International Fight League, Inc. (the "Name Change") and the election of five directors to the Board of Directors (the "Election"). The Stock Split, if approved, will not be effective until we file a Certificate of Amendment to our Certificate of Incorporation with the Delaware Secretary of State; however, the Stock Split would occur prior to the issuance of any shares of Paligent common stock to IFL stockholders. The Name Change, if approved, will not be effective until we file certificate of amendment to our Certificate of Incorporation with the Delaware Secretary of State. The Election is effective only upon consummation of the Merger. The closing of the Merger is also contingent upon the satisfaction of all other terms and conditions of the Merger Agreement and filing of a certificate of merger with the Delaware Secretary of State.

Under Delaware law and our Bylaws, a majority of all shares entitled to vote shall constitute a quorum. The affirmative vote of holders of at least a majority of the shares of common stock entitled to vote at the special meeting is required to approve each of the Merger, the amendment to Paligent's Certificate of Incorporation to effect the Stock Split and the Name Change, the affirmative vote of holders of a majority of the shares present at the special meeting is required for approval of the New Plan and a plurality of votes cast at the special meeting is required for the Election. Additionally, the affirmative vote of holders of a majority of the outstanding shares of our common stock not held

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by Richard J. Kurtz or his affiliates voting at the special meeting will be required to approve the Merger. The board of directors of Paligent has approved the Merger and each of proposals 2, 3 and 4 and recommends that you vote FOR all of these proposals and the election of the directors. Richard J. Kurtz and certain members of his family have agreed to vote in favor of all 5 proposals. Provided that a majority of shares of common stock not held by Richard J. Kurtz or his affiliates voting at the special meeting approve the Merger, the Merger and the other 4 proposals will be approved. This proxy statement provides detailed information about the Merger and the other proposals to be voted upon at the special meeting. **IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER "RISK FACTORS" BEGINNING ON PAGE 18.**

The accompanying proxy authorizes the individuals named in the proxy, or their designees, acting at the request of the management of Paligent, to vote the shares indicated in the proxy for or against the proposals and, in their discretion, to vote on other matters incidental to the special meeting.

A form of proxy is enclosed for your use. Please date, sign and return the proxy by [] [], 2006. Prompt return of your proxy will be appreciated. The solicitation of proxies from the stockholders is being made by the board of directors and our management who will not be specially compensated for such solicitation.

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SECTION ONE OVERVIEW

QUESTIONS AND ANSWERS ABOUT THE MERGER

Except as otherwise specifically noted, references throughout this proxy statement to "Paligent," "we," "our," "us" and similar words in this proxy statement refer to Paligent Inc., references to "Merger Sub" refer to IFL Corp., our wholly owned subsidiary, and references to "IFL" are to International Fight League, Inc. When we use the term "combined group," we are referring to these entities, and any subsidiaries they may form, as they will exist and operate after the close of the Merger, if approved, as further described below and in the section entitled "Proposal 1 Approval of the Merger with IFL," beginning on page 32. When we use the term "Merger Agreement," we are referring to the Agreement and Plan of Merger, dated August 25, 2006, as amended and restated on September 29, 2006 to reflect certain clarifying amendments. The Merger Agreement is attached to this proxy statement as Annex A. The Merger Agreement prior to its recent amendment and restatement was also publicly filed by Paligent with the Securities and Exchange Commission, or "SEC," as Exhibit 2.1 to the Current Report on Form 8-K filed on August 31, 2006. References to the "transaction" refer to the Merger itself and the various related actions contemplated by the Merger Agreement, including the Stock Split, the New Plan and the Name Change (as defined herein), for which we are seeking the approval of our stockholders.

Unless expressly specified otherwise, all of the numbers of shares of our common stock referred to in this proxy statement are calculated without giving effect to the proposed 1-for-20 reverse stock split (the "Stock Split"), for which we are currently seeking the approval of our stockholders. For details of the Stock Split, see the section entitled "Proposal 2 Approval of Amendment to Paligent's Certificate of Incorporation to Effect a Reverse Stock Split of Paligent Common Stock" beginning on page 51.

Q: Why am I receiving this proxy statement?

