

NOVOSTE CORP /FL/  
Form PREM14A  
July 15, 2005  
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## SCHEDULE 14A INFORMATION

### 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

- Preliminary Proxy Statement
- Confidential For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Soliciting Material Pursuant to Rule 14a-12

### NOVOSTE CORPORATION

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(Name of Registrant as Specified In Its Charter)

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(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 and Series A preferred stock of ONI Medical Systems, Inc. ( ONI ) to be acquired by Novoste Corporation ( Novoste )  
in exchange for shares of Novoste s common stock**

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

**5,929,806 shares of ONI s common stock, options and warrants to purchase 3,144,940 shares of ONI s common stock and 9,147,285 shares of ONI s Series A preferred stock to be acquired by Novoste in exchange for up to 33,055,560 shares of Novoste s common stock pursuant to the merger of a wholly owned subsidiary of Novoste with and into ONI**

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(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):

**one third of \$0.01, which is one third of the par value per share of each of the ONI common stock and the ONI Series A preferred stock**

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(4) Proposed maximum aggregate value of transaction: \$60,741

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(5) Total fee paid: \$8.00

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.. Fee paid previously with preliminary materials.

.. 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:

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

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(3) Filing Party:

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(4) Date Filed:

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**Novoste Corporation**

**4350 International Boulevard**

**Norcross, Georgia 30093**

**(770) 717-0904**

**July , 2005**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders in lieu of an annual meeting to be held at 8:30 a.m., local time, on [ ], 2005 at the Atlanta Marriott Gwinnett Place, 1775 Pleasant Hill Road, Duluth, Georgia.

At the special meeting, among other things, you will be asked to approve (a) the issuance of shares of our common stock to the shareholders of ONI Medical Systems, Inc., a privately held Delaware corporation, pursuant to the terms of an agreement and plan of merger that we have entered into with ONI under which ONI will become our wholly owned subsidiary and (b) an amendment to our articles of incorporation to increase the authorized number of shares of our common stock from 25,000,000 to 75,000,000.

After careful consideration, our board of directors has unanimously (with one director recused from the matters) determined that the merger with ONI and the related merger agreement are advisable, fair to and in the best interests of our shareholders, has approved the merger agreement, the share issuance and the two amendments to our articles of incorporation described in the accompanying proxy statement, and has recommended that you vote for these proposals. Our board believes that, although the merger with ONI represents a complete change in the nature of our business, the merger affords our existing shareholders an opportunity for future value that the board believes is currently unavailable given our existing technology. ONI develops, manufactures and markets dedicated-purpose magnetic resonance imaging systems, which, if the merger is consummated, will become the business of Novoste. Our financial advisor, Asanté Partners LLC, has delivered to the board of directors an opinion that the merger consideration to be paid by Novoste in the transaction is fair to us from a financial point of view. We anticipate that completion of the merger will result in the current holders of ONI's equity securities owning a majority of our common stock.

The accompanying proxy statement provides a detailed description of the proposed merger, and a copy of the merger agreement is attached to the proxy statement as *Annex A*. In addition, the proxy statement provides you with important information regarding our board of directors and the other proposals that require your vote. I urge you to read the proxy statement materials in their entirety and consider them carefully. Please pay particular attention to the Risk Factors beginning on page [ ] for a discussion of the risks related to the merger.

It is important that your shares be represented at the special meeting, regardless of the size of your holdings. Accordingly, whether or not you expect to attend the special meeting, I urge you to vote promptly by returning the enclosed proxy card. You may revoke your proxy at any time

before it has been voted.

I look forward to seeing you on \_\_\_\_\_, 2005.

Sincerely,

Alfred J. Novak

President and Chief Executive Officer

**The accompanying proxy statement is first being mailed or  
delivered to shareholders on or about \_\_\_\_\_, 2005.**

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**Novoste Corporation**

**4350 International Boulevard**

**Norcross, Georgia 30093**

**(770) 717-0904**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**IN LIEU OF AN ANNUAL MEETING**

**TO BE HELD ON [            ], 2005**

NOTICE IS HEREBY GIVEN that on [            ], 2005, Novoste Corporation will hold a special meeting of shareholders in lieu of an annual meeting at the Atlanta Marriott Gwinnett Place, 1775 Pleasant Hill Road, Duluth, Georgia. The meeting will begin at 8:30 a.m., local time.

