Merge Healthcare
Investor Presentation
November 2014
Forward Looking Statement

The matters discussed in this presentation may include forward-looking statements, which could involve a number of risks and uncertainties. When used in this presentation, the words “will,” “believes,” “intends,” “anticipates,” “expects” and similar expressions are intended to identify forward-looking statements. Actual results could differ materially from those expressed in, or implied by, such forward looking statements. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update such factors or to publicly announce the results of any of the forward-looking statements. See the Company’s most recent earnings press release for explanation of non-GAAP financial measures used in this presentation as well as reconciliation from GAAP to non-GAAP metrics. Some of the products and/or product features discussed in this presentation may be works in progress and not yet generally available for sale.
Who Are We?
Innovative Imaging and Interoperability

Merge Healthcare

- Radiology
- Interoperability
- Cloud Archive
- Eye Care
- Orthopedics
- Laboratory

- Cardiovascular Imaging
- Hemodynamics

- Electronic Data Capture
- Clinical Trials Management System
## Foundation Offerings

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Description</th>
<th>Clients</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Radiology</strong></td>
<td>Comprehensive radiology suite for hospital and ambulatory markets</td>
<td>&gt;600</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>PACS, RIS, financials, document management and analytics</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cardiology</strong></td>
<td>Best in KLAS Cardiovascular PACS and Hemodynamics Monitoring</td>
<td>&gt;500</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Deep integration with Cerner &amp; Epic</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interoperability</strong></td>
<td>Vendor neutral archive (VNA) is world market share leader</td>
<td>&gt;500</td>
<td>32%</td>
</tr>
<tr>
<td></td>
<td>Zero-download DICOM image &amp; XDS viewer</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Image sharing built into enterprise viewer (unique)</td>
<td></td>
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<tr>
<td><strong>Orthopedics</strong></td>
<td>Comprehensive technology offering to power entire orthopedics practices: PACS, EMR, Billing/Scheduling, and Digital Radiology equipment</td>
<td>360</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Eye Care</strong></td>
<td>Eye Care PACS and image capture systems for ophthalmology practices.</td>
<td>660</td>
<td>32%</td>
</tr>
</tbody>
</table>
Saas Offerings

**eClinicalOS™**
- Clinical Trials Electronic Data Capture & Trials Management Systems
- 7K+ sites
- 9 of 10 Top Pharma

**iConnect® Network**
- Interoperability service that addresses referral management for hospitals / imaging centers.
- Image enable physician EHRs
- 34 Clients
- 2 OEM Resellers

**iConnect® Retinal Screening**
- End-to-End Retinal Screening Service for Diabetic Retinopathy
- Aligns with payment reform and need for diabetic care management
- NEW

**iConnect® Cloud Archive**
- Image archiving
- Infrastructure supports other SaaS services
- >5M Studies under contract
Merge Client Base

1,500 hospitals
1/3 of all U.S. imaging centers
30% + of all ortho groups
1,000 + ophthalmology sites

6,000 clinics
75% of all worldwide modality vendors

250 partners

9 of 10 top pharma
Top pharmaceutical companies & CRO’s have used Merge to run clinical trials

Integrated Delivery Networks
Local Community Hospitals

9 of 10 top pharma
Top pharmaceutical companies & CRO’s have used Merge to run clinical trials
Merge Cardiology: #1 in KLAS

