

THERMAGE INC
Form 424B3
November 24, 2008
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-152948

PROXY STATEMENT/PROSPECTUS/INFORMATION STATEMENT

Thermage, Inc. and Reliant Technologies, Inc. have entered into a merger agreement under which Reliant will merge with a wholly-owned subsidiary of Thermage and the stockholders of Reliant will become stockholders of Thermage. The closing of this merger is subject to the approval of the stockholders of Thermage and certain other closing conditions. Certain Reliant stockholders holding the requisite number of shares to approve the transaction have already acted by written consent to approve this transaction.

In the merger, all shares of Reliant capital stock will be exchanged for aggregate merger consideration of 23,600,000 shares of Thermage common stock and approximately \$25.0 million in cash. The cash portion of the merger consideration payable to Reliant stockholders upon completion of the first merger is subject to a number of adjustments, including adjustments for (i) the amount, if any, by which Reliant's working capital at the closing is less than negative \$1.0 million, (ii) the amount, if any, by which Reliant's net indebtedness at closing is greater than \$7.0 million and (iii) the amounts payable in respect of Reliant stock options and Reliant restricted stock units. Following completion of the merger, Reliant will be a wholly-owned subsidiary of Thermage, Reliant stockholders will own approximately 49.5% of the outstanding common stock of the combined company and current Thermage stockholders will own approximately 50.5% of the outstanding common stock of the combined company based on shares outstanding as of October 31, 2008.

Upon completion of the merger, each outstanding share of Reliant's common stock will be converted into the right to receive a combination of cash and shares of Thermage common stock, as more fully described in this proxy statement/prospectus/information statement.

Thermage common stock is listed on the NASDAQ Global Market under the symbol THRM. On November 21, 2008, the closing sales price of Thermage common stock was \$1.50 per share.

A special meeting of the stockholders of Thermage will be held at 25881 Industrial Boulevard, Hayward, California 94545, on December 23, 2008, at 9:00 a.m., local time, at which the stockholders of Thermage will be asked to consider and vote upon a proposal to approve the issuance of Thermage common stock in connection with the proposed merger.

On July 7, 2008, certain Reliant stockholders of record holding a majority of the outstanding shares of the capital stock and a majority of the outstanding shares of preferred stock executed a written consent adopting the merger agreement and approving of the transactions contemplated thereby. This proxy statement/prospectus/information statement serves as notice to all Reliant stockholders of these actions by written consent. **IN CONNECTION WITH THE SPECIAL MEETING OF STOCKHOLDERS OF THERMAGE, WE ARE NOT ASKING RELIANT STOCKHOLDERS FOR A PROXY AND RELIANT STOCKHOLDERS ARE NOT REQUESTED TO SEND US A PROXY.**

This proxy statement/prospectus/information statement provides you with detailed information about the merger, a description of which begins on page 61. We strongly urge you to read and carefully consider this proxy statement/prospectus/information statement in its entirety, including the matters referred to under Risk Factors beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Thermage common stock to be issued in the merger or determined if this proxy statement/prospectus/information statement is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus/information statement is November 24, 2008, and this proxy statement/prospectus/information statement and the accompanying proxy card are first being mailed to the stockholders of Thermage on or about November 25, 2008.

Table of Contents

MERGER PROPOSAL YOUR VOTE IS IMPORTANT

Dear Thermage Stockholders:

As announced in July 2008, Thermage, Inc. and Reliant Technologies, Inc. entered into a definitive merger agreement under which Thermage will acquire Reliant in a stock and cash transaction.

Thermage's board of directors has unanimously approved the transaction, as further described herein, including the issuance of shares of Thermage common stock, and the merger agreement pursuant to which Reliant will become a wholly-owned subsidiary of Thermage.

The transaction cannot be completed unless Thermage stockholders approve the issuance of 23,600,000 shares of Thermage common stock in connection with the acquisition of Reliant by Thermage at a special meeting of stockholders or any adjournment or postponement thereof. Certain Thermage stockholders, holding approximately 38% of the outstanding shares of Thermage, have agreed to vote in favor of such issuance of shares of Thermage common stock. The stockholders of Reliant have already approved the transaction by written consent. More detailed information about Thermage and Reliant and the proposed transaction is contained in this proxy statement/prospectus/information statement. **We encourage you to carefully read this proxy statement/prospectus/information statement before voting, including the section entitled Risk Factors beginning on page 18.**

Thermage's board of directors unanimously recommends that Thermage stockholders vote **FOR** the issuance of shares of Thermage common stock in connection with the merger.

The date, time and place of the special stockholders meeting is as follows:

December 23, 2008

9:00 a.m. local time

25881 Industrial Boulevard

Hayward, California 94545

Your vote is very important. Whether or not you plan to attend Thermage's special meeting of stockholders, please take the time to vote by completing and mailing to us the enclosed proxy card or voting instructions or by submitting your proxy or voting instructions by telephone or over the Internet. If your shares are held in street name, you must instruct your broker in order to vote. If you do not instruct your broker how to vote shares, your shares will have no effect on the outcome of the proposals being made at the special meeting.

Sincerely,

Stephen J. Fanning

Chairman, President and Chief Executive Officer

Thermage, Inc.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THIS PROXY STATEMENT/PROSPECTUS/INFORMATION STATEMENT, OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS/INFORMATION STATEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus/information statement is dated November 24, 2008, and is first being mailed to stockholders of Thermage on or about November 25, 2008.

