

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT5409839

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	NUNC PRO TUNC ASSIGNMENT
EFFECTIVE DATE:	11/07/2017

CONVEYING PARTY DATA

Name	Execution Date
D.R. SYSTEMS, INC.	02/18/2019

RECEIVING PARTY DATA

Name:	MERGE HEALTHCARE SOLUTIONS INC.
Street Address:	900 WALNUT RIDGE DRIVE
City:	HARTLAND
State/Country:	WISCONSIN
Postal Code:	53029

PROPERTY NUMBERS Total: 78

Property Type	Number
Patent Number:	7660488
Patent Number:	8913808
Patent Number:	7970625
Patent Number:	7787672
Patent Number:	7885440
Patent Number:	9141329
Patent Number:	9672477
Patent Number:	9378331
Patent Number:	8797350
Patent Number:	9323402
Patent Number:	9177110
Patent Number:	9324188
Patent Number:	9495604
Patent Number:	9390079
Patent Number:	9536106
Patent Number:	9501863
Patent Number:	9727938
Patent Number:	9542082
Patent Number:	9471210

PATENT

Property Type	Number
Patent Number:	9754074
Patent Number:	9524080
Patent Number:	9460526
Patent Number:	9852272
Patent Number:	9323891
Patent Number:	9606584
Patent Number:	9386084
Patent Number:	10181360
Patent Number:	10120451
Patent Number:	10162483
Patent Number:	10157686
Patent Number:	8626527
Patent Number:	8094901
Patent Number:	8019138
Patent Number:	8244014
Patent Number:	8731259
Patent Number:	8217966
Patent Number:	9501617
Patent Number:	9042617
Patent Number:	9756343
Patent Number:	9536324
Patent Number:	9536045
Patent Number:	9684762
Patent Number:	9800882
Patent Number:	8879807
Patent Number:	9836202
Patent Number:	9734576
Patent Number:	9904771
Application Number:	15469342
Patent Number:	9934568
Patent Number:	10096111
Patent Number:	10134126
Patent Number:	10129553
Patent Number:	9906794
Patent Number:	9501627
Application Number:	13952496
Application Number:	14196885
Application Number:	15292014

Property Type	Number
Application Number:	15469281
Application Number:	15163316
Application Number:	15080207
Application Number:	15872283
Application Number:	15097219
Application Number:	15264404
Application Number:	15076390
Application Number:	15195552
Application Number:	15195737
Application Number:	15195208
Application Number:	15188819
Application Number:	15188872
Application Number:	15175704
Application Number:	15875805
Application Number:	15356082
Application Number:	15140346
Application Number:	15140363
Application Number:	15140351
Application Number:	15140348
Application Number:	15432764
Application Number:	14818167

CORRESPONDENCE DATA

Fax Number: (414)277-0656

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Phone: 4142716560

Email: klbehnke@michaelbest.com

Correspondent Name: MICHAEL BEST & FRIEDRICH LLP

Address Line 1: 100 E. WISCONSIN AVENUE, SUITE 3300

Address Line 4: MILWAUKEE, WISCONSIN 53202

ATTORNEY DOCKET NUMBER:	026436-9001
NAME OF SUBMITTER:	MOLLY S. LAWSON
SIGNATURE:	/msl-klb/
DATE SIGNED:	03/07/2019

Total Attachments: 25

source=25370110_DR_to_MHSI_Affidavit#page1.tif

source=25370110_DR_to_MHSI_Affidavit#page2.tif

source=25370110_DR_to_MHSI_Affidavit#page3.tif

source=25370110_DR_to_MHSI_Affidavit#page4.tif

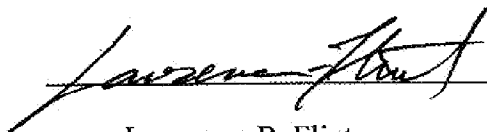
source=25370110_DR_to_MHSI_Affidavit#page5.tif
source=25370110_DR_to_MHSI_Affidavit#page6.tif
source=25370110_DR_to_MHSI_Affidavit#page7.tif
source=25370110_DR_to_MHSI_Affidavit#page8.tif
source=25370110_DR_to_MHSI_Affidavit#page9.tif
source=25370110_DR_to_MHSI_Affidavit#page10.tif
source=25370110_DR_to_MHSI_Affidavit#page11.tif
source=25370110_DR_to_MHSI_Affidavit#page12.tif
source=25370110_DR_to_MHSI_Affidavit#page13.tif
source=25370110_DR_to_MHSI_Affidavit#page14.tif
source=25370110_DR_to_MHSI_Affidavit#page15.tif
source=25370110_DR_to_MHSI_Affidavit#page16.tif
source=25370110_DR_to_MHSI_Affidavit#page17.tif
source=25370110_DR_to_MHSI_Affidavit#page18.tif
source=25370110_DR_to_MHSI_Affidavit#page19.tif
source=25370110_DR_to_MHSI_Affidavit#page20.tif
source=25370110_DR_to_MHSI_Affidavit#page21.tif
source=25370110_DR_to_MHSI_Affidavit#page22.tif
source=25370110_DR_to_MHSI_Affidavit#page23.tif
source=25370110_DR_to_MHSI_Affidavit#page24.tif
source=25370110_DR_to_MHSI_Affidavit#page25.tif

AFFIDAVIT CONCERNING CHANGE IN PATENT OWNERSHIP

I, Lawrence B Flint, Secretary for Merge Healthcare Solutions Inc., affirm that the factual statements recited below are true, and that Merge Healthcare Solutions is the legal owner of the patents listed in Schedule A attached hereto.