Industry Leader

Merge Cardio™
Cardiology
2013

Merge Hemo™
Cardiology Hemodynamics

2011, 2012 and 2013 Best in KLAS Awards: Software & Services

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## KLAS Overall Software Vendor Rankings 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>athenahealth</td>
<td>85.8</td>
</tr>
<tr>
<td>2nd</td>
<td>Epic</td>
<td>84.4</td>
</tr>
<tr>
<td>3rd</td>
<td>Wolters Kluwer</td>
<td>83.5</td>
</tr>
<tr>
<td>4th</td>
<td>3M</td>
<td>82.0</td>
</tr>
<tr>
<td>5th</td>
<td>FUJIFILM</td>
<td>81.7</td>
</tr>
<tr>
<td>6th</td>
<td>MedAssets</td>
<td>80.1</td>
</tr>
<tr>
<td>7th</td>
<td>Picis</td>
<td>79.9</td>
</tr>
<tr>
<td>8th</td>
<td>Merge Healthcare</td>
<td>79.8</td>
</tr>
<tr>
<td>9th</td>
<td>CareFusion</td>
<td>79.5</td>
</tr>
<tr>
<td>10th</td>
<td>QuadraMed</td>
<td>78.9</td>
</tr>
<tr>
<td>11th</td>
<td>Sunquest</td>
<td>78.7</td>
</tr>
<tr>
<td>12th</td>
<td>Philips</td>
<td>77.8</td>
</tr>
<tr>
<td>13th</td>
<td>Optum</td>
<td>74.9</td>
</tr>
<tr>
<td>14th</td>
<td>Greenway Medical</td>
<td>74.4</td>
</tr>
<tr>
<td>15th</td>
<td>eClinicalWorks</td>
<td>74.2</td>
</tr>
<tr>
<td>16th</td>
<td>GE Healthcare</td>
<td>74.1</td>
</tr>
<tr>
<td>17th</td>
<td>Cerner</td>
<td>73.8</td>
</tr>
<tr>
<td>18th</td>
<td>RelayHealth</td>
<td>73.4</td>
</tr>
<tr>
<td>19th</td>
<td>Siemens</td>
<td>73.2</td>
</tr>
<tr>
<td>20th</td>
<td>McKesson</td>
<td>70.5</td>
</tr>
<tr>
<td>21st</td>
<td>NextGen Healthcare</td>
<td>70.3</td>
</tr>
<tr>
<td>22nd</td>
<td>MEDITECH</td>
<td>70.0</td>
</tr>
<tr>
<td>23rd</td>
<td>Allscripts</td>
<td>69.3</td>
</tr>
<tr>
<td>24th</td>
<td>Agfa HealthCare</td>
<td>67.3</td>
</tr>
</tbody>
</table>
Leader for Meaningful Use in Radiology

Industry Leader
FOR MEANINGFUL USE IN RADIOLOGY

HHS Report: Merge RIS Most Widely-Used Certified EHR Technology by Radiologists
Leader in Interoperability

Best in Interoperability.
ACCORDING TO FROST & SULLIVAN

iConnect
Enterprise Clinical Platform

2013 Frost & Sullivan Product Leadership Award, Medical Imaging Interoperability Solutions Market

#1 VNA in the World.
ACCORDING TO IHS

iConnect
Enterprise Archive

2013 IHS VNA Global Market Leader
2013 IHS VNA Market Leader, Americas
What Do We Do?
We are Innovators

- **2010** AMICAS Acquisition
- **2010** Confirma Acquisition
- **2010** Stryker Acquisition
- **1990** Co-Founder of DICOM
- **2010** Expanded interoperability, radiology and cardiology offerings
- **2010** Launched iConnect Brand
- **2011** OIS Acquisition
- **2011** Launched Rad MU Solution
- **2011** Entered eye care market
- **2012** Launched eClinical OS
- **2012** 2 million+ active patients since launch
- **2012** Launched iConnect Network
- **2013** Launched Surescripts and athenahealth sign on as partners
- **2014** Launched Cloud Archive Solution
- **2014** Launched Retinal Screening
- **2014** For population health and advanced interoperability

- **2009** Expanded radiology offering
- **100+ Clients**
- **975 doctors utilize Merge MU solutions**
- **100+ Clients**
- **2 million+ active patients since launch**
- **Surescripts and athenahealth sign on as partners**

**975 doctors utilize Merge MU solutions**
### Merge Innovative Imaging Solutions

Merge provides solutions to over 7,500 healthcare facilities in the United States.

<table>
<thead>
<tr>
<th>ACUTE SOLUTIONS</th>
<th>AMBULATORY SOLUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hospitals/IDNs</strong></td>
<td>****</td>
</tr>
<tr>
<td>Clinical Trials</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>eClinicalOS, Clinical Trials Management System</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Eye Care</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Eye Station, Retinal Screening</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Clinical Labs</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>LIS, LabAccess</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>OrthoEMR, OrthoPACS, OrthoCase</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Cardiology</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Cardio, Hemo</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Radiology</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>PACS, VNA, RIS, Financials</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Interoperability</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>iConnect VNA, Universal Viewer, Image-Sharing</td>
<td>✓ ✓</td>
</tr>
</tbody>
</table>
Changing How Clinical Trials Are Managed

Time Intensive & Expensive to Manage
Combination of data capture methods to deliver comprehensive clinical trial results. Manual effort, requiring professional services.