Table of Contents

THERMAGE, INC.

25881 Industrial Boulevard

Hayward, California 94545

(510) 259-7117

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held December 23, 2008

Dear Stockholders of Thermage:

You are cordially invited to attend a special meeting of stockholders of Thermage, Inc. at 25881 Industrial Boulevard, Hayward, California 94545 on December 23, 2008, at 9:00 a.m. local time. At the special meeting, you will be asked to consider, vote upon and approve the following proposals:

1. To approve the issuance of 23,600,000 shares of Thermage common stock pursuant to the Agreement and Plan of Merger and Reorganization dated as of July 7, 2008 by and among Thermage, Relay Acquisition Company, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Thermage, and Reliant Technologies, Inc., a Delaware corporation, and with respect to Articles VIII and X only, Steven Mendelow as Securityholder Representative and U.S. Bank National Association as Escrow Agent.
2. To transact any other business that properly comes before the special meeting or any adjournments or postponements thereof pursuant to Thermage's bylaws.

These proposals are described more fully in the proxy statement/prospectus/information statement accompanying this notice. Please give your careful attention to all of the information in the proxy statement/prospectus/information statement.

Only stockholders of record at the close of business on October 31, 2008, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements thereof. Approval of the proposal relating to the issuance of shares of Thermage common stock will require the affirmative vote of the holders of a majority of the shares of Thermage's common stock represented in person or by proxy and entitled to vote at the special meeting.

Thermage's board of directors has unanimously approved the issuance of shares of Thermage common stock pursuant to the merger agreement and recommends that Thermage stockholders vote FOR the issuance of shares of Thermage common stock pursuant to the merger agreement.

Your vote is important. To ensure that your shares are represented at the special meeting, we encourage you to complete, date, sign and promptly return your proxy card in the enclosed postage-paid envelope or follow the instructions for telephone or Internet voting, whether or not you plan to attend the special meeting in person. You may revoke your proxy in the manner described in the proxy statement/prospectus/information statement at any time before it has been voted at the special meeting. Any stockholder attending the special meeting may vote in person even if the stockholder has returned a proxy.

By Order of the Board of Directors,

Stephen J. Fanning

Chairman, President and Chief Executive Officer

November 24, 2008

Hayward, California

Table of Contents

Dear Reliant Technologies, Inc. Stockholders:

The boards of directors of Thermage, Inc. and Reliant Technologies, Inc. have unanimously approved a merger agreement under which Reliant will merge with a wholly owned subsidiary of Thermage. If we complete the merger, Reliant will become a wholly owned subsidiary of Thermage and your shares of Reliant stock will be converted into the right to receive a mix of cash and shares of Thermage common stock.

In the merger, all shares of Reliant capital stock will be exchanged for aggregate merger consideration of 23,600,000 shares of Thermage common stock and approximately \$25.0 million in cash. The cash portion of the merger consideration payable to Reliant stockholders upon completion of the merger is subject to a number of adjustments, including adjustments for (i) the amount, if any, by which Reliant's working capital at the closing is less than negative \$1.0 million, (ii) the amount, if any, by which Reliant's net indebtedness at closing is greater than \$7.0 million and (iii) the amounts payable in respect of Reliant stock options and Reliant restricted stock units. Following completion of the merger, Reliant will be a wholly-owned subsidiary of Thermage and Reliant stockholders will own approximately 49.5% of the outstanding common stock of the combined company. The exact amount to be received by each Reliant stockholder will depend on the class and series of stock held by such stockholder, as well as other adjustments that are described in more detail in the section entitled "Agreements Related to the Integrated Merger The Merger Agreement Merger Consideration" beginning on page 95 of this proxy statement/prospectus/information statement. **The merger is more completely described in the accompanying proxy statement/prospectus/information statement, and a copy of the merger agreement is attached as Annex A thereto.**

After careful consideration, the Reliant board of directors unanimously approved the merger referred to above and concluded that it is in the best interests of Reliant and its stockholders. The Reliant board of directors unanimously recommends that you consent to the action referred to above.

On July 7, 2008, certain Reliant stockholders of record holding a majority of the outstanding shares of the capital stock and a majority of the outstanding shares of preferred stock executed a written consent adopting the merger agreement and approving of the transactions contemplated thereby. This proxy statement/prospectus/information statement serves as notice to all Reliant stockholders of these actions by written consent.

We encourage you to read the proxy statement/prospectus/information statement, which includes important information about the merger.

It is important that you use this opportunity to take part in the affairs of Reliant by voting pursuant to the action by written consent. PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING ACTION BY WRITTEN CONSENT IN THE ENCLOSED POSTAGE-PAID ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED. YOUR VOTE IS VERY IMPORTANT.

Sincerely,

Eric B. Stang

President, Chief Executive Officer and Director

Reliant Technologies, Inc.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TRANSACTION OR THE SECURITIES OF THERMAGE TO BE ISSUED PURSUANT TO THE MERGER, OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS/INFORMATION STATEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus/information statement is dated November 24, 2008, and is first being sent to Reliant stockholders on or about November 25, 2008.

Table of Contents

ADDITIONAL INFORMATION

See the section entitled "Where You Can Find More Information" on page 229 of this proxy statement/prospectus/information statement for more information about the documents referred to in this proxy statement/prospectus/information statement.

