

# Investor Factsheet

NASDAQ: MRGE | Fiscal 2Q09



## COMPANY OVERVIEW

Merge Healthcare utilizes decades of technology, expertise, intellectual property, innovative software development and expert services to build IT solutions for healthcare and biopharmaceutical customers worldwide.

Merge Healthcare's OEM solutions improve the process of transferring diagnostic data and images, and support the integration of data from imaging procedures into broader health IT applications. These solutions provide an advanced start to software development, and are quietly inside many of today's health IT systems.

Merge Healthcare's Medical Imaging Solutions bring mission-critical improvements for imaging workflow, from scheduling to billing through disaster recovery. Our Surgical Management Solutions provide enhanced workflow for the entire surgery experience. Our customers, from the largest outpatient center chains to rural hospitals, have relied on Merge to bring them the solutions and services needed to run clinically and financially successful businesses.

Merge Healthcare's new eClinical business unit, recently added through the acquisition of etrials Worldwide Inc., provides adaptive web-based tools that coordinate to transform data into intelligence and speed the path to an actionable study endpoint for clinical trials. Pharmaceutical, biotechnology, medical device and contract research organizations use integrated trial, site and patient solutions for real-time access to the high quality data they need to make informed decisions.

## DIFFERENTIATION

- History of technology leadership
  - > 24 patents, 31 applications
  - > Over 20 years of healthcare software development
  - > Participated in multiple clinical studies that resulted in 14 approved new drug applications and/or regulatory approvals
  - > Four R&D centers
- Global Customer Footprint
  - > Over 275 OEM customers, including a majority of imaging OEMs
  - > Over 700 end user enterprise customers
  - > Over 100,000 downloads of eFilm Workstation worldwide
  - > Over 900 clinical trials involving more than 400,000 patients in 70 countries
- Diversified business
  - > Direct, indirect and eCommerce channels to market
  - > Significant percentage of revenue from outside the U.S.
  - > Entered new market in Surgical Management Systems
  - > Significantly expanded presence in clinical trials market
- Experienced management
  - > Substantial insider ownership
  - > Extensive turnaround and M&A experience

## KEY MARKET TRENDS AND OPPORTUNITIES

- Overall demographic change propels healthcare technology growth:
  - > By 2010, an estimated 46 million Americans will be aged 65 and older, up from 35 million in 2000
  - > China now holds one fifth of the world's aging population
  - > Disease incidence changes spark new investment in diagnostic and treatment options
- Health IT usage patterns shift with reimbursement, market and policy changes
  - > Global market downturn has delayed some new purchases
  - > American Recovery and Reimbursement Act (ARRA) of 2009 contains almost \$20 billion for health IT
  - > Pharma to see 28% revenue reduction through 2011 due to patent expirations
  - > Proposed legislation on utilization and overall reform will impact reimbursement
- Our solutions solve health IT business problems
  - > Rapid migration from film to digital continues globally
  - > Higher expectations for documentation and clinical quality reporting
  - > Higher expectations for the use of technology to improve clinical trial efficiencies
  - > Imaging involvement has risen to approximately 40% of new clinical trials
- Our solutions touch many markets, yielding unique opportunities in:
  - > PACS, RIS/billing & clinical applications
  - > Image storage and monitoring services
  - > Dental Imaging
  - > Clinical Trials/Pharmaceutical
  - > EMRs/HIS
  - > Surgical Management
  - > Veterinary Imaging

## COMPANY HISTORY

### 1987

Established to integrate radiology systems in OEM channel

### 1995

Commercializes standards in radiology (DICOM & IHE)

### 1997

Enters direct healthcare market with some PACS components and modular software products

### 1998

Completes IPO

### 2002

Acquires eFilm Medical and launches full PACS solution

### 2003

Acquires RIS Logic and delivers integrated RIS/PACS solutions

### 2004

Cedara Software acquires eMed Technologies, Inc.

