ULTRAVISUAL MEDICAL SYSTEMS CORP
Form S-4
July 28, 2010

Table of Contents

As filed with the Securities and Exchange Commission on July 27, 2010

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MERGE HEALTHCARE INCORPORATED
(Exact name of registrant as specified in its charter)

SEE TABLE OF ADDITIONAL REGISTRANTS

Delaware	**7373**	**39-1600938**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

900 Walnut Ridge Drive
Hartland, Wisconsin 53029
(262) 367-0700
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Justin C. Dearborn
Chief Executive Officer
Merge Healthcare Incorporated
900 Walnut Ridge Drive
Hartland, Wisconsin 53029
(262) 367-0700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Ann Mayberry-French
Vice President, General Counsel and Secretary
Merge Healthcare Incorporated
900 Walnut Ridge Drive
Hartland, Wisconsin 53029
(262) 367-0700

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer o	Accelerated filer þ	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a small reporting company)	

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issues Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Security**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee**
11.75% Senior Secured Notes due 2015(2)	$200,000,000	100%	$200,000,000	$14,260
Guarantees of the 11.75% Senior Secured Notes due 2015(3)	N/A	N/A	N/A	N/A

(1) Estimated solely for the purposes of calculating the registration fee in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended.

(2) The 11.75% Senior Secured Notes due 2015 will be the obligations of Merge Healthcare Incorporated.

(3) Each of the entities listed on the table of additional registrants on the next page of this registration statement will guarantee on an unconditional basis the obligations of Merge Healthcare Incorporated under the 11.75% Senior

Secured Notes due 2015. No separate consideration will be received for the guarantees, and no separate fee is payable, pursuant to Rule 457(n) under the Securities Act of 1933. The guarantees are not traded separately.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

The following subsidiaries of Merge Healthcare Incorporated are Registrant Guarantors:

Exact Name of Registrant Guarantor as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Number	I.R.S. Employer Identification Number
AMICAS, Inc.	Delaware	7372	59-2248411
Amicas PACS, Corp.	Delaware	7372	04-3302594
Camtronics Medical Systems, Ltd.	Wisconsin	7372	39-1560586
Cedara Software (USA) Limited	Delaware	7373	98-0424611
Confirma Europe LLC	Washington	7373	N/A
Emageon Inc.	Delaware	7372	63-1240138
Merge Asset Management Corp.	Delaware	7373	N/A
Merge CAD Inc.	Washington	7373	91-1871506
Merge eClinical Inc.	Delaware	7373	20-0308891
Merge eMed, Inc.	Delaware	7373	04-3155965
Requisite Software Inc.	Delaware	7373	27-1023435
Ultravisual Medical Systems Corporation	Delaware	7372	39-1994774

The address, including zip code, and telephone number, including area code, of the principal executive office of each Registrant Guarantor listed above are the same as those of Merge Healthcare Incorporated.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION. DATED JULY 27, 2010.

PRELIMINARY PROSPECTUS

Merge Healthcare Incorporated
Offer to Exchange

$200,000,000 principal amount of its 11.75% Senior Secured Notes due 2015,
which have been registered under the Securities Act of 1933, for any and all of
its outstanding 11.75% Senior Secured Notes due 2015

We are offering to exchange all of our outstanding 11.75% Senior Secured Notes due 2015, which we refer to as the old notes, for new 11.75% Senior Secured Notes due 2015, in an exchange transaction that is being registered hereby. We refer to these new notes as the exchange notes, and together with the old notes, the notes. The terms of the exchange notes are identical to the terms of the old notes except that the transaction in which you may elect to receive the exchange notes has been registered under the Securities Act of 1933, as amended, or the Securities Act, and, therefore, the exchange notes are freely transferable.

We will pay interest on the notes on May 1 and November 1 of each year, beginning on November 1, 2010. The notes will mature on May 1, 2015.

At any time on or prior to May 1, 2013, we may redeem any of the notes at a price equal to 100% of the principal amount thereof plus an applicable make-whole premium plus accrued and unpaid interest, if any, to the redemption date, as described in this prospectus. At any time and from time to time during the twelve month period commencing May 1, 2013, we may redeem the notes, in whole or in part, at a redemption price equal to 105.875% of the principal amount thereof and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time after May 1, 2014, we may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof and accrued and unpaid interest, if any, to the redemption date. In addition, prior to May 1, 2013, we may redeem up to 35% of the notes at a redemption price equal to 111.75% of the principal amount thereof plus accrued and unpaid interest, if any, using proceeds from permitted sales of certain kinds of our capital stock. Upon the occurrence of a change of control or the sale of substantially all of our assets, we may be required to repurchase some or all of the notes.

The obligations under the notes will be fully and unconditionally guaranteed, jointly and severally, on a senior, secured basis by all of our current and future domestic restricted subsidiaries. See Description of the Exchange Notes. The notes and guarantees will be secured by a first-priority lien on certain collateral which comprises substantially all of our and the guarantors tangible and intangible assets, subject to certain exceptions.

The principal features of the exchange offer are as follows:

The exchange offer expires at 5:00 p.m., Eastern time, on , 2010, which is 20 business days after the commencement of the exchange offer, unless extended.

All old notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer will be exchanged for exchange notes.

You may withdraw tendered old notes at any time prior to the expiration of the exchange offer.

The exchange of old notes for exchange notes pursuant to the exchange offer should not be a taxable event for United States federal income tax purposes.

We will not receive any proceeds from the exchange offer.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system.

Broker-dealers receiving exchange notes in exchange for old notes acquired for their own account through market-making or other trading activities must deliver a prospectus in any resale of the exchange notes.

See Risk Factors beginning on page 14 to read about important factors you should consider in connection with the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal accompanying this prospectus states that, by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for old notes where the original notes were acquired by the broker-dealer as a result of market-making or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus as if we had authorized it. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Industry and Market Data

Market data used throughout this prospectus, including information relating to our relative position in the commercial and individual markets in which we operate, is based on the good faith estimates of management, which estimates are based upon their review of internal surveys, independent industry publications and other publicly available information. Although we believe that these sources are reliable, we do not guarantee the accuracy or completeness of this information, and we have not independently verified this information.