You should rely only on the information contained in this proxy statement/prospectus/information statement in deciding how to vote on the proposal set forth in this proxy statement/prospectus/information statement. No one has been authorized to provide you with information that is different from that contained in this proxy statement/prospectus/information statement. This proxy statement/prospectus/information statement is dated November 24, 2008. You should not assume that the information contained in this proxy statement/prospectus/information statement is accurate as of any date other than that date.

This proxy statement/prospectus/information statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement/prospectus/information statement regarding Reliant has been provided by Reliant; and information contained in this proxy statement/prospectus/information statement regarding Thermage, Relay Merger Corp. and Relay Acquisition Company, LLC has been provided by Thermage.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Questions and Answers About the Transaction and Special Meeting of Thermage Stockholders</u>	iii
<u>Summary of the Proxy Statement/Prospectus/Information Statement</u>	1
<u>Thermage Summary Financial Data</u>	11
<u>Reliant Summary Financial Data</u>	13
<u>Summary Unaudited Pro Forma Condensed Combined Financial Data</u>	15
<u>Comparative and Historical Per Share Market Price and Dividend Information</u>	16
<u>Risk Factors</u>	18
<u>Risks Related to the Transaction</u>	18
<u>Risks Related to Thermage</u>	23
<u>Risks Related to Reliant</u>	39
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	54
<u>The Special Meeting of the Thermage Stockholders</u>	55
<u>General</u>	55
<u>Date, Time and Place of the Special Meeting</u>	55
<u>Purpose of the Thermage Special Meeting</u>	55
<u>Recommendation of the Thermage Board of Directors</u>	55
<u>Admission to the Special Meeting</u>	55
<u>Record Date and Stockholders Entitled to Vote</u>	56
<u>How You Can Vote</u>	56
<u>Adjournment and Postponement</u>	57
<u>Required Vote and Quorum</u>	57
<u>Abstentions and Broker Non-Votes</u>	57
<u>Voting by Thermage Directors and Executive Officers</u>	57
<u>Revoking Your Proxy</u>	57
<u>Other Matters</u>	58
<u>Solicitation of Proxies and Expenses</u>	58
<u>Stockholders Sharing an Address</u>	58
<u>The Reliant Action by Written Consent of Stockholders</u>	59
<u>The Merger</u>	61
<u>Background of the Merger</u>	61
<u>Thermage's Reasons for Entering into the Merger</u>	67
<u>Opinion of Thermage's Financial Advisor</u>	69
<u>Recommendation of the Thermage Board of Directors</u>	76
<u>Reliant's Reasons for Entering into the Merger</u>	76
<u>Opinion of Reliant's Financial Advisor</u>	78
<u>Recommendation of the Reliant Board of Directors</u>	85
<u>Vote Required for Thermage</u>	86
<u>Vote Required for Reliant</u>	86
<u>Interests of Certain Persons in the Transaction</u>	87
<u>Governmental and Regulatory Approvals</u>	88
<u>Restrictions on Sales of Shares of Thermage Common Stock Received in the Transaction</u>	88
<u>Listing on the NASDAQ Global Market of Thermage Shares Issued Pursuant to the Transaction</u>	89
<u>Appraisal Rights for Thermage</u>	89
<u>Appraisal Rights for Reliant</u>	89
<u>Accounting Treatment of the Transaction</u>	89
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	89
<u>Agreements Related to the Integrated Merger</u>	94
<u>The Merger Agreement</u>	94
<u>Reliant Support Agreements</u>	112
<u>Thermage Voting Agreements</u>	113

Table of Contents**TABLE OF CONTENTS (Continued)**

	Page
<u>Lock-up Agreements</u>	114
<u>Note and Security Agreement</u>	114
<u>License Agreement</u>	114
<u>Reliant Certificate Amendment</u>	115
<u>Unaudited Pro Forma Condensed Combined Financial Statements</u>	116
<u>Notes to Unaudited Pro Forma Condensed Combined Financial Statements</u>	120
<u>Information About Thermage</u>	124
<u>Thermage Selected Financial Data</u>	142
<u>Thermage Management's Discussion and Analysis of Financial Condition and Results of Operation</u>	144
<u>Information About Reliant</u>	155
<u>Reliant Selected Consolidated Financial Data</u>	166
<u>Reliant Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	167
<u>Management</u>	186
<u>Current Board of Directors and Executive Officers of Thermage</u>	186
<u>Executive Compensation Relating to Thermage</u>	192
<u>Executive Compensation Relating to Reliant</u>	203
<u>Transactions With Related Persons, Promoters and Certain Control Persons</u>	212
<u>Certain Relationships and Related Party Transactions of Thermage</u>	212
<u>Certain Relationships and Related Party Transactions of Reliant</u>	212
<u>Security Ownership by Certain Beneficial Owners for Thermage</u>	213
<u>Security Ownership by Certain Beneficial Owners for Reliant</u>	216
<u>Description of Thermage's Capital Stock</u>	218
<u>Market Price of and Dividends on Thermage's Common Equity and Related Stockholder Matters</u>	221
<u>Market Price of and Dividends on Reliant's Common Equity and Related Stockholder Matters</u>	222
<u>Comparison of Stockholder Rights</u>	223
<u>Authorized Capital Stock</u>	223
<u>Board of Directors</u>	223
<u>Removal of Directors</u>	224
<u>Filling Vacancies on the Board of Directors</u>	224
<u>Stockholder Action by Written Consent</u>	224
<u>Amendment of Certificate of Incorporation</u>	224
<u>Amendment of Bylaws</u>	225
<u>Indemnification of Officers and Directors</u>	225
<u>Stockholder Proposals</u>	227
<u>Legal and Tax Matters</u>	228
<u>Experts</u>	228
<u>Where You Can Find More Information</u>	229
<u>Index to Financial Statements</u>	F-1
<u>Annex A Agreement and Plan of Merger and Reorganization</u>	A-1
<u>Annex B Form of Voting Agreement</u>	B-1
<u>Annex C Form of Support Agreement</u>	C-1
<u>Annex D Opinion of Stanford Group Company</u>	D-1
<u>Annex E Opinion of Piper Jaffray & Co.</u>	E-1
<u>Annex F Form of Certificate of Amendment of Amended and Restated Certificate of Incorporation of Reliant Technologies, Inc.</u>	F-1
<u>Annex G Section 262 of the Delaware General Corporation Law</u>	G-1