A: Paligent and IFL have agreed to merge under the terms of the Merger Agreement. As a result of the Merger, IFL's stockholders will take control of Paligent, and Paligent will assume IFL's operations, assets and liabilities. In connection with the change in control of Paligent, the board of directors and management team of IFL, Gareb Shamus, Kurt Otto and Michael Molnar, will join the board of directors and management of Paligent. In order to complete the transaction, we are asking our stockholders to vote to approve the issuance in the transaction of shares of Paligent common stock, the assumption of options to purchase shares of common stock granted by IFL and the resulting change of control of Paligent, and they must vote to approve other related proposals upon which the Merger is contingent. We are sending this proxy statement and the enclosed proxy card to our stockholders because our board of directors is soliciting their proxy to vote on the Merger and the other related matters set forth in this proxy statement at the special meeting of our stockholders to be held [] [], 2006, which we refer to as the "special meeting."

This proxy statement contains important information about the transaction and the other proposals to be presented at the special meeting upon which the Merger is contingent, including the proposed 1-for-20 reverse stock split of our common stock, approval of the International Fight League, Inc. 2006 Equity Incentive Plan (the "New Plan"), approval of a proposal for the name change to International Fight League, Inc. (the "Name Change") and the election of directors, effective upon consummation of the Merger. You should read this proxy statement carefully and, in particular, should carefully consider the matters discussed under "Risk Factors" beginning on page 18.

Q: Why is Paligent interested in merging with IFL?

A: We believe that the proposed Merger will provide substantial benefits to the Company and its stockholders and that the merger will offer its stockholders an opportunity to increase the value of

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their stock inasmuch as their ongoing investment would be in an operating company, in contrast to a company with no active business operations.

After conducting extensive due diligence, our board determined that a merger with IFL represented an opportunity to increase stockholder value for our stockholders. Currently, Paligent has no active operating business, has one employee, and is not generating any revenue, nor is it expected to operate or generate revenues in the near future. Further, the Company has relied on borrowings from its principal stockholder to meet its operating costs. The principal stockholder, however, has given no assurance that such funding will continue to be available. Accordingly, the Merger will allow Paligent and its stockholders to obtain value for its status as a public company and to move into an operating business.

Although the combined group may continue to incur net losses as it proceeds with the development of IFL's business, we believe that our prospects of achieving profitability will improve as a combined entity. For further details of the reasons for the transaction, see the sections entitled "Reasons for the Merger" on page 29.

Q:

What will happen in the Merger, if approved?

A:

Immediately prior to the Merger, we will effectuate a 1-for-20 reverse stock split of our common stock. IFL Corp. will then merge with and into IFL, with IFL being the surviving corporation. As consideration for the Merger, Paligent will issue 30,872,101 shares (after giving effect to the Stock Split) of its common stock to the stockholders of IFL in exchange for 100% of the issued and outstanding shares of common stock of IFL (including shares of preferred stock of IFL that will be converted to common stock of IFL immediately prior to the consummation of the Merger). In addition, Paligent will assume options to purchase shares of IFL common stock and will change its corporate name from Paligent Inc. to International Fight League, Inc. Upon closing of the Merger, the IFL stockholders will own approximately 95% of our stock. Pursuant to the Merger Agreement, after the Merger is complete, IFL's board of directors will consist of Salvatore A. Bucci, Richard J. Kurtz, Michael Molnar, Kurt Otto and Gareb Shamus. As a result, the combined group's stockholders will be invested in IFL's business of promoting a mixed martial arts ("MMA") sports league. In addition, subsequent to the Merger, Richard J. Kurtz, Paligent's principal stockholder will receive at least 1,627,500 shares of Paligent common stock in exchange for his contribution of obligations of \$651,000 owing under the promissory note issued to him by Paligent. Mr. Kurtz also may elect to contribute any or all of the remaining obligations owing under the promissory note in excess of \$651,000 for additional shares of Paligent which obligations aggregated [] as of [], 2006.

Q:

What will IFL stockholders receive in the transaction?