- (A) D.R. Systems, Inc. was a corporation duly organized that existed under the laws of the State of California until it was voluntarily dissolved effective November 7, 2017. A copy of the Certification of Dissolution certified by the Secretary of State for the State of California is included.
- (B) Merge Healthcare Solutions is a corporation duly organized and existing under the laws of the State of Delaware that on the date of dissolution owned 100% of the shared of common stock issued and outstanding by D.R. Systems, Inc. A copy of the SEC Form 8K form containing the official press release announcing the acquisition of D.R. Systems by Merge Healthcare is included.
- (C) On November 7, 2017, the date of dissolution of D.R. Systems, Inc., the patents and patent applications listed in Schedule A were owned by D.R. Systems, Inc., and thus in accordance with the laws of the State of California all rights and title in the patents and patent applications listed in Schedule A passed to Merge Healthcare Solutions.

Signed under penalties of perjury on the 18th day of February, 2019.



Lawrence B. Flint
Secretary, Merge Healthcare Solutions, Inc.

D.R. SYSTEMS, INC. TO MERGE HEALTHCARE SOLUTIONS, INC.,
SCHEDULE A

ISSUED PATENTS

Patent Number	Issue Date	Application No.	Filing Date	Title	Country
7660488	2/9/2010	11/179384	7/11/2005	Systems and Methods for Viewing Medical Images	US
8913808	12/16/2014	13/477853	5/22/2012	Systems and Methods for Viewing Medical Images	US
7970625	6/28/2011	11/265979	11/3/2005	Systems and Methods for Retrieval of Medical Data	US
7787672	8/31/2010	11/265978	11/3/2005	Systems and Methods for Matching, Naming, and Displaying Medical Images	US
7885440	2/8/2011	11/268261	11/3/2005	Systems and Methods for Interleaving Series of Medical Images	US
7920152	4/5/2011	11/268262	11/3/2005	Systems and Methods for Viewing Medical 3D Imaging Volumes	US
8610746	12/17/2013	13/535758	6/28/2012	Systems and Methods for Viewing Medical 3D Imaging Volumes	US
7953614	5/31/2011	11/942674	11/19/2007	Smart Placement Rules	US
8554576	10/8/2013	11/944027	11/21/2007	Automated Document Filing	US
8577696	11/5/2013	12/622269	11/19/2009	System and Method for Communication of Medical Information	US
8380533	2/19/2013	12/622404	11/19/2009	System and Method for Providing Dynamic and Customizable Medical Examination Forms	US
8712120	4/29/2014	12/891543	9/27/2010	Rules-Based Approach to Transferring and/or	US

				Viewing Medical Images	
8630501	1/14/2014	13/359363	1/26/2012	Dual Technique Compression	US
9092551	7/28/2015	13/572397	8/10/2012	Dynamic Montage Reconstruction	US
9075899	7/7/2015	13/572547	8/10/2012	Automated Display Settings for Categories of Items	US
9092727	7/28/2015	13/572552	8/10/2012	Exam Type Mapping	US
8867807	10/21/2014	13/624791	9/21/2012	Intelligent Dynamic Preloading and Processing	US
9081479	7/14/2015	13/651328	10/12/2012	User Interface Systems and Methods	US
9141329	9/22/2015	13/952498	7/26/2013	Combining Electronic Displays	US
9672477	6/6/2017	11/944000	11/21/2007	Exam Scheduling with Customer Configured Notifications	US
9378331	6/28/2016	13/300239	11/18/2011	Annotation and Assessment of Images	US
8797350	8/5/2014	13/331651	12/20/2011	Dynamic Customizable Human-Computer Interaction Behavior	US
9323402	4/26/2016	13/479558	5/24/2012	Image Navigation	US
9177110	11/3/2015	13/530754	6/22/2012	Automated Report Generation	US
9324188	4/26/2016	13/872920	4/29/2013	Manipulation of 3D Medical Objects	US
9495604	11/15/2016	14/139068	12/23/2013	Intelligent Management of Computerized Advanced Processing	US
9390079	7/12/2016	14/272364	5/7/2014	Voice Commands for Report Editing	US
9536106	1/3/2017	14/509721	10/8/2014	System and Method for the Display of Restricted Information on Private Displays	US
5452416	9/19/1995	07/998550	12/30/1992	Automated System	US

				and a Method for Organizing, Presenting, and Manipulating Medical Images	
9501863	11/22/2016	14/081225	11/15/2013	Systems and Methods for Viewing Medical 3D Imaging Volumes	US
9727938	8/8/2017	14/095123	12/3/2013	Systems and Methods for Retrieval of Medical Data	US
9542082	1/10/2017	14/244431	4/3/2014	Systems and Methods for Matching, Naming, and Displaying Medical Images	US
9471210	10/18/2016	14/502055	9/30/2014	Systems and Methods for Interleaving Series of Medical Images	US
9754074	9/5/2017	14/298806	6/6/2014	Smart Placement Rules	US
9524080	12/20/2016	14/318437	6/27/2014	Dynamic Customizable Human-Computer Interaction Behavior	US
9460526	10/4/2016	14/098399	12/5/2013	Dual Technique Compression	US
9852272	12/26/2017	14/863068	9/23/2015	Automated Report Generation	US
9323891	4/26/2016	14/488166	9/16/2014	Intelligent Dynamic Preloading and Processing	US
9606584	3/28/2017	14/754178	6/29/2015	System and User Interfaces for Dynamic Interaction with Two- and Three-Dimensional Medical Image Data Using Hand Gestures	US
9386084	7/5/2016	14/687853	4/15/2015	Selective Processing of Medical Images	US
10181360	1/15/2019	14/017148	9/3/2013	Report Links	US
10120451	11/6/2018	14/593330	1/9/2015	Systems and User Interfaces for Dynamic Interaction with Two- and Three-	US