Table of Contents

**QUESTIONS AND ANSWERS ABOUT THE TRANSACTION
AND SPECIAL MEETING OF THERMAGE STOCKHOLDERS**

The following are some questions that stockholders of Thermage, Inc., or Thermage, and Reliant Technologies, Inc., or Reliant, may have regarding the proposed transaction and special meeting of Thermage stockholders, and brief answers to those questions. Thermage and Reliant urge you to read carefully the entirety of this proxy statement/prospectus/information statement because the information in this Q&A section may not provide all the information that may be important to you with respect to the proposed merger and the issuance of Thermage common stock in connection with the merger. Additional information is also contained in the annexes to this proxy statement/prospectus/information statement.

Q: What is the merger?

A: The merger will combine the businesses of Thermage and Reliant. Under the proposed integrated merger, Relay Merger Corp., a wholly-owned subsidiary of Thermage, will be merged with and into Reliant, with Reliant continuing as the surviving company. Following this first merger, Reliant will be merged with and into Relay Acquisition Company, LLC, a wholly-owned subsidiary of Thermage. Relay Acquisition Company, LLC will continue as the surviving company in the second merger and will be a wholly-owned subsidiary of Thermage.

Q: What will Reliant stockholders receive in the merger?

A: If we complete the first merger, all shares of Reliant capital stock will be exchanged for aggregate merger consideration of 23,600,000 shares of Thermage common stock and approximately \$25.0 million in cash. The cash portion of the merger consideration payable to Reliant stockholders upon completion of the first merger is subject to a number of adjustments, including adjustments for (i) the amount, if any, by which Reliant's working capital at the closing is less than negative \$1.0 million, (ii) the amount, if any, by which Reliant's net indebtedness at closing is greater than \$7.0 million and (iii) the amounts payable in respect of Reliant stock options and Reliant restricted stock units. The value of the stock portion of the merger consideration payable to Reliant stockholders upon completion of the first merger may vary due to possible changes in market value of the Thermage common stock to be received. As a result, the exact consideration that a Reliant stockholder will receive is not known as of the date of this proxy statement/prospectus/information statement as it will depend on the magnitude of the adjustments, if any, described above. All Reliant stockholders will also have a portion of the merger consideration that they would otherwise be entitled to receive deposited in an escrow account that will be used to compensate Thermage if Thermage is entitled to indemnification under the merger agreement.

Q: Will Thermage stockholders receive any shares as a result of the merger?

A: No. Thermage stockholders will continue to hold the Thermage shares they currently own.

Q: What vote is required by Thermage stockholders to approve the issuance of Thermage common stock?

A: The affirmative vote of the holders of a majority of the Thermage shares represented, in person or by proxy, and entitled to vote at the Thermage special meeting at which a quorum is present is required to approve the issuance of Thermage common stock in connection with the merger. Thermage stockholders who collectively hold approximately 38% of the outstanding common stock of Thermage, as of July 7, 2008, have agreed to vote all of their shares in favor of approval of the issuance of Thermage common stock in connection with the merger.

Q: What approval is required by Reliant stockholders to adopt the merger agreement and approve the transactions contemplated thereby?

A: The Reliant stockholder approval required under Delaware law and Reliant's certificate of incorporation to adopt the merger agreement and approve the transactions contemplated thereby already has been obtained via

iii

Table of Contents

written consent, as of July 7, 2008. Reliant has not obtained all of the Reliant stockholder approvals which would be required under a provision of California corporation law if applicable, and the receipt of such approval is not a condition to closing in the definitive merger agreement. If the merger were challenged on this basis and we were not successful on the challenge, it could delay or prevent the closing of the merger. If the merger were challenged following its closing, a court could award monetary damages to some or all of the former Reliant stockholders or even could seek to unwind the merger. For a description of these risks, see the section entitled "Risk Factors - Risks Related to the Transaction." The merger may be challenged on the grounds that all of the Reliant stockholder approvals under Section 2115 of the California General Corporation Law were not obtained, which if successful could prevent or delay the merger, could require the payment of substantial damages or could cause a completed merger to be unwound - starting on page 22.

Q: Does Thermage's board of directors recommend voting in favor of the issuance of Thermage common stock in connection with the proposed merger?