Trademarks, Service Marks and Trade Names

We own or have rights to various trademarks used in our business including: Frontiers AIMS, eFilm Archive, Merge Mammo, Fusion PACS, Fusion RIS, Fusion RIS/PACS MX, CADstream, Cedara WebAccess, Cedara I-Reach, Cedara Open Eyes, Merge-COM, etrials, CadStream and eFilm Workstation. We do not intend our use or display of other parties trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
RISK FACTORS	14
FORWARD-LOOKING STATEMENTS	37
USE OF PROCEEDS	38
CAPITALIZATION	39
SELECTED CONSOLIDATED FINANCIAL DATA OF MERGE	40
RATIO OF EARNINGS TO FIXED CHARGES	41
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	41
THE EXCHANGE OFFER	42
DESCRIPTION OF THE EXCHANGE NOTES	50
UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	96
PLAN OF DISTRIBUTION	101
LEGAL MATTERS	101
EXPERTS	102
WHERE YOU CAN FIND MORE INFORMATION	105
INCORPORATION OF DOCUMENTS BY REFERENCE	105

EX-12.1
EX-23.1
EX-23.2
EX-23.3
EX-23.4
EX-23.5
EX-25.1
EX-99.1
EX-99.2
EX-99.3
EX-99.4
EX-99.5
EX-99.6

Table of Contents

PROSPECTUS SUMMARY

This summary contains basic information about our company and the offering and highlights selected information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether or not to complete the exchange offer. For a more complete understanding of our company and the exchange offer, you should read this entire prospectus, including Risk Factors , and the financial information and the related notes thereto included elsewhere in this prospectus.

In this prospectus, (i) the term Combination means the acquisition by Merge of AMICAS, (ii) the term Combined Company means Merge after giving effect to the Combination, (iii) the term Merge means Merge Healthcare Incorporated and its subsidiaries, (iv) the term AMICAS means AMICAS, Inc., and its subsidiaries and (v) the terms we, us, our, and our company refer to Merge, unless the context suggests otherwise.

Combination with AMICAS and Related Transactions

On April 28, 2010, we acquired AMICAS for total consideration of approximately $223.9 million. We financed the acquisition of AMICAS with the net proceeds of the 11.75% Senior Secured Notes due 2015, cash already available at the two companies and proceeds from the issuance of preferred and common stock. The Combined Company retained the name Merge Healthcare Incorporated and continues to trade on the NASDAQ under the symbol MRGE.

As part of our financing of the Combination, we completed a private placement of approximately $41.8 million of preferred and common equity securities, referred to in this prospectus as the equity financing. The issuance of our 11.75% Senior Secured Notes due 2015, the Combination and the equity financing are collectively referred to herein as the Transactions.

Our Company

We are a leading healthcare IT software solutions provider focused on medical imaging. Our solutions address the evolving needs of the medical imaging marketplace such as the incorporation of medical images and diagnostic information into broader health IT applications. Our suite of products enables the interoperability of a wide range of software solutions and provides advanced clinical tools such as computer aided detection, or CAD. We believe that our solutions enhance the profitability of imaging services in the face of declining reimbursement and also improve the efficiency and cost effectiveness of our customers businesses. We sell our solutions through both direct and indirect channels. Our direct segment sells finished applications and services to healthcare providers located in the U.S. and to global clinical trial sponsors. Also in our direct segment, we distribute certain products via the Internet through our website. Our indirect segment sells software development toolkits, technologies and CAD applications to original equipment manufacturers, or OEMs, healthcare information technology, or HIT, vendors, value-added resellers, or VARs, and distributors globally. As a result of the Combination, we are able to offer a more robust end-to-end solution for our customers and enhance our presence across provider segments. The Combined Company has served approximately 1,400 hospital sites, approximately 2,200 outpatient imaging sites and approximately 250 OEMs.

We seek to establish long-term customer relationships by providing a range of solutions from flexible add-on modules for existing information technology infrastructure to end-to-end solutions. We believe our product suite enables our customers to select the appropriate solution to enhance profitability and efficiency at each stage of our customers IT lifecycle. The Combined Company has an enhanced product suite built from a foundation of over 40 years of innovation experience with a primary focus in medical imaging software development. We believe the Combined

Company s enhanced product suite better serves the unique needs of provider segments from large hospitals to outpatient imaging centers, and provides us with a significant opportunity for cross-selling within the Combined Company s install base. We also believe our business model of selling through both our direct and indirect channels enables the Combined Company to reach a broader market.

Our Product and Service Offerings

The Combined Company provides a wide range of products and services to its customers, including:

Picture Archiving and Communication Systems, or PACS. PACS and its related applications manage the image workflow of a medical enterprise. PACS can be used by any medical imaging provider at a hospital or outpatient imaging site. The Combined Company offers PACS solutions for general image review and management, specialty solutions for cardiology and mammography, and add-on modules like referring physician portals and critical test results reporting.

Clinical Information Systems, or CIS. CIS and its related applications manage the information and business workflow of a medical enterprise. CIS can be used, either standalone or with a PACS, by any medical imaging service at a hospital or outpatient imaging site. The Combined Company offers a RIS (radiology information system) and CVIS (cardiovascular information system), as well as integrated RIS/PACS and CVIS/PACS. These integrated systems provide a complete electronic record of a medical imaging procedure.

Diagnostic Workstation Software Applications. These applications allow for the viewing and diagnosis of medical images. They can be used by physicians (typically radiologists) for diagnosis, and also by clinicians throughout the healthcare enterprise. The Combined Company offers the popular eFilm Workstation directly through our website and through distributors worldwide.

Advanced Image Post-Processing Applications. These applications, such as CAD, automate the reading of complex studies. Advanced image post-processing applications can be used by physicians to improve reading workflow and better communicate results. The Combined Company offers the CadStream solutions for magnetic resonance imaging, or MRI, studies.

Revenue Cycle Management. The Combined Company offers software and services for the revenue cycle management of imaging practices. These solutions can be used across medical imaging service providers, but the Combined Company solutions are more applicable to an outpatient imaging site or smaller hospital.

Software Development Toolkits, Technologies and Platforms. Such toolkits, technologies and platforms provide software developers with the necessary resources to assist in the timely development of new products and enhance existing products. They can be used by any OEM, medical device manufacturer, RIS/PACS vendor or general HIT vendor. The Combined Company offers development toolkits in the basic standards of medical imaging and information interoperability, as well as advanced toolkits and unfinished applications for specialized medical image review and distribution.