				Dimensional Medical Image Data Using Spatial Positioning of Mobile Devices	
10162483	12/25/2018	14/792016	7/6/2015	User Interface Systems and Methods	US
10157686	12/18/2018	14/043165	10/1/2013	Automated Document Filing	US
8626527	1/7/2014	13/171081	6/28/2011	Systems and Methods for Retrieval of Medical Data	US
8094901	1/10/2012	12/870645	8/27/2010	Systems and Methods for Matching, Naming, and Displaying Medical Images	US
8019138	9/13/2011	12/702976	2/9/2010	Systems and Methods for Viewing Medical Images	US
8244014	8/14/2012	13/228349	9/8/2011	Systems and Methods for Viewing Medical Images	US
8731259	5/20/2014	13/345606	1/6/2012	Systems and Methods for Matching, Naming, and Displaying Medical Images	US
8217966	7/10/2012	13/079597	4/4/2011	Systems and Methods for Viewing Medical 3D Imaging Volumes	US
9501617	11/22/2016	15/163600	5/24/2016	Selective Display of Medical Images	US
9042617	5/26/2015	14/179328	2/12/2014	Rules-Based Approach to Rendering Medical Imaging Data	US
9756343	9/5/2017	15/254376	9/1/2016	Dual Technique Compression	US
9536324	1/3/2017	15/136555	4/22/2016	Dynamic Digital Image Compression Based on Digital Image Characteristics	US
9536045	1/3/2017	15/072109	3/16/2016	Dynamic Digital Image Compression Based on Digital Image Characteristics	US
9684762	6/20/2017	15/292023	10/12/2016	Rules-Based	US

				Approach to Rendering Medical Imaging Data	
9800882	10/24/2017	15/352092	11/15/2016	Dynamic Digital Image Compression Based on Digital Image Characteristics	US
8879807	11/4/2014	12/857915	8/17/2010	Systems and Methods for Interleaving Series of Medical Images	US
9836202	12/5/2017	14/540830	11/13/2014	Systems and Methods for Viewing Medical Images	US
9734576	8/15/2017	15/254627	9/1/2016	Systems and Methods for Interleaving Series of Medical Images	US
9904771	2/27/2018	14/966934	12/11/2015	Automated Report Generation	US
	2/13/2018	15/469342	3/24/2017	Rendering of Medical Images Using User-Defined Rules	US
9934568	4/3/2018	15/469296	3/24/2017	Computer-Aided Analysis and Rendering of Medical Images Using User-Defined Rules	US
10096111	10/9/2018	15/631313	6/23/2017	Systems and Methods for Interleaving Series of Medical Images	US
10134126	11/20/2018	15/074268	3/18/2016	Intelligent Dynamic Preloading and Processing	US
10129553	11/13/2018	15/707121	9/18/2017	Dynamic Digital Image Compression Based on Digital Image Characteristics	US
9906794	2/27/2018	15/669053	8/4/2017	Dual Technique Compression	US
9501627	11/22/2016	13/768765	2/15/2013	System and Method of Providing Dynamic and Customizable Medical Examination Forms	US

PATENT APPLICATIONS

Application No.	Filing Date	Title	Country
13/952496	7/26/2013	Mobile Computer Input Devices	US
14/196885	3/4/2014	Expert Opinion Crowdsourcing	US
14/593228	1/9/2015	Systems and User Interfaces for Dynamic Interaction with and Detection of Relevant Medical Patient Information Based on Patient Proximity	US
11/942687	11/19/2007	Smart Forms	US
13/495991	6/13/2012	Customized Presentation of Data	US
15/292014	10/12/2016	System and Method of Providing Dynamic and Customizable Medical Examination Forms	US
15/469281	3/24/2017	Rules-Based Processing and Processing of Medical Images Based on Image Plane	US
15/163316	5/24/2016	Annotation and Assessment of Images	US
15/872251	1/16/2018	Dual Technique Compression	US
15/080207	3/24/2016	Image Navigation	US
15/872283	1/16/2018	Automated Report Generation	US
12/577949	10/13/2009	User Interface Systems and Methods	US
15/097219	4/12/2016	User Interface Systems and Methods	US
15/264404	9/13/2016	Pressure Sensitive Manipulation of Medical Image Data	US
15/076390	3/21/2016	Display of 3D Images	US
15/195552	6/28/2016	Report Links	US
15/195737	6/28/2016	Report Links	US
15/195208	6/28/2016	Report Links	US
15/188819	6/21/2016	Intelligent Management of Computerized Advanced Processing	US
15/188872	6/21/2016	Intelligent Management of Computerized Advanced Processing	US
15/175704	6/7/2016	Voice Commands for Report Editing	US
15/875805	1/19/2018	System and Method for the Display of Restricted Information on Private Displays	US