A: Yes. After careful consideration, Thermage's board of directors unanimously determined that the merger is advisable and is fair to, and in the best interests of, Thermage and its stockholders. Thermage's board of directors unanimously recommends that Thermage stockholders vote FOR the issuance of Thermage common stock in connection with the merger.

For a description of the factors considered by the Thermage board of directors in making its determination, see the section entitled "The Merger - Thermage's Reasons for Entering into the Merger" on page 67.

Q: Did Reliant's board of directors recommend voting in favor of the merger?

A: Yes. After careful consideration, Reliant's board of directors unanimously determined that the merger is advisable and is fair to, and in the best interests of, Reliant and its stockholders. Reliant's board of directors unanimously recommended that Reliant stockholders adopt the merger agreement and approve the transactions contemplated thereby.

For a description of the factors considered by the Reliant board of directors in making its determination, see the section entitled "The Merger - Reliant's Reasons for Entering into the Merger" on page 76.

Q: Will I be entitled to appraisal rights in connection with the merger?

A: The stockholders of Reliant may be entitled, under certain circumstances, to appraisal rights under Delaware law. For a detailed discussion of appraisal rights under Delaware law, please see "The Merger - Appraisal Rights for Reliant" beginning on page 89.

Q: When do you expect to complete the merger?

A: We are working to complete the merger as quickly as possible. We anticipate completing the merger during the fourth calendar quarter of 2008.

For a description of the conditions precedent to completion of the merger, see the section entitled "The Merger Agreement - Conditions to Completion of the First Merger" beginning on page 108.

Edgar Filing: THERMAGE INC - Form 424B3

Q: Will Reliant stockholders recognize gain or loss for U.S. federal income tax purposes as result of the merger?

A: Thermage and Reliant each expect the merger to qualify as a reorganization for U.S. federal income tax purposes. If the merger qualifies as a reorganization, the U.S. federal income tax consequences of the merger to each Reliant stockholder will vary depending on whether that stockholder receives Thermage common stock and cash or exercises appraisal rights and receives only cash in exchange for that stockholder's Reliant stock.

Assuming that the merger qualifies as a reorganization, a Reliant stockholder that does not exercise appraisal rights generally will recognize gain (but will not be permitted to recognize loss) for U.S. federal income tax

Table of Contents

purposes equal to the lesser of (i) the amount of cash received by such stockholder and (ii) the excess of the amount of cash and the fair market value of Thermage common stock received by such stockholder over such stockholder's tax basis in the Reliant stock surrendered. A Reliant stockholder that exercises appraisal rights generally will recognize gain or loss equal to the difference between the amount of cash received by such stockholder and such stockholder's tax basis in the Reliant stock surrendered. As discussed below in "The Merger - Material U.S. Federal Income Tax Consequences of the Merger," Thermage and Reliant intend that for U.S. federal income tax purposes the stock of Spinco (as defined herein) received by Reliant stockholders in the Distribution (as defined herein) will be treated and reported as cash received from Thermage in the merger in an amount equal to the fair market value of such stock as of the date of the merger.

Tax consequences are complex. Reliant stockholders should consult with their own tax advisors as to the tax consequences to them of the merger as well as review the more detailed description of the tax consequences of the merger entitled "The Merger - Material U.S. Federal Income Tax Consequences of the Merger" on page 89.

Q: What risks should I consider in deciding whether to vote in favor of the merger?

A: You should carefully review the section of this proxy statement/prospectus/information statement entitled "Risk Factors" beginning on page 18, which presents risks and uncertainties relating to the transaction and the businesses of each of Thermage and Reliant.

Q: Will my rights as a Thermage stockholder be different from my rights as a Reliant stockholder?

A: Yes. Upon completion of the merger, you will become a Thermage stockholder. There are important differences between the rights of stockholders of Thermage and stockholders of Reliant. Please carefully review the description of these differences in the section of this proxy statement/prospectus/information statement entitled "Comparison of Stockholder Rights" beginning on page 223.

Q: What do I need to do now?

A: We urge you to carefully read and consider the information contained in this proxy statement/prospectus/information statement, including the annexes, and to consider how the merger and the issuance of shares in connection with the merger will affect you as a stockholder. You also may want to review the documents referenced under the section entitled "Where You Can Find More Information" on page 229. Thermage stockholders should then vote as soon as possible in accordance with the procedures provided in this proxy statement/prospectus/information statement. We are not asking Reliant stockholders for a proxy and Reliant stockholders are not requested to send us a proxy.

Q: How do I vote?

A: Thermage stockholders should complete and sign your proxy card and return it in the enclosed envelope as soon as possible, or follow the instructions on your proxy card to submit your proxy over the Internet, so that your shares may be represented at the special meeting. If you return your proxy card but do not include instructions on how to vote your proxy, Thermage will vote your shares **FOR** the proposals being made at the special meeting unless your shares are held in "street name" in a brokerage account. You may also attend the special meeting and vote in person instead of submitting a proxy.

Q: What happens if I do not vote?

Edgar Filing: THERMAGE INC - Form 424B3

- A: If you are a Thermage stockholder and you do not submit a proxy card or vote at the special meeting, your shares will not be counted as present for the purpose of determining a quorum and will have no effect on the outcome of the proposal to approve the issuance of shares of Thermage common stock in connection with the merger. If you submit a proxy card and affirmatively elect to abstain from voting, your proxy will be counted as present for the purpose of determining the presence of a quorum but will not be voted at the special meeting. As a result, your abstention will have the same effect as a vote *against* the issuance of Thermage common stock in connection with the merger.

v

Table of Contents

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: If you are a Thermage stockholder, your broker cannot vote your shares unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker. If you do not instruct your broker how to vote shares, your shares will have no effect on the outcome of the proposals being made at the special meeting.