Hosted Software Solutions for Clinical Trial Data Management. The Combined Company provides hosted software solutions for the collection, aggregation, analysis, reporting and overall management of clinical trials information. These solutions can be sold to sponsors of clinical trials, including a pharmaceutical company, a contract research organization (CRO) or an imaging core lab. The Combined Company sells the etrials solutions, which include electronic data capture (EDC), interactive voice/web response (IVR/IWR) and electronic patient reported outcomes (ePRO) software and devices.

Combination Rationale

Our key reasons for acquiring AMICAS and creating the Combined Company include:

Complementary Product Suites. We believe both Merge and AMICAS current customers benefit from the Combined Company s enhanced suite of products ranging from point solutions to end-to-end solutions for imaging workflow. For example, we believe the Combination enables us to offer our customers solutions in revenue cycle management, specialty cardiology PACS and enterprise content management, while AMICAS customers will have access to Merge s CAD, interoperability and other such solutions. The Combination creates a significant opportunity to sell each company s current solutions through each other s existing install bases which we believe facilitates our growth initiatives.

Table of Contents

Adjacent Customer Footprint. We have in the past targeted different customers from AMICAS. The Combination creates an opportunity to cross-sell Merge s and AMICAS solutions to different provider bases and to use Merge s international footprint to increase revenues of AMICAS products. While we have primarily focused on outpatient imaging sites in the RIS/PACS market, AMICAS has historically maintained a balanced revenue stream from outpatient imaging sites as well as radiology, cardiology, and enterprise solutions in the hospital market. Also, AMICAS has an insignificant international presence while 23% of Merge s sales were derived outside of the U.S. for the year ended December 31, 2009. Moreover, Merge has indirect and e-commerce market channels, which could be additional channels for select AMICAS solutions. We believe our adjacent footprints enable the Combined Company to provide its product suite across the majority of service providers and throughout Merge s existing global footprint.

Our Competitive Strengths

Leading Healthcare IT Solution Provider

We believe the Combination creates a leading pure-play imaging software company. Both Merge s and AMICAS core focus is medical imaging IT, unlike many of the other vendors in the RIS/PACS market. We believe this focus allows us to be more responsive to the evolving technological needs of our customers. We believe that the Combined Company has a combined market share of approximately 12% of the North America RIS/PACS market, according to a Frost & Sullivan report published in July 2009. The Combined Company has over 40 years of innovation in medical imaging software development, and substantial intellectual property. The Combination enhances Merge s product suite which we believe positions the Combined Company to more effectively meet customer needs across most major provider segments.

Diversified Customer Base and Business Model

The Combined Company generated sales from 35 countries in 2009 with new contracts being signed in 24 countries over the past year. A significant opportunity exists in expanding the Combined Company s product offering in countries where it generates sales today, and many international markets represent greenfield opportunities for the Combined Company. For example, China has recently passed multi-billion dollar government initiatives to enhance their healthcare system, and Merge s re-entry into this market in 2009 has already yielded new contracts.

We believe the Combined Company s direct and indirect channel focus allows it to reach a broad range of end customers. The Combined Company has served approximately 1,400 hospital sites, approximately 2,200 outpatient imaging sites and approximately 250 OEMs. In addition, the eCommerce business has experienced over 100,000 downloads and Merge has participated in over 1,000 clinical trials in 65 countries. Although both Merge and AMICAS participate in the medical imaging market, the Combined Company has complementary customer bases and, as of December 31, 2009, no single customer would account for more than approximately 5% of the Combined Company s total revenue.

Significant Recurring Revenue and Backlog Provides High Visibility

The Combined Company generates recurring revenue that exceeds 60% of annual revenues. This ongoing, recurring revenue is driven by maintenance contracts, and a high customer retention rate. A significant portion of the Combined Company s recurring revenue is generated from 12-month forward maintenance contracts, which provide enhanced visibility into this revenue source. In addition, the Combined Company also has a significant backlog of non-recurring revenue that we believe provides additional strength to our go-forward revenue model. As of March 31, 2010, the Combined Company s backlog of non-recurring revenue was approximately $44.3 million.

Business Model Supports Strong Levered Free Cash Flow

We believe the Combined Company s software business model supports strong levered free cash flow. The Combined Company has software-typical margins with gross margins greater than 50% and gross margins

from recurring revenue exceeding these levels. In addition, we believe the Combined Company has low capital expenditure requirements. Total capital expenditures adjusted for non-recurring items for the Combined Company represented less than 1% of Combined Company revenues on average during 2008 and 2009. Furthermore, we expect the Combined Company will have low working capital needs. Lastly, the Combination is expected to create ongoing cost synergies of approximately $15.0 million annually. Given these financial characteristics and the impact from anticipated interest expense, we expect the Combined Company will have strong levered free cash flow.

Proven and Experienced Management Team with Blue Chip Equity Sponsorship

Our current executive team was established in June 2008 and returned Merge to profitability in its first full quarter of managing Merge s operations. Since June 2008, our executive team has executed and integrated two material acquisitions and delivered consistent sequential quarterly revenue growth. Our leadership team includes executives from the former Click Commerce who during their tenure at Click Commerce also completed eight successful acquisitions in three years.

As of March 31, 2010, Merge had strong insider ownership of approximately 40%, which aligns management interests with those of our stakeholders and provides an incentive for continued growth and increased profitability. Our largest shareholder, Merrick Ventures, LLC, is comprised of a group of investors including some of the leading businessmen in America. This group has supported the proposed acquisition by investing additional funds into the Combined Company, both individually and through Merrick.

Our Strategy

Our strategy is to be a leading provider of integrated, global healthcare IT solutions and services that improve the exchange of healthcare information. In order to achieve this strategy, we intend to offer solutions that help solve the evolving issues our customers face in leveraging IT in order to provide better business and clinical workflow. We expect to increase our financial and market performance by implementing the following business strategies.

Focused Cross-Selling of Complementary Products Across Existing Customer Segments

We believe the Combination provides us with a unique opportunity to expand our product offerings to existing customers, as Merge and AMICAS do not have significant customer overlap at the product level. The Combined Company has a suite of products for both hospital and outpatient imaging workflow needs, and we believe Merge and AMICAS existing customers will benefit from the complementary products within the Combined Company. In particular, we believe there is a large opportunity in the hospital market.