15/356082	11/18/2016	Intelligent Management of Computerized Advanced Processing	US
15/140346	4/27/2016	Database Systems and Interactive User Interfaces for Dynamic Interaction with, and Sorting of, Digital Medical Image Data	US
15/140363	4/27/2016	Digital Systems and Interactive User Interfaces for Dynamic Interaction with, and Comparison of, Digital Medical Image Data	US
15/140351	4/27/2016	Database Systems and Interactive User Interfaces for Dynamic Interaction with, and Review of, Digital Medical Image Data	US
15/140348	4/27/2016	Database Systems and Interactive User Interfaces for Dynamic Interaction with, and Indications of, Digital Medical Image Data	US
15/432764	2/14/2017	Systems and User Interfaces for Dynamic Interaction with Two- and Three-Dimensional Medical Image Data using Hand Gestures	US
14/818167	8/4/2015	Systems and User Interfaces for Automated Generation of Matching 2D Series of Medical Images and Efficient Annotation of Matching 2D Medical Images	US



Secretary of State
Certificate of Dissolution
 (California Stock Corporation ONLY)

DISS STK

IMPORTANT — Read instructions before completing this form.

There is No Fee for filing a Certificate of Dissolution - Stock

Copy Fees — First page \$1.00; each attachment page \$0.50;
 Certification Fee — \$5.00 plus copy fees

FILED *Ymp*

Secretary of State
 State of California *go*

NOV 07 2017

W

This Space For Office Use Only

1. Corporate Name (Enter the exact name of the Corporation as it is recorded with the California Secretary of State.)

D. R. Systems, Inc.

2. 7-Digit Secretary of State File Number

C1809379

3. Election

☒ The dissolution was made by a vote of ALL of the shareholders of the California corporation.

Note: If the above box is not checked, a Certificate of Election to Wind Up and Dissolve (Form ELEC STK) must be filed prior to or together with this Certificate of Dissolution. (California Corporations Code section 1901.)

4. Debts and Liabilities

(Check the applicable statement. Only one box may be checked. If second box is checked, must include the required information in an attachment.)

☒ The known debts and liabilities have been actually paid or paid as far as its assets permitted.

☐ The known debts and liabilities have been adequately provided for in full or as far as its assets permitted by their assumption. Included in the attachment to this certificate, incorporated herein by this reference, is a description of the provisions made and the name and address of the person, corporation or government agency that has assumed or guaranteed the payment, or the depository institution with which deposit has been made.

☐ The corporation never incurred any known debts or liabilities.

5. Required Statements (Do not alter the Required Statements — ALL must be true to file Form DISS STK.)

- a. The Corporation has been completely wound up and is dissolved.
- b. All final returns required under the California Revenue and Taxation Code have been or will be filed with the California Franchise Tax Board.
- c. The known assets have been distributed to the persons entitled thereto or the corporation acquired no known assets.

6. Read, Verify, Date and Sign Below (See instructions for signature requirements.)

The undersigned is the sole director or a majority of the directors now in office. I declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

October 26, 2017
 Date

Gregory C. Bomberger
 Signature

Gregory C. Bomberger
 Type or Print Name

October 27, 2017
 Date

Cosmo L. Nista
 Signature

Cosmo L. Nista
 Type or Print Name

October , 2017
 Date 27

Kevin J. Reardon
 Signature

Kevin J. Reardon
 Type or Print Name



I hereby certify that the foregoing
transcript of _____ page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

NOV 15 2017 *gpo*

Date: _____

Alex Padilla

ALEX PADILLA, Secretary of State

PATENT

REEL: 048631 FRAME: 0136

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549-1004

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 25, 2015 (February 25, 2015)

MERGE

Merge Healthcare Incorporated

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

001-33006
(Commission File Number)

39-1600938
(I.R.S. Employer Identification No.)

350 North Orleans Street, 1st Floor
Chicago, Illinois
(Address of Principal Executive Offices)

60654
(ZIP Code)

(312) 565-6868
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17-CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On February 25, 2015, Merge Healthcare Incorporated (the "Company") issued a News Release containing information about its financial condition and results of operations for the quarter ended December 31, 2014.

A copy of the Company's News Release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 News Release of the Company dated February 25, 2015

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERGE HEALTHCARE INCORPORATED
(Registrant)

Date: February 25, 2015

By: /s/ Justin C. Dearborn
Name: Justin C. Dearborn
Title: Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release of the Company dated February 25, 2015.

News Release

Exhibit 99.1

Media Contact:
Michael Klozotsky
Vice President of Marketing
312.946.2535
Michael.Klozotsky@merge.com

MERGE REPORTS FOURTH QUARTER FINANCIAL RESULTS AND ANNOUNCES THE ACQUISITION OF DR SYSTEMS, INC.
Delivers GAAP net income and increased adjusted EBITDA by 35% YOY
Annual adjusted EBITDA guidance exceeded

Chicago, IL (February 25, 2015) – Merge Healthcare Incorporated (NASDAQ: MRGE), a leading provider of health information systems for medical imaging, interoperability, and communication, today announced its financial and business results for the fourth quarter of 2014.

