

Investor Factsheet

NASDAQ: MRGE | Fiscal 3Q09



COMPANY OVERVIEW

Merge Healthcare Incorporated develops solutions that automate healthcare data and diagnostic workflow to enable a better electronic record of the patient experience, and to enhance product development for health IT, device and pharmaceutical companies. Merge products, ranging from standards-based development toolkits to sophisticated clinical applications, have been used by healthcare providers, vendors and researchers worldwide for over 20 years.

Image Management Solutions

Provide a complete electronic record of the diagnostic imaging experience for imaging centers, hospitals and clinics.

Connectivity and Vendor Solutions

Provide toolkits and technologies that image enable the healthcare enterprise.

eFilm Solutions

Provide economical applications for image management.

Clinical Trials Solutions

Provide complete electronic workflow for pharmaceutical companies, device manufacturers and CROs

CAD Solutions

Provide workflow tools for MRI image review.

Surgery Management Solution

Provide a complete electronic record of the perioperative perfusion and anesthesia delivery.

DIFFERENTIATION

- History of technology leadership
 - > 44 patents, 35 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
 - > Six R&D centers
- Global Customer Footprint
 - > Over 275 OEM customers, including a majority of imaging OEMs
 - > Over 1200 end user enterprise customers
 - > Over 100,000 downloads of eFilm Workstation worldwide
 - > Over 1,000 clinical trials involving more than 400,000 patients in 70 countries
- Global Brand Recognition
 - > eFilm Workstation®, MergeCOM-3™, etrials™, CADstream™
 - > Direct, indirect and eCommerce channels to market
 - > Significant percentage of revenue from outside the U.S.
- 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
 - > 4 billion people lack access to basic imaging
 - > Rapid migration from film to digital continues globally
 - > Higher expectations for documentation and clinical quality reporting
 - > 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/HIEs
 - > 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
Acquires Confirma, Inc. in September

CEO

Justin Dearborn

CFO

Steven M. Oreskovich

IR CONTACT

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FUNDAMENTALS (AS OF 11/02/09)

Price	\$3.61
52-Week Range	\$0.26 - \$4.78
Shares Outstanding	60,129,000
Market Cap	\$217,065,380

INCOME STATEMENT HIGHLIGHTS

\$ in Thousands except EPS	Q3 2009	Q2 2009	Q3 2008
Net Sales	\$16,907	\$15,353	\$14,616
Gross Margin	\$12,006	\$11,477	\$10,032
Gross Margin %	71.0%	74.8%	68.6%
Operating Income	-\$156	\$4,119	\$1,345
Net Income (loss)	-\$936	\$446*	\$428
EPS	-\$0.02	\$0.01*	\$0.01
Fully Diluted Shares Outstanding	61,078	57,905	56,859
EBITDA	\$1,887	\$2,752*	\$3,078
Adjusted EBITDA	\$4,815	\$6,263	\$2,873

BALANCE SHEET HIGHLIGHTS

(Values in thousands)	09/30/09	12/31/08
Assets:		
Cash	\$16,883	\$17,848
Other Current Assets	\$21,275	\$15,776
Intangible & Other Assets	\$55,705	\$21,113
Total Assets	\$93,683	\$54,737
Liabilities:		
Current Liabilities**	\$26,952	\$9,220
Deferred Revenue	\$14,895	\$16,794
Long Term Note Payable**	\$-	\$14,230
Other Liabilities	\$7,443	\$5,652
Total Liabilities	\$49,290	\$45,896
Stockholders Equity	\$44,573	\$8,841

*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.