International Revenue Growth by Expanded Product Offerings Through Var and Distributor Relationships

We believe there is a significant opportunity to expand our product offerings and presence internationally. We believe the Combined Company has an enhanced suite of products and the financial strength to sell through the existing international VAR and distributor network currently present in 35 countries. We also believe the Combined Company has the ability to expand its international presence beyond the 35 countries we currently serve. Over the past year, Merge increased its international revenues by expanding into several new countries and we believe there are ongoing opportunities as countries build healthcare infrastructure that would benefit from the Combined Company s solutions.

Leverage Technology into New Market Segments and Product Extensions

With the benefit of a broad customer base and several product lines undergoing ongoing innovation, we believe the Combined Company is well-positioned to continue to leverage technologies into new segments where customers see

value. For example, Merge has successfully leveraged medical imaging technology for broader health IT interoperability, by selling our Cedara WebAccess, originally used as a radiology referring

physician portal, to Electronic Health Record (EHR) vendors. The Combined Company can also leverage long-term customer relationships by building product extensions that meet their evolving needs. For example, AMICAS and Merge have each extended their imaging solutions by adding revenue cycle management. We believe the Combined Company holds increased opportunity for this type of innovation.

Provide Operational Rigor to Combined, Scaled Organization

Merge seeks to improve operating margins by adherence to processes and operational metrics that are expected to continuously improve its systems and infrastructure. As a result of these efforts, Merge s management team returned the company to profitability in their first full quarter of leadership, and has subsequently generated consistent revenue growth. We believe that our management team will be able to implement operational improvements throughout the Combined Company in order to continue to enhance financial performance.

Our Industry

Our solutions address the challenges in the evolving needs of the medical imaging marketplace. Increasing physician awareness and utilization of imaging as a standard of care to aid in patient diagnosis, including its use as a preventive screening method, as well as an increased availability of diagnostic imaging equipment in medical centers and hospitals, has fueled the growth of the diagnostic imaging industry. In addition, U.S. demographic trends and the opportunity for greater international adoption of medical imaging should provide the basis for long-term, sustainable growth in imaging volumes. Our solutions enable and automate our provider customers medical imaging workflows by helping them view, interpret, store and manage the medical images that are generated by their practices. As medical imaging continues its transition to more advanced, data-intensive, digital modalities from plain film and paper-based formats, our provider customers require more advanced information technology to support their medical imaging workflows.

The largest product market for the Combined Company is the medical imaging solutions market in North America. The components of this market that are applicable to the Combined Company include PACS for radiology and cardiology, RIS and CVIS, CAD, revenue cycle management and interoperability mechanisms. Together, these components facilitate an end-to-end workflow for the provider which includes, viewing, clinical interpretation, storage, billing and transmission of results to a referring physician. Frost & Sullivan and Millennium Research Group reports published in 2009 estimate the total applicable market for these components at approximately $2.7 billion (excluding the billing market where additional opportunities may exist).

The adoption of RIS, CVIS and PACS solutions in the U.S. has been driven by the need of the medical imaging industry to view, interpret, store and manage digital images for nearly two decades. As a result, the market for RIS, CVIS and PACS solutions has evolved from a largely underpenetrated, or greenfield, market opportunity to one that includes a sizeable replacement market today. According to Millennium Research Group, the RIS, CVIS and PACS replacement market is estimated to be 56% of the total 2010 annual market opportunity in the U.S. While we believe our customers generally prefer to upgrade their existing systems rather than switch information technology vendors, the annual replacement market remains competitive and is served by several information technology vendors.

The medical imaging technology market is characterized by several different customer segments, each of which has historically been served by information technology vendors that meet the specific technology needs and pricing requirements of these individual customer segments. For example, RIS and PACS solution needs in the large hospital customer segment have historically been met by large imaging modality vendors and HIT vendors. Merge and AMICAS have historically focused on the smaller hospital and outpatient imaging segments and the Combined Company has a history of long customer relationships and solutions that have been highly customized and meet the unique technological needs of these segments. In addition, while the Combined Company s direct sales channel

focuses on the smaller hospital and outpatient imaging segments, Merge currently serves the large hospital market though its indirect channel where its highly specialized solutions, such as CAD, are integral to products sold by larger OEMs.

Table of Contents

We believe the market for medical imaging technologies in the U.S. is in the early stages of recovery after several years of Medicare cuts focused on medical imaging reimbursement and the effect of the 2008/2009 U.S. downturn in macroeconomic conditions on the market for new imaging equipment and associated information technology solutions. According to Frost & Sullivan, in 2008, the medical imaging solutions market size was approximately $1.1 billion, which represented a decrease of 8.2% over 2007. We believe that delayed purchases of medical imaging equipment have created pent-up demand for newer imaging equipment and associated information technology. According to Frost & Sullivan, the market for medical imaging information technology is expected to grow annually at 3.7% to reach approximately $1.4 billion by the end of 2015. We believe the trends that support sustained growth in medical imaging volumes, which include continual technological improvements that provide wider affordability, increasing use of clinical applications and ongoing technological sophistication of imaging technologies, will continue to provide greenfield and replacement market opportunities for the Combined Company s solutions over the long-term.

Our History

Merge was founded in 1987 and went public in 1995. From 2000 to 2005, we undertook a series of acquisitions for the purpose of bringing together a RIS/PACS solution and strengthen our indirect market offerings. These included the acquisition of eFilm Medical in 2002, RIS Logic in 2003 and Cedara Software in 2005. In June 2008, Merrick RIS, LLC, or Merrick RIS, invested $20.0 million in Merge in the form of a $15.0 million note, which was repaid in full in 2009, and $5.0 million dollars in cash in exchange for common stock. As a result of this investment, Merrick RIS became Merge s largest stockholder and owned 36.9% of the outstanding common stock of Merge as of June 30, 2010. Merrick RIS, an affiliate of Merrick Ventures, LLC, is a private-equity funded holding company that makes investments in software and technology businesses. Headquartered in Chicago, Merrick RIS was founded and is led by Michael W. Ferro Jr., our current chairman, and the former chairman, CEO and founder of Click Commerce, Inc.