For a more complete description of voting shares held in street name, see the section entitled The Special Meeting of the Thermage Stockholders on page 55.

Q: Can I change my vote after I have mailed my signed proxy?

A: If you are a Thermage stockholder and you want to change your vote, send the corporate secretary of Thermage a later-dated, signed proxy card before the Thermage special meeting or attend the special meeting and vote in person. You may also revoke your proxy by sending written notice to the Thermage corporate secretary before the special meeting. If you have instructed your broker to vote your shares, you must follow your broker's directions in order to change those instructions.

Q: Should Reliant stockholders send in their stock certificates now?

A: No. Reliant stockholders should not send in their stock certificates now. After the merger is completed, Thermage will arrange for the delivery to Reliant stockholders of written instructions for exchanging their Reliant stock certificates. Thermage stockholders should not submit their stock certificates because their shares will not be converted in the merger.

Q: Whom should I call with questions about the merger, or if I need additional copies of this proxy statement/prospectus/information statement or the enclosed proxy?

A: Thermage stockholders may contact the firm assisting us with the solicitation of proxies:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, NY 10022

Stockholders Call Toll-Free: 888-750-5834

Banks and Brokers Call Collect: 212-750-5833

or

Thermage, Inc.

25881 Industrial Boulevard

Hayward, California 94545

(510) 259-7117

Edgar Filing: THERMAGE INC - Form 424B3

Attn: Investor Relations

Reliant stockholders may contact:

Reliant Technologies, Inc.

464 Ellis Street

Mountain View, California 94043

(650) 605-2275

Attn: Marta Woods

You may also obtain additional information about Thermage from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled *Where You Can Find More Information* on page 229.

vi

Table of Contents

SUMMARY OF THE PROXY STATEMENT/PROSPECTUS/INFORMATION STATEMENT

*The following is a summary of the information contained in this proxy statement/prospectus/information statement. This summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus/information statement and the other documents to which we refer. In particular, you should read the annexes attached to this proxy statement/prospectus/information statement, including the merger agreement which is attached as Annex A and is incorporated by reference into this proxy statement/prospectus/information statement. You may obtain additional information without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 229 of this proxy statement/prospectus/information statement.*

The Companies

Thermage, Inc. (see page 124)

Relay Acquisition Company, LLC

Relay Merger Corp.

25881 Industrial Boulevard

Hayward, California 94545

(510) 259-7117

<http://www.thermage.com>

Thermage designs, develops, manufactures and markets medical devices for the non-invasive treatment of wrinkles. The Thermage® procedure can be performed on any part of the body where treatment of wrinkles is desired. The ThermoCool® system uses patented monopolar radiofrequency, or RF, energy to heat and shrink collagen and tighten dermis and subcutaneous tissue while simultaneously cooling and protecting the surface of the skin. The heating and shrinking of the collagen can cause a healing process to begin, which may further tighten the skin and reduce wrinkles over the next two to six months. The Thermage procedure is normally performed in a medical office setting as a single treatment that takes from 20 minutes to two hours, depending on the treatment area. The Thermage procedure provides patients seeking wrinkle reduction as a non-invasive alternative to surgical procedures that cost up to tens of thousands of dollars and can involve weeks of recovery. Thermage offers, and is continuing to develop, a variety of ThermoTips designed to optimize the Thermage procedure for new conditions and different parts of the body.

Reliant Technologies, Inc. (see page 155)

464 Ellis Street

Mountain View, California 94043

Phone: (888) 437-2935

<http://www.reliant-tech.com>

Reliant is a medical device company that designs, develops and markets non-surgical therapies for the treatment of various skin conditions under the Fraxel brand. Reliant believes its Fraxel laser systems have created a new class of skin rejuvenation therapy and provide patients with consistent and effective treatments that can be delivered quickly without significant pain or downtime. Fraxel laser systems are used by physicians to treat a broad range of skin conditions that include wrinkles and fine lines, acne and surgical scars, pigmentation, sun damage, uneven tone and texture and melasma. Patients undergo treatments from Reliant's Fraxel laser systems in order to reverse the signs of aging, achieve healthier, younger looking skin and improve their overall appearance. Fraxel laser systems represent a new class of skin rejuvenation therapy based on fractional resurfacing technology, which Reliant introduced and commercialized in 2004. Reliant believes that fractional resurfacing offers significant advantages over other alternatives for skin rejuvenation. Reliant's fractional resurfacing technology can achieve advanced aesthetic results by creating thousands of microscopic treatment

Table of Contents

zones per square centimeter which affect only a fraction of the total skin in the area of treatment. Reliant's products utilize optimized laser wavelengths and its proprietary laser delivery system which enables the delivery of precise dosages of energy, quickly, consistently and safely.

The internet addresses provided in this proxy statement/prospectus/information statement are textual references only. The Thermage and Reliant websites, including Reliant's product website located at www.fraxel.com, are not part of this proxy statement/prospectus/information statement.