All-in-One Platform, Easy to Use
SaaS platform for clients to design their own clinical trials, one location for clinical trial data collection, storage, management and reporting.
Merge eClinicalOS: Our Disruptive Model

PAY AS YOU GO

• Only pay for what you use
• Budget instantly
• Scale up or down

ALL IN ONE

• Complete eClinical Suite
• Sponsors, CROs/AROs & Sites in a unified system
• Always growing & improving

EASY TO USE

• Intuitive
• Consistent and accessible
• Deploy trials in as few as 10 days
Plug eCOS in wherever the need
Where Are We Now?
$54.2M
Revenue

26%
Adjusted EBITDA

$10.7M
45% increase in Cash

3\textsuperscript{rd} Consecutive Quarter of Growth
We are Trending in the Right Direction

Gross Margin % (net of D&A)

- Q3 2013: 56.9%
- Q4 2013: 60.2%
- Q1 2014: 61.9%
- Q2 2014: 59.3%
- Q3 2014: 61.6%

Adjusted EBITDA

- Q3 2013: $7.2
- Q4 2013: $8.9
- Q1 2014: $10.1
- Q2 2014: $7.9
- Q3 2014: $17.4

Cash from Business Operations

- Q3 2013: $15.1
- Q4 2013: $14.2
- Q1 2014: $12.9
- Q2 2014: $11.2

Maintenance

- Q3 2013: $27.5
- Q4 2013: $26.0
- Q1 2014: $25.5
- Q2 2014: $25.6
- Q3 2014: $26.3

Subscription

- Q3 2013: $9.5
- Q4 2013: $8.4
- Q1 2014: $8.2
- Q2 2014: $8.9
- Q3 2014: $8.2

Non Recurring

- Q3 2013: $20.7
- Q4 2013: $19.4
- Q1 2014: $17.4
- Q2 2014: $19.6
- Q3 2014: $19.4

Gross Margin %

- Q3 2013: 56.9%
- Q4 2013: 60.2%
- Q1 2014: 61.9%
- Q2 2014: 59.3%
- Q3 2014: 61.6%

Adjusted EBITDA %

- Q3 2013: 12.5%
- Q4 2013: 16.5%
- Q1 2014: 20.0%
- Q2 2014: 20.7%
- Q3 2014: 25.6%
Performance vs. Guidance

Year-to-Date Results Compared to Mid-Point of 2014 Annual Guidance

- 73% Revenue
- 83% Adjusted EBITDA
- 75% Adjusted Net Income
Why Merge? Why Now?
1) Because 93% of Merge Clients say we are a part of their long term strategy. Here’s why:

Merge’s core imaging solutions enable hospitals and imaging centers to manage their images throughout their enterprise and through the entire cycle of care. Our new releases provide increased automation and client driven features and functionality.

Merge’s innovative solutions increase revenues, reduce costs, and deliver operational efficiencies driving revenue for our clients. Merge is innovating with new solutions that support our clients’ patient care and financial requirements and that resolve long standing market challenges.

Merge solutions deliver the tools to easily manage the production and access of images, a key component of managing costs under new payment models.
2) eClinicalOS is Growing Rapidly

**CLINICAL SITES**
- Q2: 13,000
- Q3: 16,000
- Increase: 3,000 (19%)

**PROFESSIONAL USERS**
- Q2: 27,000
- Q3: 35,000
- Increase: 8,000 (27%)

**CLINICAL SUBJECTS**
- 2012: 180,000
- 2013: 180,000
- Increase: 5,000 (35%)
3) We Have Invested in the Future

SAAS Delivers Sustainable, Predictable Revenue
Referral Leakage is a 1.7 B Opportunity for the Imaging Market

**THE PROBLEM**

- **18%**
  - The number of primary and specialist providers is expected to grow by 18% over the next ten years.

- **159%**
  - Referrals are on the rise - up 159% between 1999 and 2009.

- **46%**
  - The number of faxed referrals that are never completed.

- **20M**
  - Hospitals are leaking an average of $20 million per year in referrals.

**THE SOLUTION: iConnect Network**

- Keep patients in-network
- Capture referrals from physician community
- Improve care coordination
- Collaboration between imaging providers and referring physicians
In Conclusion
Merge is...

Established vendor in over **7,500 client** accounts, providing core imaging solutions

Innovating in new technologies that provide long-term, predictable, and **sustainable revenue**

Experiencing **rapid, healthy growth** in our clinical trials business
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