Following the investment by Merrick RIS, the Merge board established Merge s current executive team and reorganized Merge, including:

- reducing operating expenses and focusing on core businesses;
- closing the teleradiology business and India operations;
- strengthening operations in Europe and China; and
- increasing focus on sales into emerging markets.

In July 2009, Merge acquired etrials Worldwide Inc. (etrials) for $25.0 million in cash and stock to expand its opportunity to sell to pharmaceutical, biotech, and medical device companies. In September 2009, Merge acquired Confirma, Inc. (Confirma) for $16.0 million in common stock of Merge and $2.0 million in cash consideration. Confirma enhanced Merge s portfolio of imaging technology and clinical applications.

Table of Contents

Our Structure

The following chart illustrates our simplified corporate structure after giving effect to the Combination:

Notes:

(1) Guarantors include each of the Borrower s existing and subsequently acquired or organized direct and indirect wholly-owned domestic subsidiaries. *All subsidiaries listed above are 100% owned*

Corporate Information

Merge Healthcare Incorporated is a Delaware corporation. Our principal executive offices are located at 900 Walnut Ridge Drive, Hartland, Wisconsin 53029 and our telephone number there is (262) 367-0700. Our website address is www.merge.com. The information on our website is not part of this prospectus.

The Offering of the Old Notes

On April 28, 2010, we completed an offering of $200 million in aggregate principal amount of 11.75% Senior Secured Notes due 2015, which was exempt from registration under the Securities Act.

Old Notes	We sold the old notes to Morgan Stanley & Co. Incorporated the initial purchaser on April 28, 2010. The initial purchaser subsequently resold the old notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act.
Registration Rights Agreement	In connection with the sale of the old notes, we and the subsidiary guarantors, which we refer to as the guarantors, entered into a registration rights agreement with the initial purchaser. Under the terms of the registration rights agreement, we and the guarantors agreed to: (1) file a registration statement for the exchange offer of the new notes with the SEC not later than 90 days after the date of original issuance of the old notes, and (2) use commercially reasonable efforts to have the registration statement declared effective by the SEC not later than 180 days after the date of original issuance of the old notes. Under specified circumstances, we and the guarantors will, at our cost, (a) as promptly as practicable (but in no event more than

Table of Contents

60 days after so required or requested in accordance with the above), file a registration statement (the shelf registration statement) covering resales of the notes or the exchange notes, as the case may be, (b) use our commercially reasonable efforts to cause the shelf registration statement to be declared effective under the Securities Act within 120 days after so required or requested and (c) use our commercially reasonable efforts to keep the shelf registration statement effective until two years after its effective date.

If (a) either the exchange offer registration statement or the shelf registration statement has not been filed with the SEC as required by the registration rights agreement, (b) either the exchange offer registration statement or the shelf registration statement has not been declared effective as required by the registration rights agreement, or (c) after either the exchange offer registration statement or the shelf registration statement has been declared effective, such registration statement thereafter ceases to be effective or usable (subject to certain exceptions) in connection with resales of notes or exchange notes in accordance with and during the periods specified in the registration rights agreement, (each such event referred to in clauses (a) through (c), a registration default), we shall pay liquidated damages (registration default damages) to the holders of the old notes and the exchange notes. Registration default damages shall accrue at a rate of 0.25% per annum for the first 60 days from and including the date of a registration default and at a rate of 0.50% thereafter.

The Exchange Offer

Exchange Offer	$2,000 principal amount of exchange notes will be issued in exchange for each $2,000 principal amount of old notes validly tendered and integral multiples of $1,000 in excess thereof.
Resale	Based upon interpretations by the staff of the SEC set forth in no-action letters issued to unrelated third parties, we believe that the exchange notes may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act, unless you:

are an affiliate of Merge Healthcare Incorporated or any guarantor within the meaning of Rule 405 under the Securities Act;

acquired the exchange notes other than in the ordinary course of your business;

have an arrangement or understanding with any person to engage in the distribution of the exchange notes; or

are engaging in or intend to engage in a distribution of the exchange notes.

If you are a broker-dealer and receive exchange notes for your own account in exchange for old notes that you acquired as a result of market-making activities or other trading activities, you must acknowledge that you will deliver this prospectus in connection with any resale of the exchange notes. See Plan of Distribution.

Table of Contents

	Any holder of old notes who:
	is an affiliate of Merge Healthcare Incorporated or any guarantor;
	does not acquire exchanges notes in the ordinary course of its business; or
	tenders its old notes in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes,
	cannot rely on the position of the staff of the SEC enunciated in Morgan Stanley & Co. Incorporated (available June 5, 1991) and Exxon Capital Holdings Corp. (available May 13, 1988), as interpreted in the SEC s letter to Shearman & Sterling, publicly available July 2, 1993, or similar no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., Eastern time, on , 2010, which we refer to as the expiration date, unless we, in our sole discretion, extend it.
Conditions to Exchange Offer	The exchange offer is subject to certain conditions, some of which may be waived by us. See The Exchange Offer Conditions to the Exchange Offer.
Procedure for Tendering Old Notes	If you wish to accept the exchange offer, you must complete, sign and date the letter of transmittal, or a copy of the letter of transmittal, in accordance with the instructions contained in this prospectus and in the letter of transmittal, and mail or otherwise deliver the letter of transmittal, or the copy, together with the old notes and any other required documentation, to the exchange agent at the address set forth in this prospectus and in the letter of transmittal.
	If you hold old notes through The Depositary Trust Company, which we refer to as DTC, and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC by which you will agree to be bound by the letter of transmittal.
	By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things:
	you are not an affiliate of Merge Healthcare Incorporated or any guarantor within the meaning of Rule 405 under the Securities Act;
	you are acquiring the exchange notes in the ordinary course of your business;

you do not have an arrangement or understanding with any person to engage in the distribution of the exchange notes;

you are not engaging in or intend to engage in a distribution of the exchange notes; and

if you are a broker-dealer that will receive exchange notes for your own account in exchange for old notes that were acquired