A:

If the transaction is completed, the holders of IFL common stock will receive an aggregate of 30,872,101 shares of Paligent common stock (after giving effect to the Stock Split) which shall be apportioned based on the number of shares of common stock of IFL outstanding as of such date, including shares of preferred stock of IFL which will be converted to common stock of IFL immediately prior to the consummation of the Merger. Additionally, Paligent will assume all outstanding options to purchase shares of IFL common stock.

While the number of shares of Paligent common stock or options to be issued for each IFL share or option will vary based on the number of shares of common stock of IFL issued and outstanding as of the date that the transaction is completed, the aggregate number of shares of Paligent common stock to be issued in the aggregate to the holders of IFL common stock is fixed and will not be adjusted for changes in the values of Paligent or IFL shares. As a result, before the completion of the transaction, the value of Paligent common stock that IFL stockholders will receive in the aggregate in the Merger will vary if and as the market price of Paligent common stock changes. Our common stock is currently quoted on the Over-the-Counter Bulletin Board

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under the symbol "PGNT" and as of September 26, 2006, the last sales price of our common stock was \$0.16 per share. You are encouraged to obtain current market quotations for our common stock.

Q:

How will existing stockholders be affected by the Merger?

A:

Existing stockholders shall continue to own the same number of shares of common stock that they owned immediately after the Stock Split and prior to the Merger, except that each share of common stock will represent a significantly smaller ownership percentage of Paligent after the Merger.

Q:

Does the board of directors recommend voting in favor of the Merger?

A:

Yes. After careful consideration, our board of directors determined that the transaction is in the best interests of, Paligent and its stockholders. Our board of directors recommends that our stockholders vote FOR the merger. Richard J. Kurtz and certain members of his family who collectively hold approximately 54.5% of the common stock of Paligent, have agreed to vote in favor of the transaction at the special meeting. For a description of the factors considered by Paligent's board of directors in making its determination, you should read the section entitled "Reasons for the Merger" on page 29.

Q:

Does the board of directors recommend voting in favor of the Stock Split?

A:

Yes. Our board of directors determined that the proposed reverse stock split, at an exchange rate of 1-for-20, is in the best interests of, Paligent and its stockholders, and that approval of the proposed amendment to Paligent's Certificate of Incorporation to effect the Stock Split is important to the success of the Merger. Our board of directors recommends that our stockholders vote FOR the proposed amendment to Paligent's Certificate of Incorporation effecting the Stock Split. Richard J. Kurtz and certain members of his family who collectively hold approximately 54.5% of the common stock of Paligent, have agreed to vote in favor of the Stock Split at the special meeting.

Q:

Does the board of directors recommend voting in favor of the New Plan?

A:

Yes. Our board of directors determined that approval of the New Plan is in the best interests of, Paligent and its stockholders, and that adoption of the New Plan is important to the success of the combined group after the Merger. IFL's management believes that the New Plan will allow the combined group to offer competitive compensation packages to employees, officers, directors, advisors and independent contractors eligible under the New Plan, by providing these individuals the opportunity to acquire or increase their proprietary interest in the combined group, thereby adding to their incentive to contribute to the performance and growth of the company. Our board of directors recommends that our stockholders vote FOR the approval of the New Plan. Richard J. Kurtz and certain members of his family who collectively hold approximately 54.5% of the common stock of Paligent, have agreed to vote in favor of the New Plan at the special meeting.

Q:

Does the board of directors recommend voting in favor of the Name Change?

A:

Yes. Our board of directors determined that a change in the name of the combined group is in the best interests of Paligent and its stockholders because it is important to the success of the Merger and to the success of the combined group. Following the Merger, the business of the combined group will be the business of IFL. As such, the parties to the Merger Agreement have determined that continued use of the Paligent name will not accurately reflect the nature of the combined group's operations and therefore it is in the best interests of the combined group to have the name International Fight League, Inc. Our board of directors recommends that our stockholders vote FOR the Name Change. Richard J. Kurtz and certain members of his family who collectively hold approximately 54.5% of the common stock of Paligent, have agreed to vote in favor of the Name Change at the special meeting.

Q: Does the board of directors recommend voting in favor of the Election of the directors?