At the special meeting, we will consider:

1. The issuance of shares of our common stock, par value \$0.01 per share, to the holders of equity securities of ONI Medical Systems, Inc., a privately held Delaware corporation, pursuant to the terms of an Agreement and Plan of Merger by and among us, ONIA Acquisition Corp. and ONI, dated May 18, 2005, under which ONI will become our wholly owned subsidiary;
2. An amendment to our amended and restated articles of incorporation to increase the authorized number of shares of our common stock from 25,000,000 to 75,000,000;
3. An amendment to our amended and restated articles of incorporation to change our name from Novoste Corporation to ONI Medical Systems, Inc.;
4. The election of two directors to our board of directors;
5. A proposal to adjourn the meeting to permit further solicitation of proxies; and
6. Any other business properly presented at the special meeting or any postponements or adjournments thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice.

Pursuant to our by-laws, our board of directors has fixed [            ], 2005 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting and at all postponements or adjournments thereof. Only shareholders of record at the close of

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business on that date and eligible to vote will be entitled to vote at the special meeting and any postponements or adjournments thereof. A list of all shareholders entitled to vote at the special meeting will be open for examination by shareholders for any purpose related to the special meeting during ordinary business hours for a period of ten (10) days before the special meeting at our offices, located at 4350 International Boulevard, Norcross, Georgia, 30093.

By Order of the Board of Directors,

Daniel G. Hall

Corporate Secretary

Norcross, Georgia

[        ], 2005

***Whether or not you plan to attend the special meeting, please complete and return the enclosed proxy card. If you sign and return your proxy card without specifying a choice, your shares will be voted in accordance with the recommendations of our board of directors. You may, if you wish, revoke your proxy at any time before it is voted by filing with the Corporate Secretary of Novoste a written revocation or a duly executed proxy bearing a later date, or by attending the special meeting and voting in person.***

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Annex B	Opinion of Asanté Partners LLC
Annex C	Novoste Share Increase Amendment
Annex D	Novoste Name Change Amendment

ONI (and Design) and OrthOne are registered trademarks of ONI Medical Systems, Inc. ONI Medical Systems, Inc. is a trademark of ONI Medical Systems, Inc.

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The following are some of the questions that you, as a shareholder of Novoste, may have and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this proxy statement, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement. We urge you to read this proxy statement in its entirety before making any decision as to your Novoste common stock.

### **QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

**Q: Why am I receiving this proxy statement?**

A: You are receiving this proxy statement for a special meeting of shareholders for two reasons. First, we have agreed to a business combination with ONI pursuant to the terms of the merger agreement that is described in this proxy statement. A copy of the merger agreement is attached to this proxy statement as *Annex A*. Second, the special meeting also is being held in lieu of our 2005 annual meeting of shareholders and, as such, you will be asked to elect two Class III directors and we will conduct at the special meeting such other business as would otherwise be conducted at our annual meeting.

In order to complete the merger, our shareholders must vote to approve (1) the issuance of our common stock pursuant to the merger agreement, (2) an amendment to our articles of incorporation to increase the number of authorized shares of our common stock, and (3) an amendment to our articles of incorporation to change our name from Novoste Corporation to ONI Medical Systems, Inc.

This proxy statement contains important information about the merger, the issuance of our common stock pursuant to the merger agreement, the proposed amendments to our articles of incorporation and the election of two class III directors. You should read it carefully.

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

**Q: Has the Novoste board of directors made any recommendation regarding how to vote?**

A: Yes. Our board of directors has unanimously (with one director recused from the matters) determined that the merger with ONI and the related merger agreement are advisable, fair to and in the best interests of our shareholders, and has recommended that you vote in favor of the share issuance and the two amendments to our articles of incorporation. The reasons why our board recommends these proposals are discussed in greater detail in the section entitled *Approval of Issuance of Shares in the ONI Merger Recommendation of our Board of Directors and Reasons for the Merger*.

Our full board of directors has further unanimously approved, and recommended to you, the election of two Class III directors and the approval of the adjournment proposal.

**Q: Why is Novoste proposing the merger with ONI?**

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- A: In February 2005, we announced that our board of directors had determined that our vascular brachytherapy, or VBT, business, our only business line, was no longer viable and, as a result, the board had authorized a staged wind-down of the business. The board of directors also authorized the sale of the VBT business, which sale process is currently ongoing. The board determined that this decision was necessary in order to preserve the company's cash resources. While the sale process continues, Novoste will continue to actively sell its VBT products to its physician customers and accept new contracts. The board also announced in February 2005 that it was seeking new product opportunities, as well as a merger, business combination or other disposition of our business or assets. The merger agreement with ONI is the culmination of those efforts. We believe that the combination of Novoste and ONI affords our existing shareholders an

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opportunity for future value that in the board's opinion is currently unavailable given our existing technology. ONI is engaged in the development, manufacturing and marketing of dedicated-purpose magnetic resonance imaging systems, which, if the merger is completed, will become the business of Novoste.