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Table of Contents

	as a result of market-making activities or other trading activities, that you will comply with the applicable provisions of the Securities Act (including, but not limited to, the prospectus delivery requirements thereunder). We will accept for exchange any and all old notes that are properly tendered in the exchange offer prior to the expiration date. The exchange notes issued in the exchange offer will be delivered promptly following the expiration date. See The Exchange Offer Procedures For Tendering.
Special Procedures for Beneficial Owners	If you are the beneficial owner of old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and wish to tender in the exchange offer, you should contact the person in whose name your notes are registered and instruct the registered holder to tender the old notes on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date. See The Exchange Offer Procedures for Tendering.
Guaranteed Delivery Procedures	If you wish to tender your old notes and your old notes are not immediately available or you cannot deliver your old notes, the letter of transmittal or any other required documents, or you cannot comply with the procedures under DTC s Automated Tender Offer Program for transfer of book-entry interests, prior to the expiration date, you must tender your old notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.
Withdrawal Rights	The tender of the old notes pursuant to the exchange offer may be withdrawn at any time prior to 5:00 p.m., Eastern time, on the expiration date.
Acceptance of Old Notes and Delivery of Exchange Notes	Subject to customary conditions, we will accept old notes which are properly tendered in the exchange offer and not withdrawn prior to the expiration date. The exchange notes will be delivered promptly following the expiration date.
Effect of Not Tendering	Any old notes that are not tendered or that are tendered but not accepted will remain subject to the restrictions on transfer. Since the old notes have not been registered under the federal securities laws, they bear a legend restricting their transfer absent registration or the availability of a specific exemption from registration. Upon completion of the exchange offer, we will have no further obligations, except under limited circumstances, to provide for registration of the old notes under the federal securities laws.

Interest on the Exchange Notes and the Old Notes	The exchange notes will bear interest from the most recent interest payment date to which interest has been paid on the old notes. Interest on the old notes accepted for exchange will cease to accrue upon the issuance of the exchange notes.
United States Federal Income Tax Consequences	The exchange of old notes for exchange notes by tendering holders should not be a taxable exchange for federal income tax purposes. See United States Federal Income Tax Consequences.
Exchange Agent	The Bank of New York Mellon Trust Company, N.A., the trustee under the indenture, is serving as exchange agent in connection with the exchange offer.
Use of Proceeds	We will not receive any proceeds from the issuance of exchange notes pursuant to the exchange offer.

Summary of Terms of Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Exchange Notes section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes. The exchange notes will have terms identical in all material respects to the old notes, except that the exchange notes will not contain terms with respect to transfer restrictions, registration rights and additional interest for failure to observe certain obligations in the registration rights agreement.

Issuer	Merge Healthcare Incorporated
Notes Offered	$200,000,000 aggregate principal amount of 11.75% Senior Secured Notes due 2015.
Maturity Date	May 1, 2015.
Interest	Interest on the notes accrues at a rate of 11.75% per annum, payable semi-annually in cash on May 1 and November 1 of each year, beginning November 1, 2010. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.
Guarantees	The notes are fully and unconditionally guaranteed on a senior secured basis by each of our domestic restricted subsidiaries. In the future, the note guarantees may be released or terminated under certain circumstances. See Description of the Exchange Notes Note Guarantees.
Collateral	The notes and the note guarantees are secured by first priority security interests, subject to certain exceptions, in substantially all of our and the guarantors tangible and intangible assets (including, without limitation, equity interests representing 100% of our domestic subsidiaries and up to 65% of our first-tier foreign subsidiaries), whether now owned or hereafter acquired or arising, and wherever located. See Description of the

Exchange Notes Collateral and Security.

Assets held by our non-guarantor subsidiaries are not part of the collateral securing the notes.

Ranking

The notes:

- are our general senior obligations;
- are secured on a first-priority lien basis by the Collateral (as defined in Description of the Exchange Notes Collateral and Security), subject to certain exceptions;
- rank equally in right of payment with all of our existing and future senior indebtedness;
- rank senior in right of payment to all of our existing and future subordinated indebtedness;
- are structurally subordinated to all the existing and future indebtedness and other liabilities of our subsidiaries that are not guarantors; and
- are guaranteed on a senior secured basis by each guarantor.

Each note guarantee is:

- a general senior obligation of each guarantor;
- secured on a first-priority lien basis by the Collateral, subject to certain exceptions;
- senior in right of payment to all future obligations of such guarantor that are, by their terms, expressly subordinated in right of payment to such note guarantee; and
- pari passu in right of payment with all existing and future unsecured obligations of such guarantor that are not so subordinated.

Change of Control

If a change of control occurs, the holders of the notes will have the right to require us to repurchase their notes, in whole or in part, at a repurchase price of 101% of the principal amount, plus accrued and unpaid interest, if any. See Description of the Exchange Notes Repurchase at the Option of Holders.

Certain Covenants

The indenture governing the notes contains covenants that, among other things, restrict our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness and issue preferred stock;
- pay dividends and make distributions in respect of capital stock;
- make investments or certain other restricted payments;

sell assets;

enter into transactions with stockholders or affiliates;

issue or sell stock of certain subsidiaries;

effect a consolidation or merger; and

engage in sale-leaseback transactions.

These covenants are subject to a number of important limitations and exceptions, including the suspension thereof. See Description of the Exchange Notes Certain Covenants.

12

No Public Market	The exchange notes will be freely transferable but will be new securities for which there will not initially be a market. Accordingly, we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any market.
Original Issue Discount	The notes were issued with original issue discount (OID) for U.S. federal income tax purposes. Because the notes were issued with OID, then, in addition to the stated interest on the notes, a U.S. Holder (as defined in United States Federal Income Tax Consequences) will be required to include the OID in gross income as it accrues, in advance of the receipt of cash attributable to such income and regardless of the U.S. Holder s regular method of accounting for U.S. federal income tax purposes. See United States Federal Income Tax Consequences.
Risk Factors	You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risk factors set forth in the section entitled Risk Factors for an explanation of certain risks of investing in the notes, including risks related to our business and the Combination.

RISK FACTORS

You should carefully consider the risks described as well as the other information contained in this prospectus, or incorporated herein by reference, before making a decision to participate in the exchange offer. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment.

Risks Relating to Our Business

Our Business could be Harmed by Adverse General Economic and Market Conditions which could Lead to Reduced Spending on Information Technology Products.