"In the fourth quarter of 2014, Merge extended its positive financial momentum experienced throughout the year. Revenue was in line with previously announced guidance and we exceeded our adjusted EBITDA guidance for 2014. Just as important, we generated GAAP net income of \$1.5 million and earnings per share of \$0.02 in the fourth quarter," said Justin Dearborn, chief executive officer of Merge Healthcare. "We made great strides in re-focusing the business following a challenging 2013, and we are confident that with a renewed commitment to Merge's core strengths we can achieve topline growth in 2015," Mr. Dearborn continued.

Merge Healthcare also recently acquired DR Systems, a privately held San Diego-based company with a strong reputation for customer satisfaction in medical imaging information systems. The combined entities provide an unprecedented array of highly rated healthcare information technology products. According to the KLAS Research ratings released on January 29, 2015, the go forward business will rank #1 in cardiovascular information systems, #1 in hemodynamics monitoring and #1 in radiology information systems. "I'm thrilled to add the talents, technologies, and intellectual property that have made the DR Systems brand synonymous with customer satisfaction. Merge and DR Systems share a common heritage of creating and maintaining long-term partnerships with our healthcare customers. This acquisition reflects Merge's commitment to delivering solutions that enable our healthcare partners to elevate their clinical success, financial results, and the health of their communities. This acquisition also greatly expands our market share, which we believe is extremely important given the provider consolidation that is underway. Further, the acquisition will allow us to deploy our iConnect Network services, including pre-authorization services, to a broader client footprint immediately," stated Mr. Dearborn.

Murray Reicher, M.D., F.A.C.R., founder, chairman, and chief executive officer of DR Systems, will assume the role of chief medical officer of Merge Healthcare. Dr. Reicher is a board-certified diagnostic radiologist and Fellow of the American College of Radiology, and is recognized for his numerous scientific publications, inventions, and presentations in the fields of neuroradiology, musculoskeletal MRI, and health information technologies.

Dr. Reicher commented, "We are joining Merge based on our joint vision of providing a rapidly advancing, unified system for all medical imaging arenas, including radiology, cardiology, and pathology. Together, we will enable our customers to connect to consumers and healthcare providers in ways that promote service, patient compliance, and improved population health."

"We're committed to supporting DR Systems' clients, and we want them to have confidence that we have the vision, scale, and resources to help them achieve their plans for their organizations' futures. We are also excited to have Dr. Reicher join Merge and know that he will be a remarkable asset to the company," added Mr. Dearborn.

Following the acquisition, support for DR Systems' core platform will remain in place. Current implementations will continue, and Merge plans to support and advance all product lines going forward. Merge will work with all clients to support their short-term and long-term business needs.

The transaction is expected to be accretive to Merge's non-GAAP adjusted EPS in 2015 and future years. Non-GAAP adjusted net income and EPS are defined later in this press release and exclude share-based compensation expense, transaction costs, acquisition-related amortization and deferred revenue and related cost of sale adjustments.

Merge Healthcare financed the acquisition through a combination of approximately \$20 million of cash on hand and \$50 million of cash raised from the sale of shares of newly issued convertible preferred stock, at a \$4.14 per share common equivalent calculated based on Merge's 30-day volume weighted average common stock price, to a group of investors arranged by Guggenheim Corporate Funding, LLC ("Guggenheim"), the agent under Merge's existing credit facility. "We believe this investment is a testament to Guggenheim's confidence in the future of Merge Healthcare and the opportunities that will arise from the acquisition of DR Systems," noted Mr. Dearborn.

Financial Summary:

- Adjusted EBITDA increased by 35% in the fourth quarter of 2014 to \$12.1 million (or 23% of GAAP sales), compared to \$9.0 million (or 17% of GAAP sales) in the fourth quarter of 2013;
- Adjusted net income grew by 59% to \$5.4 million (or \$0.05 per share) in the quarter compared to \$3.4 million (or \$0.04 per share) in the fourth quarter of last year;
- GAAP net income in the fourth quarter of 2014 was \$1.5 million (or \$0.02 per share), compared to a net loss in the fourth quarter of 2013 of \$0.3 million (or \$0.00 per share);
- GAAP sales were consistent in the fourth quarter with the prior year at \$53.6 million;
- Cash balance grew by \$8.0 million, or 23%, in the quarter to \$42.5 million as of December 31, 2014 and by \$22.8 million, or 116%, since December 31, 2013; and
- GAAP net cash provided by operating activities in the quarter grew to \$12.6 million, or 34%, from \$9.4 million in the fourth quarter of last year.

Business Highlights:

- Awarded "Best in KLAS" for Merge's Cardiology PACS for the second year in a row; hemodynamic solution ranked as "Category Leader" for the fourth consecutive year.
- Signed four significant deals with new customers in the cardiology market in the fourth quarter, and delivered a 38% increase in total cardiology bookings compared to 2013.
- Delivered significant enterprise enhancements to Merge PACS™ and signed two significant Radiology PACS deals with new customers in the fourth quarter of 2014.
- Recognized by IHS as global market share leader for VNA solutions and signed six iConnect® Enterprise Archive engagements in the fourth quarter of 2014.
- Increased the number of live trials on Merge eClinical OS™ to 396, representing a 129% YOY increase in the number of live trials utilizing this platform, which translates to a 139% increase in revenue on the eCOS platform, while sales from legacy platforms declined by 35%. Further, revenue from eClinical comprised approximately 85% of total Merge DNA net sales in 2014 compared to 60% in the prior year with eCOS platform revenues increasing to 50% of Merge DNA's revenue in 2014 compared to just over 15% in the prior year. Going forward, we expect all Merge DNA revenue to come from our clinical trials platform, whereas in 2014 and 2013 there was approximately \$5 million and \$16 million, respectively, from other product lines in the segment.