### **Q: When and where is the special meeting of shareholders and who is entitled to vote?**

A: The special meeting of shareholders will take place at 8:30 a.m., local time, on [ ], 2005, at the Atlanta Marriott Gwinnett Place, 1775 Pleasant Hill Road, Duluth, Georgia. Holders of record of our common stock as of the close of business on [ ], 2005 are entitled to vote at the special meeting.

### **Q: What shareholder approvals are required to approve the share issuance in the ONI merger and the two amendments to Novoste's articles of incorporation?**

A: The affirmative vote of a majority of the total votes cast is required to approve the share issuance in the ONI merger. The approval of each of the two amendments to our articles of incorporation requires that the number of votes cast by shareholders at the special meeting in favor of the proposal exceed the number of votes cast against the proposal.

### **Q: What will happen in the ONI merger?**

A: Before entering into the merger agreement, we formed ONIA Acquisition Corp., which we refer to as Merger Sub. Merger Sub will merge with and into ONI, and ONI will continue as the surviving company. The surviving company will be our wholly owned subsidiary. Upon completion of the merger, each outstanding share of ONI common and preferred stock will be canceled and converted into the right to receive the number of shares of our common stock determined in accordance with the formulas set forth in the merger agreement. In addition, all outstanding and unexercised options and warrants to purchase shares of ONI equity securities will be assumed by us and be converted and become options and warrants to acquire shares of our common stock, also determined in accordance with these formulas.

The total number of shares of our common stock to be issued pursuant to the merger agreement (including upon exercise of assumed ONI options and warrants) will be determined at the time of the closing of the merger based on a formula that values us at the value of our net cash assets at closing and values ONI at \$20,000,000 (solely for purposes of this calculation). **We anticipate that completion of the merger will result in the current holders of ONI's equity securities owning a majority of our common stock.**

Based on [16,334,780] shares of our common stock outstanding on the record date, and assuming that the value of our net cash assets at closing provides for a Novoste valuation of \$12,500,000, we currently expect to issue an aggregate of [22,794,189] shares of our common stock and to assume options and warrants to purchase an aggregate of [3,650,259] shares of our common stock if the merger is completed. Accordingly, we anticipate that the current holders of ONI's equity securities will have voting power sufficient to control all major corporate decisions immediately after the merger. See Approval of Issuance of Shares in the ONI Merger Terms of the Merger Agreement Merger Consideration.

### **Q: What will be the composition of Novoste's board of directors after the merger?**

A: Immediately following the merger, our board of directors will consist of nine directors, five of whom have been designated by ONI and four of whom have been or will be designated by us. One of the five ONI designees will be Alfred J. Novak, who is currently our chief executive officer and one of our directors. Mr. Novak will resign from his management position at the closing of the merger. One of our four designees will be Stephen I. Shapiro, who is currently a director of both Novoste and ONI. See Approval of Issuance of Shares in the ONI Merger Terms of the Merger Agreement Board of Directors of the Combined Company.



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**Q: Who will be Novoste's largest shareholder after the merger?**

A: Based on [16,334,780] shares of Novoste common stock outstanding on the record date, and assuming that the value of our net cash assets at closing provides for a Novoste valuation of \$12,500,000, we expect that Galen Partners IV, LP and affiliated entities, who are currently shareholders of ONI, will beneficially own approximately [31]% of our common stock outstanding immediately after the merger. For information about the percentage ownership our largest shareholders will have in the combined company, see [Approval of Issuance of Shares in the ONI Merger](#) [Pro Forma Security Ownership of Novoste Following the Merger](#).

**Q: What will I receive for my shares in the merger?**

A: Our shareholders will not be exchanging their shares in the merger. Upon completion of the merger, you will continue to own the same number of shares of our common stock that you owned immediately before the merger. Because we will issue shares to the current holders of ONI's equity securities, however, the percentage ownership interest that your shares represent in us will be reduced.

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

A: We and ONI intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. As a result, the merger is not expected to have any U.S. federal income tax consequences for our current shareholders. See [Approval of Issuance of the Shares in the ONI Merger](#) [Material U.S. Federal Income Tax Consequences of the Merger](#).