We have seen our markets become increasingly affected by the continuing global macroeconomic downturn. The downturn, which first started in the U.S., has also impacted our customers in other parts of the world. We believe that it is likely that this economic downturn will continue to persist; however, we cannot predict its severity, duration or impact on our future operating results. As our business expands globally, we have become increasingly subject to the risks arising from adverse changes in domestic and global economic and political conditions. Economic growth in the U.S. and other countries has slowed since the second half of 2008, which caused our customers to delay or reduce information technology purchases. As a result of slowing global economic growth, the credit market crisis, declining consumer and business confidence, shifts in consumer spending patterns, increased unemployment, reduced levels of capital expenditures, fluctuating commodity prices, bankruptcies and other challenges currently affecting the global economy, our clients might experience deterioration of their businesses, cash flow shortages and difficulty obtaining financing. If economic conditions in the U.S. and other countries continue to deteriorate, customers may continue to delay or further reduce purchases. This could result in additional reductions in sales of our products, longer sales cycles, slower adoption of new technologies and increased price competition. In addition, weakness in the end-user market could negatively affect the cash flow of our OEM and VAR customers who could, in turn, delay paying their obligations, which would increase our credit risk exposure and cause a decrease in operating cash flows. Also, if OEM and VAR customers experience excessive financial difficulties and/or insolvency, and we are unable to successfully transition end-users to purchase products from other vendors or directly from us, sales could decline significantly. Any of these events would likely harm our business, results of operations and financial condition.

Continued Disruption in Credit Markets and World-Wide Economic Changes may Adversely Affect our Business, Financial Condition, and Results of Operations.

Continued disruptions in the financial and credit markets may adversely affect our business and financial results. The tightening of credit markets may reduce the funds available to our customers to buy our products and services. It may also result in customers extending the length of time in which they pay and in our having higher customer receivables with increased default rates. General concerns about the fundamental soundness of domestic and foreign economies may also cause customers to reduce their purchases, even if they have cash or if credit is available to them.

We may not Realize the Anticipated Benefits of the Combination, Including Potential Synergies, Due to Challenges Associated with Integrating the Companies or other Factors.

The success of the Combination will depend in part on the success of our management in integrating the operations, technologies and personnel of Merge and AMICAS. Our inability to meet the challenges involved in successfully

integrating the operations of Merge and AMICAS or otherwise to realize the anticipated benefits of the Combination could seriously harm our results of operations. In addition, the overall integration of the two companies will require substantial attention from the combined company s management, particularly

in light of the geographically dispersed operations of the two companies, which could further harm the combined company s results of operations.

The challenges involved in integration include:

- integrating the two companies operations, processes, people, technologies and services;
- coordinating and integrating sales and marketing and research and development functions;
- demonstrating to our clients that the Combination will not result in adverse changes in business focus and service deliverables (including customer satisfaction);
- assimilating and retaining the personnel of both companies and integrating the business cultures, operations, systems and clients of both companies; and
- consolidating corporate and administrative infrastructures and eliminating duplicative operations and administrative functions.

We may not be able to successfully integrate the AMICAS operations in a timely manner, or at all, and we may not realize the anticipated benefits of the Combination, including potential synergies or sales or growth opportunities, to the extent or in the time frame anticipated. The anticipated benefits and synergies of the Combination are based on assumptions and current expectations, not actual experience, and assume a successful integration and reallocation of resources among our facilities without unanticipated costs or effort and no unforeseen or unintended consequences. In addition, our ability to realize the benefits and synergies of the business combination could be adversely impacted to the extent that Merge s or AMICAS relationships with existing or potential clients, suppliers or strategic partners are adversely affected as a consequence of the Combination, or by practical or legal constraints on our ability to combine operations.

In addition, we expect to achieve cost savings related to employee reductions and other savings of approximately $15.0 million annually following the closing of the Combination. We estimate that the employee severance, lease and other costs necessary to achieve our expected cost savings will be approximately a one-for-one cost, and will be incurred prior to us realizing the cost savings. These estimated costs do not include any costs related to additional site consolidation or rationalization that we might consider following the closing of the Combination.

We have a Substantial Amount of Indebtedness, which could Impact our Ability to Obtain Future Financing or Pursue our Growth Strategy.

We have substantial indebtedness. As of June 30, 2010, we had approximately $200.1 million of indebtedness (including capital leases), before taking into account outstanding letters of credit, subject to borrowing base limitations and other specified terms and conditions.

Our high level of indebtedness could have important consequences to you and significant adverse effects on our business, including the following:

- we must use a substantial portion of our cash flow from operations to pay interest on our indebtedness, which will reduce the funds available to us for operations and other purposes;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;

our high level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less indebtedness;

our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited;

our high level of indebtedness may make us more vulnerable to economic downturns and adverse developments in our business; and

our ability to fund a change of control offer may be limited.

The indenture governing the notes contain, and the instruments governing any indebtedness we may incur in the future may contain, restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all or a portion of our outstanding indebtedness.

Our Future Capital Needs are Uncertain and our Ability to Access Additional Financing may be Negatively Impacted by the Volatility and Disruption of the Capital and Credit Markets and Adverse Changes in the Global Economy.

Our capital requirements in the future will depend on many factors, including:

- Acceptance of and demand for our products;
- The extent to which we invest in new technology and product development;
- The costs of developing new products, services or technologies;
- Our interest and principal payment obligations under the indebtedness that we will incur in connection with the Combination;
- The number and method of financing of acquisitions and other strategic transactions; and
- The costs associated with the growth of our business, if any.

We must continue to enhance and expand our product and service offerings in order to maintain our competitive position, satisfy our working capital obligations and increase our market share. We have in the past required substantial capital infusions. For example, in June 2008, we borrowed $20.0 million from Merrick RIS, an affiliate of Merrick Ventures, LLC, in exchange for a $15.0 million senior secured term note (which was repaid in full on November 18, 2009) and 21,085,715 shares of our common stock. Our ability to incur additional indebtedness in the future may be difficult or on disadvantageous terms. We currently do not have a credit facility and such a facility may be difficult to obtain in the future given the amount of indebtedness that we will incur in connection with our acquisition of AMICAS and future market conditions. In addition, AMICAS has experienced net losses in each of the last three fiscal years. AMICAS had net losses of $4.0 million, $30.1 million (including impairment charges of $27.5 million), and $0.9 million for the years ended December 31, 2009, 2008 and 2007, respectively. Unless we can achieve cash flow levels sufficient to support our operations, we may require additional borrowings or the sale of debt or equity securities, sale of non-strategic assets, or some combination thereof, to provide funding for our operations. Our ability to borrow in the future is dependent upon our ability to manage business operations and generate sufficient cash flows to service such indebtedness. If we are unable to generate sufficient working capital or obtain alternative financing, we may not be able to borrow or otherwise obtain additional funds to finance our operations when needed, our financial condition and operating results would be materially adversely affected.