Quarter Results:

Results compared to the same quarter in the prior year on a GAAP basis are as follows (in millions, except per share data):

	Q4 2014	Q4 2013
Net sales	\$ 53.6	\$ 53.6
Operating income	6.2	3.7
Net income (loss) attributable to common shareholders	1.5	(0.3)
Net income (loss) per diluted share	\$ 0.02	\$ 0.00
Cash balance at period end	\$ 42.5	\$ 19.7

Non-GAAP results and other measures compared to the same quarter in the prior year are as follows (in millions, except percentages and per share data):

	Q4 2014	Q4 2013
Non-GAAP results		
Adjusted net income	\$ 5.4	\$ 3.4
Adjusted EBITDA	12.1	9.0
Adjusted net income per diluted share	\$ 0.05	\$ 0.04
Other measures		
Subscription, maintenance & EDI revenue as % of net sales	63.6%	64.2%
Days sales outstanding	88	106

A reconciliation of GAAP net income (loss) to adjusted net income and adjusted EBITDA is included after the financial information below. See "Explanation of Non-GAAP Financial Measures" for definitions of each of these non-GAAP measures and the reason the Company's management believes that the adjustments made to arrive at the non-GAAP financial measures provide useful information to investors regarding the Company.

Operating Group Results:
Results (in millions) for our operating groups are as follows:

	Three Months Ended December 31, 2014			
	Healthcare	DNA	Corporate/ Other	Total
Net sales:				
Software and other	\$ 15.0	\$ 4.4		\$ 19.4
Service	6.3	2.0		8.3
Maintenance	25.8	0.1		25.9
Total net sales	47.1	6.5		53.6
Gross Margin	26.6	4.2		30.8
Gross Margin %	56.5%	64.6%		57.5%
Expenses	18.3	3.6		21.9
Segment income	\$ 8.3	\$ 0.6		\$ 8.9
Operating Margin %	18%	9%		17%
Net corporate/other expenses (1)			6.7	6.7
Income before income taxes				2.2
Adj. EBITDA reconciling adjustments	4.0	0.8	5.1	9.9
Adjusted EBITDA	\$ 12.3	\$ 1.4	\$ (1.6)	\$ 12.1
Adjusted EBITDA %	26.1%	21.5%		22.6%

(1) Net corporate/other expenses include public company costs, corporate administration costs, acquisition-related expenses and net interest expense.

Revenue Source	Net Sales in the Three Months Ended December 31, 2014					
	Healthcare		DNA		Total	
	\$	%	\$	%	\$	Total
Maintenance & EDI	\$ 25.8	54.8%	\$ 0.1	1.5%	\$ 25.9	48.3%
Subscription	1.9	4.0%	6.3	97.0%	8.2	15.3%
Non-recurring	19.4	41.2%	0.1	1.5%	19.5	36.4%
Total	\$ 47.1	100.0%	\$ 6.5	100.0%	\$ 53.6	100.0%
	87.9%		12.1%			

Explanation of Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles or GAAP. This press release includes certain non-GAAP financial measures to supplement this GAAP information. Non-GAAP measures are not an alternative to GAAP and may be different from and directly comparable with non-GAAP measures used by other companies. A quantitative reconciliation of GAAP net income available to common shareholders to adjusted net income and adjusted EBITDA is included after the financial information included in this press release.

Management believes that the presentation of non-GAAP results, when shown in conjunction with corresponding GAAP measures, provides useful information to it and investors regarding financial and business trends related to results of operations, because certain charges, costs and expenses reflect events that are not essential to recurring business operations. In addition, management believes these non-GAAP measures provide investors useful information regarding the underlying performance of the post-acquisition business operations when compared to the pre-acquisition results of Merge and any significant acquired company. Purchase accounting adjustments made in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments that are provided and discussed herein. Further, management believes that these non-GAAP measures improve its and investors' ability to compare Merge's financial performance with other companies in the technology industry. Management also uses financial statements that exclude these charges, costs and expenses for its internal budgets. While GAAP results are more complete, these supplemental metrics are offered since, with reconciliations to GAAP, they may provide greater insight into our financial results. Management does not intend for the presentation of these non-GAAP financial measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

Additional information regarding the non-GAAP financial measures presented herein is as follows:

- Subscription revenue is comprised of software, hardware and professional services (including installation, training, etc.) contracted with and payable by the customer over a number of years. Generally, these contracts will include a minimum volume / dollar commitment. As such, the revenue from these transactions is recognized ratably over an extended period of time. These types of arrangements will include monthly payments (including leases), SaaS and transaction-based clinical trial contracts, renewable annual software agreements (with very high renew rate), to specify a few contract methods. We have recently introduced a no minimum, pay per transaction structure for certain products with subscription revenue accounting.
- Non-recurring revenue represents revenue that we anticipate recognizing in future periods from signed customer contracts as of the end of the period presented. Non-recurring revenue is comprised of perpetual software license sales and includes licenses, hardware and professional services (including installation, training and consultative engineering services).
- Adjusted net income consists of GAAP net income available to common stockholders, adjusted to exclude (a) acquisition-related costs, (b) debt extinguishment costs, (c) restructuring and other costs, (d) share-based compensation expense, (e) acquisition-related amortization (f) acquisition-related sales adjustments and (g) acquisition-related cost of sales adjustments.