**Q: Why am I being asked to approve amendments to Novoste's articles of incorporation?**

A: The amendments to our articles of incorporation are necessary in order for us to complete the merger. For example, if our shareholders do not approve the share increase proposal, we will not have enough shares authorized to issue our common stock to ONI's shareholders as contemplated by the merger agreement.

**Q: Are there risks I should consider in deciding whether to vote to approve the issuance of Novoste shares pursuant to the merger agreement?**

A: Yes. In evaluating the issuance of shares of our common stock pursuant to the merger agreement, you should carefully consider the factors discussed in [Risk Factors](#) beginning on page 13 and the other matters discussed in this proxy statement.

**Q: How do I cast my vote if I am a holder of record?**

A: After carefully reading and considering the information contained in this proxy statement, if you are a holder of record, you may vote in person at the special meeting or by submitting a proxy for the meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage-paid envelope.

IF YOU SIGN, DATE AND SEND YOUR PROXY AND DO NOT INDICATE HOW YOU WANT TO VOTE, YOUR PROXY WILL BE VOTED FOR EACH PROPOSAL DESCRIBED IN THIS DOCUMENT, INCLUDING THE ISSUANCE OF SHARES OF OUR COMMON STOCK PURSUANT TO THE MERGER AGREEMENT AND THE AMENDMENTS TO OUR ARTICLES OF INCORPORATION.

**Q: If my shares are held in street name, will someone else vote my shares for me?**

A: If you hold your shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares. If you do not provide your broker, bank or nominee with instructions on how to vote your shares, such person or entity may not be permitted to vote your shares.

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**Q: Can I change my vote after I have delivered my proxy?**

A: Yes. If you are a record holder, you can change your vote at any time before your proxy is voted at the special meeting by delivering a later-dated, signed proxy card to our company secretary before the meeting or by attending the meeting and voting in person. You also may revoke your proxy by delivering, before the date of the meeting, a notice of revocation to our company secretary at 4350 International Boulevard, Norcross, Georgia 30093 (attn: Daniel Hall, Esq.).

**Q: What should I do if I receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this document and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

**Q: Where will my shares of common stock be listed after completion of the merger?**

A: Our common stock is currently listed on the Nasdaq National Market. However, on April 21, 2005, we received a notice from Nasdaq indicating that we were not in compliance with the Nasdaq Stock Market's requirements for continued listing because, for the previous 30 consecutive business days, the bid price of our common stock had closed below the minimum \$1.00 per share requirement for continued inclusion under Nasdaq Marketplace Rule 4450(a)(5). We have until October 18, 2005, to achieve compliance with the minimum requirements for continued listing. If we do not regain compliance with the minimum requirements for continued listing by October 18, 2005, the Nasdaq staff will provide us with written notification that our common stock will be delisted from the Nasdaq National Market.

In addition, we have been preliminarily informed by the Nasdaq staff that our merger with ONI will constitute a change of control transaction, or reverse merger, requiring us to meet the Nasdaq National Market's initial listing requirements at the time of closing. These requirements include that our shareholders' equity immediately after the merger exceeds \$30 million, and that our common stock satisfies a \$5 per share minimum bid price immediately after closing. We have determined that our shareholders' equity immediately after the merger would not satisfy this requirement. As a result, if we are unable to convince the Nasdaq staff that the merger does not constitute a reverse merger, we anticipate that our common stock will be unable to remain listed on the Nasdaq National Market after the merger. If we are unable to retain the listing of our common stock on the Nasdaq National Market, we and ONI intend to attempt to obtain a new listing on the Nasdaq SmallCap Market or American Stock Exchange, or alternatively, the NASD's OTC Bulletin Board.

**Q: When does Novoste expect to complete the merger?**

A: We currently expect to complete the merger during the third calendar quarter of 2005.

**Q: Should I send in my share certificates?**

A: No. Your share certificates will not be exchanged in connection with the merger.

**Q: Do I have appraisal rights?**

A: No. Our shareholders do not have appraisal rights under Florida law in connection with the merger.