### 2005

Acquires Acculmage. Merges with Cedara Software

### 2006-2008

Corporate Reorganizations and Restatements

### 2008

Merrick RIS invests, return to profitability Q3

### 2009

Acquires assets of eko systems, inc. to enter Surgical Management Systems market in April

Acquires etrials Worldwide Inc. in July

## CEO

Justin Dearborn

## CFO

Steven M. Oreskovich

## IR CONTACT

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## FUNDAMENTALS (AS OF 07/30/09)

Price	\$3.71
52-Week Range	\$0.26 - \$4.78
Shares Outstanding	60,100,000
Market Cap	\$223,100,000

## INCOME STATEMENT HIGHLIGHTS

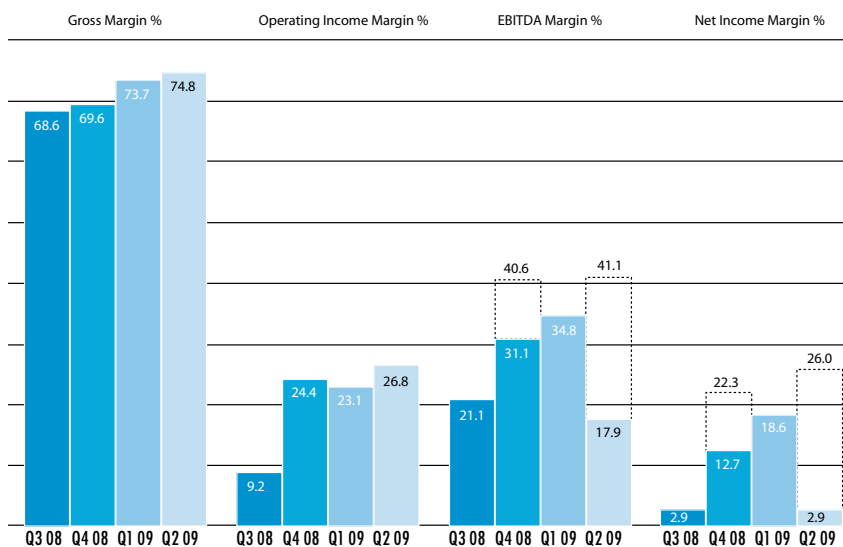
\$ in Thousands except EPS	Q2 2009	Q1 2009	Q2 2008
Net Sales	\$15,353	\$15,309	\$13,315
Gross Margin	\$11,477	\$11,279	\$8,102
Gross Margin %	74.8%	73.7%	60.8%
Operating Income	\$4,119	\$3,536	-\$18,309
Net Income (loss)	\$446*	\$2,842	-\$18,197
EPS	\$0.01*	\$0.05	-\$0.45
Fully Diluted Shares Outstanding	57,905	57,190	40,251
EBITDA	\$2,752*	\$5,334	-\$14,015

## BALANCE SHEET HIGHLIGHTS

(Values in thousands)	06/30/09	12/31/08
<b>Assets:</b>		
Cash	\$19,967	\$17,848
Other Current Assets	\$17,092	\$15,776
Intangible & Other Assets	\$16,802	\$21,113
<b>Total Assets</b>	<b>\$53,861</b>	<b>\$54,737</b>
<b>Liabilities:</b>		
Current Liabilities**	\$22,385	\$9,220
Deferred Revenue	\$12,966	\$16,794
Long Term Note Payable**	\$-	\$14,230
Other Liabilities	\$5,610	\$5,652
<b>Total Liabilities</b>	<b>\$40,961</b>	<b>\$45,896</b>
<b>Stockholders Equity</b>	<b>\$12,900</b>	<b>\$8,841</b>

\*Numbers include a \$3.6 million non-cash writedown of an equity interest in Elkin Medical Systems, Inc. as a result of the acquisition of Elkin by VCA Antech, Inc.

\*\*Note payable June 2010 has been reclassified from Long Term Note Payable to Current Liabilities.



Dotted lines represent EBITDA and Net Income adjusted for non-cash equity impairment of 1.4M and 3.5M for Q4 2008 and Q2 2009, respectively.