- Adjusted EBITDA adjusts GAAP net income available to common stockholders for the items considered in adjusted net income as well as (a) remaining depreciation and amortization, (b) net interest expense and (c) income tax expense (benefit).

Management has excluded certain items from non-GAAP adjusted net income because it believes (i) the amount of certain expenses in any specific period may not directly correlate to the underlying performance of business operations and (ii) the adjustment facilitates comparisons of pre-acquisition results to post-acquisition results. In addition, certain adjustments are described in more detail below:

- Acquisition-related amortization expense is a non-cash expense arising from the acquisition of intangible assets in connection with significant acquisitions. Management excludes acquisition-related amortization expense from non-GAAP adjusted net income because it believes such expenses can vary significantly between periods as a result of new acquisitions and full amortization of previously acquired intangible assets.
- Share-based compensation expense is a non-cash expense arising from the grant of stock awards to employees and is excluded from non-GAAP adjusted net income because management believes such expenses can vary significantly between periods as a result of the timing of grants of new stock-based awards, including grants to new employees resulting from acquisitions.
- Acquisition-related sales and costs of sales adjustments reflect the fair value adjustment to deferred revenues acquired in connection with significant acquisitions. The fair value of deferred revenue represents an amount equivalent to the estimated cost plus an appropriate profit margin to perform services-related software and product support, which assumes a legal obligation to do so, based on the deferred revenue balances as of the date the acquisition of a significant company was completed. Management adds back this deferred revenue adjustment, net of related costs, for net income and adjusted EBITDA because it believes the inclusion of this amount directly correlates to the underlying performance of operations and facilitates comparisons of pre-acquisition to post-acquisition results.

Notice of Conference Call

Merge will host a conference call at 8:30 AM ET on Thursday, February 26, 2015. The call will address fourth quarter results and will provide a business update on the company's market outlook and strategies for 2015.

Participants may preregister for this teleconference at <http://emsp.intellor.com?p=418948&do=register&t=8>.

Upon registration, a confirmation page will display dial-in numbers and a unique PIN, and the participant will also receive an email confirmation with this information.

A replay via the Internet or phone will be available after the call at <http://www.merge.com/Company/Investors/Conference-Call-Info.aspx>.

About Merge

Merge is a leading provider of innovative enterprise imaging, interoperability and clinical systems that seek to advance healthcare. Merge's enterprise and cloud-based technologies for image intensive specialties provide access to any image, anywhere, any time. Merge also provides clinical trials software with end-to-end study support in a single platform and other intelligent health data and analytics solutions. With solutions that have been used by providers for more than 25 years, Merge is helping to reduce costs, improve efficiencies and enhance the quality of healthcare worldwide. For more information, visit merge.com and follow us [@MergeHealthcare](https://twitter.com/MergeHealthcare).

Cautionary Notice Regarding Forward-Looking Statements

The matters discussed in this press release may include forward-looking statements, which could involve a number of risks and uncertainties. When used in this press release, 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. The potential risks and uncertainties include those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2013, and our most recent Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, which are on file with the SEC and are available on our investor relations website at merge.com and on the SEC website at www.sec.gov. Except as expressly required by the federal securities laws, Merge undertakes no obligation to update such factors or to publicly announce the results of any of the forward-looking statements.

MERGE HEALTHCARE INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	December 31, 2014	December 31, 2013
Current assets:		
Cash (including restricted cash)	\$ 42,531	\$ 19,729
Accounts receivable, net	51,300	61,895
Inventory	5,686	5,851
Prepaid expenses	3,690	4,803
Deferred income taxes	1,131	1,915
Other current assets	11,110	12,506
Total current assets	115,448	106,699
Property and equipment, net	4,079	4,739
Purchased and developed software, net	14,585	15,906
Other intangible assets, net	17,956	26,200
Goodwill	214,374	214,374
Deferred income taxes	5,396	6,979
Other assets	2,499	7,184
Total assets	\$ 374,337	\$ 382,081
Current liabilities:		
Accounts payable	\$ 21,072	\$ 22,072
Current maturities of long-term debt	11,750	2,490
Accrued wages	11,169	5,559
Restructuring accrual	-	1,301
Other current liabilities	4,996	8,205
Deferred revenue	53,184	55,183
Total current liabilities	102,171	94,810
Long-term debt, less current maturities, net of unamortized discount	213,676	233,942
Deferred income taxes	4,025	4,065
Deferred revenue	1,091	378
Income taxes payable	1,109	1,399
Other liabilities	1,664	2,227
Total liabilities	323,736	336,821
Total Merge shareholders' equity	50,115	44,813
Noncontrolling interest	486	447
Total shareholders' equity	50,601	45,260
Total liabilities and shareholders' equity	\$ 374,337	\$ 382,081