**Q: Who can help answer my questions?**

A: If you have any questions about the merger, the issuance of shares pursuant to the merger agreement, the amendments to our articles of incorporation or any of the other proposals, or about how to submit your

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proxy, or if you need additional copies of this document or the enclosed proxy card, you should contact either:

Novoste Corporation		Morrow & Co., Inc.
4350 International Boulevard		445 Park Avenue
Norcross, Georgia 30093	or	New York, New York 10022
Attention: Daniel G. Hall, Esq., General Counsel		Phone: (800) 654-2468
Phone: (770) 717-0904		

**Q: Where can I find more information about the companies?**

A: You can find more information about us from various sources described under [Where You Can Find More Information](#). Because ONI is a private company that does not file reports with the SEC, there is limited information publicly available about ONI, other than what has been provided in this proxy statement.

**Q: How may this proxy be solicited and who is bearing the cost of this proxy solicitation?**

A: Proxies may be solicited on behalf of our board of directors by mail, telephone, facsimile or electronic communication or in person and we will pay the solicitation costs, which include the cost of printing and distributing proxy materials and soliciting of votes. Our directors, officers and employees may solicit proxies by such methods without additional compensation. In addition, we have retained Morrow & Co., Inc. to assist us in the solicitation of proxies at an estimated cost of up to \$50,000 plus expenses. We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

\* \* \* \* \*

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**SUMMARY TERM SHEET**

Annual Meeting Time and Date 8:30 a.m., local time, on [\_\_\_\_\_], 2005

Annual Meeting Location Atlanta Marriott Gwinnett Place  
1775 Pleasant Hill Road  
Duluth, Georgia

Record Date [ ]

*Proposal 1* The Issuance of Shares in the ONI Merger

The ONI Merger Our wholly owned subsidiary, ONIA Acquisition Corp., will merge with and into ONI Medical Systems, Inc. As a result, ONI will become our wholly owned subsidiary.

The Share Issuance We are asking our shareholders to approve the issuance of shares of our common stock to the holders of ONI capital stock, as well as the issuance of shares of our common stock upon the exercise of the options and warrants that we will assume from ONI. The total number of shares of our common stock to be issued if the merger is completed (including upon exercise of assumed ONI options and warrants) will be determined at the time of the closing of the merger based on a formula that values us at the value of our net cash assets at closing and values ONI at \$20,000,000 (solely for purposes of this calculation). **We anticipate that completion of the merger will result in the current holders of ONI s equity securities owning a majority of our common stock.**

Based on [16,334,780] shares of our common stock outstanding on the record date, and assuming that the value of our net cash assets at closing provides for a Novoste valuation of \$12,500,000, we currently expect to issue an aggregate of [22,794,189] shares of our common stock, and to assume options and warrants to purchase an aggregate of [3,650,259] shares of our common stock, if the merger is completed. Accordingly, we anticipate that the current holders of ONI s equity securities will have voting power sufficient to control all major corporate decisions immediately after the merger. See Approval of Issuance of Shares in the ONI Merger Terms of the Merger Agreement Merger Consideration.

We have been preliminarily informed by the Nasdaq staff that our merger with ONI will constitute a change of control transaction, or reverse merger, requiring us to meet the Nasdaq National Market s initial listing requirements at the time of closing. These requirements include that our shareholders equity immediately after the merger exceeds \$30 million, and that our common stock satisfies a \$5 per share minimum bid price immediately after closing. We have determined that our shareholders equity immediately after the merger would not satisfy this requirement. As a result, if we are unable to

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convince the Nasdaq staff that the merger does not constitute a reverse merger, we anticipate that our common stock will be unable to remain listed on the Nasdaq National Market after the merger. If we are unable to retain the listing of our common stock on the Nasdaq National Market, we and ONI intend to attempt to obtain a new listing on the Nasdaq SmallCap Market or American Stock Exchange, or alternatively, the NASD's OTC Bulletin Board.

Required Vote	The affirmative vote of a majority of the total votes cast is required to approve the issuance of our shares pursuant to the merger agreement. See 2005 Annual Meeting of Shareholders Required Vote; Broker Voting Procedures.
Conditions to Closing	The conditions to the ONI merger include the approval by our shareholders of the issuance of shares of our common stock pursuant to the merger agreement, an amendment to our articles of incorporation to increase our authorized common stock, an amendment to our articles of incorporation to change our name from Novoste Corporation to ONI Medical Systems, Inc., and other conditions described in Approval of Issuance of Shares in the ONI Merger Terms of the Merger Agreement Conditions to Complete the Merger.
Fairness Opinion	Asanté Partners LLC, an investment banking firm, has given its opinion, dated May 16, 2005, to our board of directors that the consideration to be paid in connection with the ONI merger is fair from a financial point of view to us. See Approval of Issuance of Shares in the ONI Merger Opinion of our Financial Advisor.
U.S. Federal Income Tax Consequences	We and ONI intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. As a result, the merger will have no U.S. federal income tax consequences for us or our current shareholders. See Approval of Issuance of Shares in the ONI Merger Material U.S. Federal Income Tax Consequences of the Merger.
Business of Novoste After the Merger	Upon completion of the merger, our business will be ONI's business, namely, the development, manufacturing and marketing of dedicated-purpose magnetic resonance imaging systems.
The Board of Directors and Management of Novoste after the Merger	Upon completion of the merger, the existing management of ONI will become our management and our board of directors will consist of nine directors, five of whom have been designated by ONI and four of whom have been or will be designated by us.
<i>Proposal 2</i> An Increase in the Number of Authorized Shares of Novoste Common Stock	In order for us to issue the shares of our common stock to the holders of ONI capital stock at closing and to reserve a sufficient number of