A: Yes. Our board of directors determined that the combined board of directors, effective upon consummation of the Merger, will manage the combined group and focus on the growth of IFL's business. Our board of directors recommends that you vote FOR the Election of the directors. Richard J. Kurtz and certain members of his family, who collectively hold approximately 54.5% of the common stock of Paligent, have agreed to vote in favor of the Election at the special meeting.

Q: Has IFL's board of directors and its stockholders approved the Merger and related proposals?

A: After careful consideration, IFL's board of directors determined the terms of the Merger to be fair and reasonable and to be in the best interests of IFL. IFL's stockholders have not approved the merger, but it is expected to be approved by IFL's stockholders prior to the special meeting.

Q: When do you expect to complete the Merger?

A: Paligent and IFL are working to complete the transaction as quickly as possible. Paligent and IFL believe they will complete the merger prior to [] [], 2006.

Q: What risks should I consider in evaluating the proposals presented in this proxy statement?

A: You should carefully read and consider the information presented in the section entitled "Risk Factors," beginning on page 18, which sets forth the material risks that you should consider in deciding whether to vote for the proposals described in this proxy statement.

Q: Are stockholders entitled to appraisal or dissenters' rights?

A: In a triangular merger such as this, Paligent itself is not affected, therefore, stockholders are not entitled to appraisal or dissenters' rights.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this proxy statement, including the Annexes, and consider how the transaction will affect you as a stockholder of Paligent. You also may want to review the documents referenced under the section entitled "Where You Can Find More Information" on page 67. The management of Paligent requests your full participation in the special meeting, either in person or by proxy. For details on the special meeting and how to vote, please see "Questions and Answers About the special meeting," on page 26. Regardless of whether you intend to attend the special meeting, we request that you complete and return the enclosed proxy card as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.

Q: Whom should I call with questions?

A: If you have any questions about the Merger or any of the related proposals or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact:

Salvatore A. Bucci, President and CEO
Paligent Inc.
10 East 53rd Street, 33rd Floor
New York, NY 10022
(212) 755-5461

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You may also obtain additional information about Paligent from documents filed with the SEC by following the instructions in the section entitled "Where You Can Find More Information" on page 67.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information contained in this proxy statement, including in the documents incorporated by reference into this proxy statement, includes some statements that are not purely historical and that are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements regarding Paligent's, IFL's, the combined group's and the parties' management's expectations, hopes, beliefs, intentions or strategies regarding the future, including Paligent's and IFL's financial condition, results of operations, and the expected impact of the Merger on the parties' individual and combined financial performance. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipates," "believes," "continue," "could," "estimates," "expects," "intends," "may," "might," "plans," "possible," "potential," "predicts," "projects," "seeks," "should," "will," "would" and similar expressions, or the negatives of such terms, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this proxy statement are based on current expectations and beliefs concerning future developments and the potential effects on the parties and the transaction. There can be no assurance that future developments actually affecting Paligent, IFL and the proposed combined group will be those anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the parties' control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, including the following:

- our ability to obtain stockholder approval of the Merger;
- the parties' ability to close the Merger in a timely manner;
- forecasts of future economic performance;
- descriptions of plans or objectives of management for future operations, products or services; and
- the ability of IFL's management team to effect a smooth transition to leadership of the combined group.

These risks and uncertainties, along with others, are also described under the heading "Risk Factors," beginning on page 18. Should one or more of these risks or uncertainties materialize, or should any of the parties' assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

SUMMARY OF THE PROXY STATEMENT

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you as a Paligent stockholder. To better understand the Merger and the other matters discussed in this proxy statement, you should read this entire document carefully, including the Merger Agreement, attached as Annex A, and the other documents to which we refer herein. This proxy statement is accompanied by a copy of Paligent's Annual Report on Form 10-K for its fiscal year ended December 31, 2005 and by its Quarterly Report on Form 10-Q for its fiscal quarter ended June 30, 2006. In addition to these documents, Paligent has incorporated by reference into this proxy statement other important information about Paligent from documents filed with the SEC that are not included in or delivered with this proxy statement. Paligent will provide you with copies of this information, free of charge, upon request to:

PALIGENT INC.
10 East 53rd Street, 33rd Floor
New York, New York 10022

Please also see "Where You Can Find More Information" on page 67. We have included page references parenthetically to direct you to a more complete description of some of the topics presented in this summary.