Structure of the Integrated Merger (see page 94)

Under the terms of the proposed integrated merger, Relay Merger Corp., a wholly-owned subsidiary of Thermage formed for the purpose of the first merger, will be merged with and into Reliant and Reliant will continue as the surviving company in the first merger. Immediately following the first merger, Reliant will merge with and into Relay Acquisition Company, LLC, a wholly-owned subsidiary of Thermage formed for the purpose of the second merger, and Relay Acquisition Company, LLC will continue as the surviving company in the second merger and will be a wholly-owned subsidiary of Thermage. As a result of the integrated merger, holders of Reliant capital stock will become holders of Thermage common stock. The terms and conditions of each of the mergers are contained in the merger agreement, which is attached as Annex A to this proxy statement/prospectus/information statement. Please carefully read the merger agreement as it is the legal document that governs the proposed transaction.

Merger Consideration (see page 95)

Upon completion of the first merger, Reliant stockholders will be entitled to receive aggregate merger consideration consisting of approximately \$25.0 million in cash and 23,600,000 shares of Thermage common stock, which will represent approximately 49.5% of the outstanding common stock of the combined company, based on shares of Thermage common stock outstanding as of October 31, 2008. The cash portion of the merger consideration payable to Reliant stockholders upon completion of the first merger is subject to a number of adjustments, including adjustments for (i) the amount, if any, by which Reliant's working capital at the closing is less than negative \$1.0 million, (ii) the amount, if any, by which Reliant's net indebtedness at closing is greater than \$7.0 million and (iii) the amounts payable in respect of Reliant stock options and Reliant restricted stock units. The value of the stock portion of the merger consideration payable to Reliant stockholders upon completion of the first merger may vary due to possible changes in market value of the Thermage common stock to be received. As a result, the exact consideration that a Reliant stockholder will receive is not known as of the date of this proxy statement/prospectus/information statement as it will depend on the magnitude of the adjustments, if any, described above. All Reliant stockholders will also have a portion of the merger consideration that they would otherwise be entitled to receive deposited in an escrow account that will be used to compensate Thermage if Thermage is entitled to indemnification under the merger agreement.

At the effective time of the first merger, each issued and outstanding share of Reliant capital stock will be converted into the right to receive a combination of cash and shares of Thermage common stock in accordance with the terms of the merger agreement which approximates the terms of the amended and restated certificate of incorporation of Reliant in effect as of the date of the merger agreement. Holders of each series of Reliant preferred stock will receive payment of the greater of (A) their respective liquidation preference as set forth below and (B) the per share merger consideration payable in respect of a share of Reliant common stock in a combination of cash and shares of Thermage common stock on a pro rata basis with all other recipients of the merger consideration, other than holders of Reliant stock options and Reliant restricted stock units who will be paid solely in cash. Payment of the liquidation preference shall be made to holders of Reliant preferred stock prior to any payment or allocation of merger consideration to holders of Reliant common stock, provided, however, that in the event that holders of Reliant common stock are allocated less than \$0.50 per share, such

Table of Contents

holders shall be paid \$0.50 per share of Reliant common stock and the merger consideration allocated and paid to holders of Reliant preferred stock will be reduced pro rata in proportion to the merger consideration. In the event that the merger consideration allocated to each share of Reliant common stock after the aggregate liquidation preference has been paid is greater than the liquidation preference set forth below, the holder shall be entitled to receive the per share consideration payable in respect of Reliant common stock.

Series	Liquidation Preference
Series A	\$ 4.50
Series B	\$ 4.50
Series C	\$ 10.53
Series D	\$ 15.09
Series E	\$ 15.00

Holders of Reliant preferred stock are entitled to receive approximately \$68,780,959 in satisfaction of the aggregate liquidation preference in respect of outstanding shares of Reliant preferred stock. The actual stock consideration and cash consideration to be paid per share of Reliant capital stock at closing will depend upon numerous variable factors, including the average trading price of Thermage common stock during the 30 days prior to the closing, the total cash consideration payable after adjustments for the closing working capital and the net indebtedness at closing and the cash consideration payable to holders of Reliant options and restricted stock units.

Assuming that the capitalization of Reliant at closing is as set forth in [Comparison of Stockholder Rights Authorized Capital Stock](#) and assuming that the closing working capital of approximately negative \$1.0 million, net indebtedness at closing of \$7.0 million, and that the average trading price of Thermage common stock during the 30-day period ending the third day immediately preceding the closing date is \$2.50, each share of Reliant preferred stock outstanding as of the closing (other than Series A preferred stock and Series B preferred stock) would receive a combination of cash and shares of Thermage common stock with a value equal to the respective liquidation preference as set forth above. Given these assumptions, holders of Reliant common stock outstanding as of the closing would be entitled to receive a combination of cash and shares of Thermage common stock with a value equal to approximately \$4.54 per share and because this amount is greater than \$4.50, holders of shares of Series A preferred stock and Series B preferred stock would receive the consideration payable per share of Reliant common stock in lieu of the liquidation preference. An amount of cash equal to 10% of the value of the merger consideration received per share would be withheld from the merger consideration paid at closing and placed in the escrow account. If funds remain in the escrow account after the expiration of the escrow period, the cash consideration received by each Reliant stockholder will increase.

Reliant stockholders will not know the dollar value of the Thermage common stock they will receive in the first merger until the first merger is completed. The dollar value of the Thermage common stock will depend upon its market price when the first merger is completed.