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shares for issuance upon the exercise of options and warrants we will assume if the merger is completed, we must first amend our articles of incorporation to increase the number of shares of common stock that we are authorized to issue. Our board of directors is recommending that our shareholders approve the proposed amendment to increase the number of authorized shares of common stock from 25,000,000 to 75,000,000.

**Required Vote** In order to approve the proposal to increase the number of authorized shares of our common stock, the number of votes cast by shareholders at the special meeting in favor of the proposal must exceed the number of votes cast against the proposal.

*Proposal 3* A Change in the Name of Novoste Corporation to ONI Medical Systems, Inc. The ONI merger represents a complete change in the nature of our business. Because of this change, we agreed in the merger agreement that our name after the merger should be ONI Medical Systems, Inc. Our board of directors is recommending that our shareholders approve the proposed amendment to our articles of incorporation to change our name from Novoste Corporation to ONI Medical Systems, Inc.

**Required Vote** In order to approve the proposal to change our name to ONI Medical Systems, Inc., the number of votes cast by shareholders at the special meeting in favor of the proposal must exceed the number of votes cast against the proposal.

*Proposal 4* Election of Two Directors to our Board of Directors Our board of directors has nominated Thomas D. Weldon and Charles E. Larsen, whose terms will expire at the special meeting in lieu of an annual meeting, for re-election to our board of directors as Class III directors for terms expiring at the annual meeting in 2008. If we complete the ONI merger, however, Mr. Weldon and two of our other directors, J. Stephen Holmes and William E. Whitmer, will resign and five new directors will be added to our board as described in Approval of Issuance of Shares in the ONI Merger Terms of the Merger Agreement Board of Directors of the Combined Company.

**Required Vote** A plurality of the total votes cast is required to elect each of the two directors.

*Proposal 5* The Adjournment Proposal We are asking our shareholders to authorize the holder of the proxy solicited by our board of directors to vote in favor of adjourning the special meeting to a future date in order to enable our board of directors to solicit additional proxies in favor of the share issuance and the two proposed amendments to our articles of incorporation if such a proposal is presented at the special meeting.

**Required Vote** In order to approve this proposal, the number of votes cast by shareholders at the special meeting in favor of the proposal must exceed the number of votes cast against the proposal.

**Table of Contents****SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA OF NOVOSTE**

The summary consolidated financial data shown below for the fiscal years ended December 31, 2004, 2003 and 2002, and as of December 31, 2004 and 2003, have been taken or derived from our audited financial statements included in this proxy statement. The summary consolidated financial data shown below for the fiscal quarters ended March 31, 2005 and 2004, and as of March 31, 2005, have been taken or derived from our unaudited financial statements included in this proxy statement. In the opinion of management, the unaudited financial statements contain all adjustments (all of which were considered normal and recurring) necessary to present fairly the results of the interim periods. Operating results for the three months ended March 31, 2005 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2005. The summary consolidated financial data shown below for the fiscal years ended December 31, 2001 and 2000, and as of December 31, 2002, 2001 and 2000, have been derived from our financial statements for those years, which are not included in this proxy statement. The summary consolidated financial data shown below should be read in conjunction with the consolidated financial statements and related notes of Novoste and with Novoste Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this proxy statement.

	<b>Three Months Ended</b>		<b>Year Ended December 31</b>				
	<b>March 31</b>						
	<b>2005 (1)</b>	<b>2004</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
	<b>(In thousands, except per share amounts)</b>						
<b>Consolidated Statement of Operations Data:</b>							
Net sales	\$ 3,413	\$ 7,025	\$ 23,268	\$ 62,901			