The Companies

Paligent Inc.
10 East 53rd Street, 33rd Floor
New York, New York 10022
(212) 755-5461

THE MERGER WILL RESULT IN A CHANGE IN CONTROL OF PALIGENT TO CONTROL BY IFL'S STOCKHOLDERS AND THE ASSUMPTION BY PALIGENT OF IFL'S OPERATIONS, ASSETS AND LIABILITIES. If the Merger closes, a management team of both IFL and Paligent officers will manage the combined group and will focus on the growth of IFL's business. As a result, the combined group's stockholders will be invested in a company engaged in the business of organizing and promoting a mixed martial arts league, as opposed to Paligent's prior businesses, with different industry risks than those previous operations.

IFL Corp. is a wholly owned subsidiary of Paligent and was incorporated in Delaware in July 2006. IFL Corp. does not engage in any operations and exists solely to facilitate the Merger.

For more detailed discussion of Paligent's former business operations or its financial condition, see Paligent's public filings included with this Proxy Statement and other documents listed under "Documents Incorporated By Reference" on page 67; instructions on how to review these filings are provided under "Where You Can Find More Information" on page 67.

International Fight League, Inc.
1010 Sixth Avenue, 3rd Floor
New York, New York 10018

For a more detailed discussion of IFL's business, see the section entitled "IFL's Business," beginning on page 36, and for a discussion of IFL's financial condition, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 44. For more information about IFL's board of directors and management team, see "Board of Directors and Management Following the Merger," beginning on page 44.

Pre-Existing Relationships; Competition

Richard J. Kurtz owns approximately 54.5% of Paligent stock and is also an IFL stockholder. Otherwise, to the best of our knowledge, none of our stockholders holds any shares of IFL, nor are we aware of any other conflicts of interest between the two companies.

Paligent's historical business and IFL's intended business are in completely distinct industries and would not have competed with each other.

Structure of the Merger (see page 30)

Just prior to the closing of the Merger, we will effectuate a 1-for-20 reverse stock split of Paligent's outstanding common stock. To effectuate the Merger, Merger Sub will merge with and into IFL and Paligent will issue 30,872,101 shares of its common stock on a post-split basis in exchange for 100% of the issued and outstanding shares of IFL common stock. In addition, Paligent will assume all outstanding options to purchase shares of IFL common stock on substantially the same terms and conditions as previously issued by IFL. As part of the Merger, Paligent will also adopt the New Plan under which the options will be issued.

Following the close of the Merger, Paligent will change its name to "International Fight League, Inc."

In addition, effective upon the close of the Merger, directors elected at the special meeting, which comprise all of the current Paligent and IFL directors will become the directors of the Company.

As a result of the Merger, the former IFL stockholders will be holders of Paligent common stock, and IFL optionholders will become holders of options to acquire shares of Paligent common stock. Based on the number of shares of IFL common stock, and IFL's options, outstanding or allocated for issuance as of the record date, and the issuance of shares of common stock to Richard J. Kurtz in consideration of the cancellation of debt due immediately following the Merger, we anticipate that there will be 34,124,448 shares of Paligent common stock outstanding after the Merger, of which the current stockholders of Paligent will own approximately 4.76% and approximately []% of the combined group's issued and outstanding common stock if all [] options to purchase shares of common stock assumed pursuant to the Merger are exercised, which would result in [] shares of common stock outstanding.

Overview of the Merger Agreement (see page 30)

Conditions to Close (see page 31)

Paligent's obligation to effectuate the transactions contemplated by the Merger Agreement, which we refer to as the "closing," will not take place until Paligent stockholders vote to approve the Merger and the related proposals upon which the Merger is contingent, and the parties satisfy, or waive, where allowable, the other conditions listed in the Merger Agreement. These closing conditions include, but are not limited to, the following:

The representations and warranties of all parties to the Merger Agreement as provided in the Merger Agreement shall be true in all material respects;

All parties to the Merger Agreement shall have performed in all material respects all conditions, covenants, agreements and obligations required to be performed by the Merger Agreement;

No event having a material adverse effect on Paligent or IFL shall have occurred;

Each party shall have obtained all consents and approvals, required to be obtained, from third parties or governmental and regulatory authorities;

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Paligent shall have completed its due diligence review of IFL and the results shall have been satisfactory to Paligent;

Paligent shall have adopted the New Plan; and

The Stock Split shall have been consummated.