The number of shares of Thermage common stock to which a Reliant stockholder is entitled to receive will be aggregated and any fractional shares will be paid out as set forth below in [The Merger Agreement Fractional Shares](#). The terms and conditions of the escrow fund are described in more detail in the section entitled [The Merger Agreement Escrow Fund](#).

You should be aware that the above per share amounts are estimates only and are subject to change under certain circumstances as described above and set forth more fully in the merger agreement attached as Annex A to this registration statement. The actual consideration you receive in exchange for your Reliant capital stock may be more, less or the same as these estimates.

Table of Contents

The maximum number of shares of Thermage common stock to be issued by Thermage in the first merger was fixed at the time the merger agreement was signed.

Treatment of Reliant Stock Options and Restricted Stock Units (see pages 98 and 99)

No outstanding Reliant stock options shall be assumed, continued or substituted for by Thermage. As of immediately prior to the effective time of the first merger, and contingent upon the effectiveness of the first merger, each then outstanding Reliant stock option will become immediately vested and exercisable in full. Options to purchase shares of Reliant common stock shall be treated in the manner provided in the merger agreement and summarized in the section entitled "The Merger Agreement Treatment of Reliant Stock Options" beginning on page 98 of this proxy statement/prospectus/information statement. No outstanding Reliant restricted stock units shall be assumed, continued or substituted for by Thermage. Reliant restricted stock units shall be treated in the manner provided in the merger agreement and summarized in the section entitled "The Merger Agreement Treatment of Reliant Restricted Stock Units" beginning on page 99 of this registration statement.

Treatment of Reliant Warrants (see page 99)

Except for Reliant warrants that cannot be cancelled pursuant to their terms by virtue of the first merger, Thermage shall not assume any Reliant warrants. Warrants to purchase shares of Reliant common stock shall be treated in the manner provided in the merger agreement and summarized in the section entitled "The Merger Agreement Treatment of Reliant Warrants" beginning on page 99 of this proxy statement/prospectus/information statement.

Fractional Shares (see page 97)

Thermage will not issue any fractional shares of common stock in connection with the first merger. Instead, each holder of Reliant capital stock who would otherwise be entitled to receive a fraction of a share of Thermage common stock will be entitled to receive cash, without interest, in an amount equal to such fraction multiplied by the closing price of Thermage common stock on the trading day immediately preceding the closing date.

Effective Time and Timing of Closing (see page 94)

We will complete the first merger when all of the conditions to completion of the first merger are satisfied or waived. The first merger will become effective when the certificate of merger we file with the State of Delaware is accepted for filing or at a later time if we specify a later time in the certificate. Immediately thereafter, we will complete the second merger.

While we cannot predict the exact timing, we currently expect to complete the integrated merger in the fourth calendar quarter of 2008.

Conditions to Completion of the First Merger (see page 108)

Each of Reliant's and Thermage's obligation to complete the first merger is subject to the satisfaction or waiver of a number of conditions, including:

that the registration statement, of which this proxy statement/prospectus/information statement is a part, be effective;

that the Reliant stockholders shall have adopted the merger agreement and approved the transactions contemplated thereby, including the appointment of Steven Mendelow as the stockholder

Table of Contents

representative and that the Thermage stockholders shall have approved the issuance of Thermage common stock to Reliant stockholders pursuant to the merger agreement;

that (i) the waiting period (and any extension thereof) applicable to the transactions contemplated by the merger agreement under any antitrust or competition legal requirements of any jurisdiction in which Thermage or Reliant have substantial business or operations or where Thermage and Reliant mutually agree to make a filing under applicable antitrust or competition legal requirements, shall have expired or been terminated; (ii) all clearances, consents, approvals, authorizations and orders applicable to the transactions contemplated by the merger agreement which are required under any antitrust or competition legal requirement of any jurisdiction in which Thermage or Reliant have substantial business or operations, or in which Thermage and Reliant mutually agree to make a filing under applicable antitrust or competition legal requirements, shall have been received, and (iii) all governmental authorities that have the authority to enforce any such antitrust or competition legal requirements shall have approved, cleared or decided neither to initiate proceedings or otherwise intervene in respect of the transactions contemplated by the merger agreement;

no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, entered, enforced or deemed applicable to the first merger any legal requirement that is in effect and has the effect of making the first merger illegal in any jurisdiction in which Thermage or Reliant have substantial business or operations or which has the effect of prohibiting, preventing or otherwise restraining the consummation of the first merger in any jurisdiction in which Thermage or Reliant have substantial business or operations;

no governmental authority of competent jurisdiction shall have issued or granted any order (whether temporary, preliminary or permanent) that has the effect of making the first merger illegal in any jurisdiction in which Thermage or Reliant have substantial business or operations or which has the effect of prohibiting, preventing or otherwise restraining the consummation of the first merger;

the shares of Thermage common stock issuable in the first merger and the shares of Thermage common stock issuable in respect of all assumed warrants, shall have been authorized for listing on the NASDAQ Global Market upon official notice of issuance;

receipt of opinions by the parties of their respective tax counsel, in form and substance reasonably satisfactory to them and as further described in The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 89 of this proxy statement/prospectus/information statement, that the merger will qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code);

completion of the Distribution of the shares of Spinco (as defined herein);

that each company's representations and warranties in the merger agreement are true and correct, to the extent set forth in the merger agreement, except when the failure of such representations or warranties to be true and correct has not resulted, and would not reasonably be expected