MERGE HEALTHCARE INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share and per share data)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Net sales				
Software and other	\$ 19,441	\$ 17,768	\$ 71,084	\$ 78,575
Professional services	8,299	9,708	38,033	43,830
Maintenance and EDI	25,865	26,119	103,187	109,262
Total net sales	53,605	53,595	212,304	231,667
Cost of sales				
Software and other	8,183	8,706	30,433	41,813
Professional services	6,189	5,939	25,092	25,114
Maintenance and EDI	6,776	6,661	27,744	28,989
Depreciation and amortization	1,708	1,555	7,475	6,980
Total cost of sales	22,856	22,861	90,744	102,896
Gross margin	30,749	30,734	121,560	128,771
Operating costs and expenses:				
Sales and marketing	8,135	7,603	31,991	36,585
Product research and development	6,971	7,400	28,434	32,388
General and administrative	7,098	9,122	27,144	34,689
Acquisition-related expenses	205	306	232	906
Restructuring and other expenses	-	-	-	3,856
Depreciation and amortization	2,142	2,641	10,131	10,540
Total operating costs and expenses	24,551	27,072	97,932	118,964
Operating income	6,198	3,662	23,628	9,807
Loss on debt extinguishment	-	-	(4,821)	(23,822)
Other expense, net	(3,963)	(4,287)	(16,918)	(22,079)
Income (loss) before income taxes	2,235	(625)	1,889	(36,094)
Income tax expense (benefit)	755	(360)	2,297	2,889
Net income (loss)	1,480	(265)	(408)	(38,983)
Less: noncontrolling interest's share	5	25	39	(3)
Net income (loss) available to common shareholders	\$ 1,475	\$ (290)	\$ (447)	\$ (38,980)
Net income (loss) per share - basic	\$ 0.02	\$ (0.00)	\$ (0.00)	\$ (0.42)
Weighted average number of common shares outstanding - basic	96,058,569	94,394,867	95,439,676	93,727,394
Net income (loss) per share - diluted	\$ 0.02	\$ (0.00)	\$ (0.00)	\$ (0.42)
Weighted average number of common shares outstanding - diluted	97,866,141	94,394,867	95,439,676	93,727,394

MERGE HEALTHCARE INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Year Ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (408)	\$ (38,983)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	17,606	17,520
Share-based compensation	5,169	4,839
Amortization of term loan and note payable issuance costs & discount	1,129	1,649
Loss on extinguishment of debt	4,821	23,822
Provision for doubtful accounts receivable and allowances, net of recoveries	200	693
Deferred income taxes	2,113	2,301
Realized and unrealized loss on equity security	-	745
Loss on acquisition settlement	-	1,345
Stock issued for lawsuit settlement	-	885
Gain on lawsuit settlement	-	(2,500)
Net change in assets and liabilities (net of effects of acquisitions)	11,957	8,965
Net cash provided by operating activities	42,587	21,281
Cash flows from investing activities:		
Purchases of property, equipment and leasehold improvements	(1,844)	(2,239)
Purchased technology and capitalized software development	(4,242)	(535)
Proceeds from sale of equity investment	-	1,785
Change in restricted cash	183	422
Net cash used in investing activities	(5,903)	(567)
Cash flows from financing activities:		
Proceeds from debt issuance	231,251	252,450
Retirement of debt	(230,133)	(252,000)
Penalty for early extinguishment of debt	-	(16,863)
Note issuance costs paid	(250)	(4,588)
Principal payments on notes	(14,467)	(16,286)
Principal payments on capital leases	(680)	(535)
Proceeds from exercise of stock options and employee stock purchase plan	1,217	1,489
Repurchase and retirement of common stock	(541)	-
Net cash used in financing activities	(13,603)	(36,333)
Effect of exchange rate changes on cash	(96)	(106)
Net increase (decrease) in cash and cash equivalents	22,985	(15,725)
Cash and cash equivalents, beginning of period (net of restricted cash)	19,337	35,062
Cash and cash equivalents, end of period (net of restricted cash)	\$ 42,322	\$ 19,337

- (1) Restricted cash of \$392 and \$813 as of December 31, 2013 and 2012, respectively.
(2) Restricted cash of \$209 and \$392 as of December 31, 2014 and 2013, respectively.

MERGE HEALTHCARE INCORPORATED AND SUBSIDIARIES
RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS TO NON-GAAP ADJUSTED EBITDA
(in thousands, except for share and per share data)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Net income (loss) available to common shareholders of Merge	\$ 1,475	\$ (290)	\$ (447)	\$ (38,980)
Acquisition-related costs	205	306	232	906
Debt extinguishment costs			4,821	23,822
Restructuring and other	-	-	-	3,856
Share-based compensation expense	1,348	647	5,169	4,645
Amortization of significant acquisition intangibles	2,247	2,506	8,989	10,026
Acquisition-related sales adjustments	110	277	719	1,432
Acquisition-related cost of sales adjustments	(14)	(61)	(133)	(215)
Adjusted net income	5,371	3,385	19,350	5,492
Depreciation and amortization	1,603	1,690	8,617	7,494
Net interest expense	4,391	4,291	17,181	21,248
Income tax expense (benefit)	755	(360)	2,297	2,889
Adjusted EBITDA	\$ 12,120	\$ 9,006	\$ 47,445	\$ 37,123
Adjusted net income per share - diluted	\$ 0.05	\$ 0.04	\$ 0.20	\$ 0.06
Adjusted EBITDA per share - diluted	\$ 0.12	\$ 0.09	\$ 0.49	\$ 0.39
Fully diluted shares (if net income)	97,866,141	95,643,567	96,840,546	95,463,373