Termination of the Merger Agreement (see page 31)

The Merger Agreement may be terminated prior to closing under several circumstances, including:

by mutual consent of the boards of directors of Paligent and IFL;

by written notice to the other party, if: any conditions to the obligations of the party are not satisfied by August 25, 2007; or

by either party, if its board of directors determines in good faith, based upon the written opinion of its outside legal counsel, that the failure to terminate this Agreement would constitute a breach of the fiduciary duties of the board of directors to the stockholders under applicable law.

No Solicitation (see page 32)

Neither IFL nor Paligent is permitted to, and they are not permitted to authorize or permit any of their respective officers, directors or employees or Subsidiaries or any investment banker, financial advisor, attorney, accountant or other representative retained by it to, solicit, initiate or encourage (including by way of furnishing information), or take any other action to facilitate, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any Takeover Proposal (as defined in the Merger Agreement), or negotiate with respect to, agree to or endorse any Takeover Proposal. IFL agrees to promptly advise Paligent and Paligent agrees to promptly advise IFL, as the case may be, orally and in writing of any such inquiries or proposals and agree to also promptly advise Paligent or IFL, as the case may be, of any developments or changes regarding such inquiries or proposals. IFL and Paligent agree not to release (by waiver or otherwise) any third party from the provisions of any confidentiality or standstill agreement to which IFL or Paligent is a party.

Directors and Management of Paligent Following the Merger (see page 43)

At the special meeting, stockholders will vote to elect Salvatore A. Bucci, Richard J. Kurtz, Gareb Shamus, Kurt Otto and Michael Molnar to the board of directors of the combined group, contingent and effective upon the closing of the Merger. The parties shall ensure that the composition of the Paligent board upon such appointments complies with the rules and regulations of the Over-the-Counter Bulletin Board (the "OTCBB") and the SEC.

Reasons for the Merger (see page 26)

The Company has been seeking business opportunities to maximize value for its stockholders since 2001. During this time, the Company entered into several letters of intent that proposed the acquisition or merger of business ventures; however, after conducting significant due diligence in connection with these proposed transactions, the Company ultimately determined not to proceed with such transactions.

Presently, the Company has no operations and, in transactions consummated from 2000 through 2005, has sold all of its remaining right, title and interest in its prior technologies. We believe that the merger offers our stockholders an opportunity to increase the value of their stock inasmuch as their ongoing investment would be in an operating company.

Interests of Paligent's Directors, Officers and Certain Stockholders (see page 33)

In considering the recommendation of our board of directors that stockholders vote in favor of the Merger and the resulting change of control of Paligent, stockholders should be aware that some Paligent officers, directors and certain stockholders have interests in the transaction that may be different from, or in addition to, their interests as stockholders of Paligent.

Vote of Stockholders Required (see page 34)

In order to transact business at the special meeting on [] [], 2006, holders of a majority of the outstanding shares of Paligent common stock entitled to vote as of the record date, [] [], 2006, must be present, either in person or by proxy. Approval of the Merger and the issuance of Paligent common stock in the Merger requires the approval of at least a majority of the shares of common stock entitled to vote at the special meeting. In addition, the Board of Directors of Paligent has elected to have the Merger subject to the requisite approval of a majority of the outstanding shares of Paligent common stock not held by Richard J. Kurtz or his affiliates. As of the record date, directors and executive officers and their affiliates beneficially owned and were entitled to vote 17,696,571 shares of Paligent common stock, which represented 54.5% of the shares of Paligent common stock outstanding and entitled to vote on that date.

Certain Material U.S. Federal Income Tax Consequences of the Merger (see page 34)

As described below under the heading "Certain Material U.S. Federal Income Tax Consequences of the Merger for Paligent and Paligent Stockholders," for United States federal income tax purposes, there should be no material tax consequences from the Merger to Paligent and our continuing stockholders should not recognize gain or loss as a result of the Merger. Paligent has not requested a ruling from the Internal Revenue Service or an opinion of counsel with respect to the federal income tax consequences of the Merger. We note that state, local or foreign income tax consequences to stockholders may vary from the federal tax consequences described above. EACH STOCKHOLDER IS ENCOURAGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE TAX CONSEQUENCES OF THE MERGER.

Accounting Treatment (see page 33)

After the Merger, but subject to issuance of additional shares to Richard J. Kurtz upon his contribution of certain indebtedness owed to him by Paligent, IFL's stockholders will own approximately 95% of the fully diluted share capital of Paligent, and, as a result, IFL shall be treated as the acquiring company for accounting purposes. The Merger will be accounted for as a reverse acquisition under the purchase method of accounting for business combinations in accordance with U.S. generally accepted accounting principles, or "U.S. GAAP." Reported results of operations of the combined group issued after completion of the transaction will reflect IFL's operations.

Risk Factors (see page 18)

In evaluating the Merger Agreement, the principal terms of the Merger, the issuance of Paligent securities in the transaction and any of the related proposals, you should carefully read this proxy statement. By voting for or against the Merger, the Stock Split, the New Plan, the Name Change and the Election, you are effectively deciding whether or not to invest directly in the business of IFL, which shall constitute the entire business of the surviving corporation after the Merger. In particular, you should carefully consider the factors discussed in the section entitled "Risk Factors."

Regulatory Approvals (see page 32)

This transaction is subject to antitrust laws. For the reasons described in greater detail in the section entitled "Regulatory Approvals," we do not presently believe the Merger to be subject to the reporting and waiting provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Thus, no filings have been made or are presently contemplated with the U.S. Department of Justice, or the "DOJ," and the U.S. Federal Trade Commission, or the "FTC," in relation to the Merger. Nevertheless, either the DOJ or the FTC, or another regulatory agency or government, state or private person, may challenge the transaction at any time before or after completion.

Reverse Stock Split (see page 51)

Our board of directors believes that a reverse stock split immediately prior to the Merger, in order to increase the price of our common stock in the near term, would likely make its shares more desirable consideration to IFL's stockholders in the Merger.

As a result, the board of directors has approved a proposal to amend the Company's Certificate of Incorporation to effect a reverse stock split of all outstanding shares of Paligent common stock at rate of 1-for-20 (the "split ratio"), which we refer to as the Stock Split. If the Stock Split is approved, upon its effectiveness, the number of issued and outstanding shares of our common stock would be reduced in accordance with the split ratio. Except for adjustments that may result from the treatment of fractional shares, each stockholder will hold the same percentage of outstanding common stock immediately following the Stock Split as such stockholder held immediately prior to the Stock Split. The proposed amendment will not change the number of total authorized shares of our capital stock, or change the par value of our common stock and preferred stock. Based on the number of issued and outstanding shares of our common stock as of the record date, [] [], 2006, a total of approximately 73,369,453 shares of our common stock would be authorized but unissued immediately after the Stock Split, but prior to the Merger, after giving effect to the issuance of approximately 6,000 shares that would be issued in connection with the Stock Split for rounding up of fractional shares created by the Stock Split. The ability of Paligent and IFL to close the Merger is contingent in part upon the approval of the Stock Split by our stockholders.

Approval of the New Plan (see page 55)

Pursuant to the Merger Agreement, we are seeking to approve the New Plan. IFL's management believes the New Plan will allow the combined group to offer competitive compensation packages to employees, officers, directors, advisors and independent contractors, and enable the combined group to incentivize these individuals to contribute to the performance and growth of the company by providing the opportunity to acquire or increase their proprietary interest in the combined group. The New Plan provides for the grant of up to 5,000,000 shares of common stock pursuant to incentive stock options or nonqualified stock options, as deferred stock or as restricted stock for officers, employees, directors, consultants and advisors. A complete copy of the New Plan is attached hereto as Annex C, and a discussion of the material terms and conditions of the New Plan begins on page 55.

Name Change to International Fight League, Inc. (see page 59)

The Paligent board of directors determined that a change in the name of the combined group is important to the post-Merger success of the combined group. Further, following the Merger, the combined group's business will be that of IFL, former IFL stockholders will primarily own the combined group and IFL's former management team will remain on the board of directors of the combined group. As such, we have determined it would be in the best interests of the combined group to have the name International Fight League, Inc. Thus, upon closing of the Merger, Paligent shall file

an amendment to the Company's Certificate of Incorporation and take the necessary steps to effectuate the Name Change.

Election of Directors (see page 60)

Effective upon the consummation of the Merger, the board of directors of IFL will be comprised of Paligent and IFL directors. The board of directors will focus on IFL's business of organizing and promoting a mixed martial arts sports league.

PALIGENT AND IFL

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on the historical financial statements of Paligent and IFL and have been prepared to illustrate the effects of the Paligent acquisition of IFL under terms of the Merger Agreement. The following data is presented as if the Merger was effective as of June 30, 2006 for the unaudited pro forma condensed combined balance sheet. The unaudited pro forma condensed combined statements of operations for the periods ended December 31, 2005 and June 30, 2006 are presented as if the Merger had occurred as of January 1, 2005. This unaudited condensed combined pro forma financial information reflects the Merger as a capital transaction whereby IFL would be the accounting acquirer and Paligent would be the legal acquirer under the purchase method of accounting for business combinations in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations." Under the purchase method of accounting, the total estimated purchase price will be allocated to the net tangible and intangible assets acquired and liabilities assumed in connection with the Merger, based on their estimated fair values as of the completion of the Merger, taking into account the intended issuance of Paligent's remaining assets and the settlement of its outstanding liabilities upon consummation of the Merger. The Merger is equivalent to the issuance of stock by IFL for the net monetary assets of Paligent, accompanied by a recapitalization. Subsequent to the Merger, reported historical financial condition and results of operations of the combined group shown for comparative purposes in periodic filings will reflect IFL's operations only.

A final determination of any estimated fair values, which cannot be made prior to the completion of the Merger, will be based on the actual net tangible assets of Paligent that exist as of the date of completion of the Merger. The pro forma data presented herein is for informational purposes only and is not intended to represent or be indicative of the results of operations or financial condition of the combined entities that would have been reported had the proposed transaction been completed as of the dates presented, and should not be taken as representative of future results of operations or financial condition of the combined group.

The unaudited pro forma condensed combined financial statements should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements, including the related notes, of Paligent covering these periods included in Paligent's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and in Paligent's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2006, each accompanying this proxy statement, as well as the historical financial statements of IFL included elsewhere in this proxy statement.

PALIGENT AND IFL

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of June 30, 2006

	Paligent	IFL	Pro Forma Adjustments	Condensed Combined Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 9,439	\$ 539,528	\$	\$ 548,967
Accounts receivable, net		103,458		103,458
Prepaid expenses and other current assets	10,097	8,581		18,678
Total current assets	19,536	651,567		671,103
Property and equipment, net		37,917		37,917
Other assets		24,840		24,840
Total assets	\$ 19,536	\$ 714,324	\$	\$ 733,860
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	\$ 65,452	\$ 391,125	\$	\$ 456,577
Accrued expenses	21,998	212,799	(72,617) B	162,180
Due to related party	724,688		(651,000) D	73,688
Total current liabilities	812,138	603,924	(723,617)	692,445
Series A Convertible Redeemable Preferred Stock		2,525,000	(2,525,000) A	
Stockholders' equity (deficit):				
Common stock	324,910	1,800	14,475 A,B,C,D	341,185
Additional paid-in-capital	154,634,974	25,128	(152,518,344) A,B,C,D	2,141,758
Accumulated deficit	(155,752,486)	(2,441,528)	155,752,486 C	(2,441,528)
Total stockholders' equity (deficit)	(792,602)	(2,414,600)	3,248,617	41,415
Total liabilities and stockholders' equity (deficit)	\$ 19,536	\$ 714,324	\$	\$ 733,860