If adverse global economic conditions persist or worsen, we could experience a decrease in cash flows from operations and may need additional financing to fund operations. Due to the existing uncertainty in the capital markets (including debt, private equity, venture capital and traditional bank lending), access to additional debt or equity may not be available on acceptable terms or at all. In addition, the terms of the notes being offered hereby may restrict our ability to incur additional indebtedness. If we cannot raise funds on acceptable terms when necessary, we may not be able to develop or enhance products and services, execute our business plan, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements.

Healthcare Industry Consolidation could Impose Pressure on our Software Prices, Reduce our Potential Client Base and Reduce Demand for our Software.

Many hospitals and imaging centers have consolidated to create larger healthcare enterprises with greater market power. If this consolidation trend continues, it could reduce the size of our potential customer base and give the resulting enterprises greater bargaining power, which may lead to erosion of the prices for our

Table of Contents

software. In addition, when hospitals and imaging centers combine, they often consolidate infrastructure, and consolidation of our customers could erode our revenue base.

We may Experience Significant Fluctuations in Revenue Growth Rates and Operating Results.

We may not be able to accurately forecast our growth rate. We base expense levels and investment plans on sales estimates and review all estimates on a quarterly basis. Many of our expenses and investments are fixed and we may not be able to adjust spending quickly enough if sales are lower than expected.

Our revenue growth may not be sustainable and our percentage growth rates may decrease or fluctuate significantly. Our revenue and operating profit growth depends on the continued growth of demand for our products and services offered through us or our OEM and VAR customers, and our business is affected by general economic and business conditions worldwide. A softening of demand, whether caused by changes in customer preferences or a weakening of the U.S. or global economies, may result in decreased revenue or growth.

Our net sales and operating results will also fluctuate for many other reasons, including due to risks described elsewhere in this section and the following:

Demand for our software solutions and services;

Our sales cycle;

Economic cycles;

The level of reimbursements to our end-user customers from government sponsored healthcare programs (principally, Medicare and Medicaid);

Accounting policy changes mandated by regulating entities;

Delays due to customers internal budgets and procedures for approving capital expenditures, by competing needs for other capital expenditures and the deployment of new technologies and personnel resources;

Our ability to retain and increase sales to existing customers, attract new customers and satisfy our customers demands;

Our ability to fulfill orders;

The introduction of competitive products and services;

Price decreases;

Changes in the usage of the Internet and eCommerce, including in non-U.S. markets;

Changes to regulatory approval processes and/or requirements;

Timing, effectiveness and costs of expansion and changes in our systems and infrastructure;

The outcomes of legal proceedings and claims involving us; and

Variations in the mix of products and services offered by us.

Delays in the expected sales or installation of our software may have a significant impact on our anticipated quarterly revenues and, consequently, our earnings since a significant percentage of expenses are relatively fixed. Additionally, we sometimes depend, in part, upon large contracts with a small number of OEM customers to meet sales goals in any particular quarter. Delays in the expected sales or installation of solutions under these large contracts may have a significant impact on our quarterly net sales and consequently our earnings, particularly because a significant percentage of expenses are fixed.

The Length of our Sales and Implementation Cycles may Adversely Affect our Operating Results.

We have experienced long sales and implementation cycles. How and when to implement, replace, expand or substantially modify medical imaging management software, or to modify or add business processes, are major decisions for our end-user target market. The sales cycle for our software ranges from six to 18 months or more from initial contact to contract execution. Our end-user implementation cycle has generally ranged from three to nine months from contract execution to completion of implementation. During the sales and implementation cycles, we will expend substantial time, effort and resources preparing contract proposals, negotiating the contract and implementing the software, and may not realize any revenues to offset these expenditures. Additionally, any decision by our customers to delay or cancel purchases or the implementation of our software may adversely affect net sales.

We Operate in Competitive Markets, which may Adversely Affect our Market Share and Financial Results.

Some of our competitors are focused on sub-markets within targeted industries, while others have significant financial and information-gathering resources with recognized brands, technological expertise and market experience. We believe that competitors are continuously enhancing their products and services, developing new products and services and investing in technology to better serve the needs of their existing customers and to attract new customers.

We face competition in specific industries and with respect to specific offerings. We may also face competition from organizations and businesses that have not traditionally competed with us, but that could adapt their products and services to meet the demands of our customers. Increased competition may require us to reduce the prices of our offerings or make additional capital investments that would adversely affect margins. If we are unable or unwilling to do so, we may lose market share in target markets and our financial results may be adversely affected.

We Face Aggressive Competition in Many Areas, and our Business will be Harmed if we Fail to Compete Effectively.

The markets for medical imaging solutions are highly competitive and subject to rapid technological change. We may be unable to maintain our competitive position against current and potential competitors. Many of our current and potential competitors have greater financial, technical, product development, marketing and other resources, and we may not be able to compete effectively with them. In addition, new competitors may emerge and our system and software solution offerings may be threatened by new technologies or market trends that reduce the value of our solutions.

We often compete with our OEM customers own internal software engineering groups. The size and competency of these groups may create additional competition. In the area of RIS and PACS workflow applications, many competitors offer portions of an integrated radiology solution through their RIS and PACS. Additionally, certain competitors are integrating RIS and PACS technologies through development, partnership and acquisition activities.

The development and acquisition of additional products, services and technologies, and the improvement of our existing products and services, require significant investments in research and development. For example, our current product candidates are in various stages of development and may require significant further research, development, pre-clinical or clinical testing, regulatory approval and commercialization. If we fail to successfully sell new products and update existing products, our operating results may decline as existing products reach the end of their commercial life cycles.

If we are Unable to Successfully Identify or Effectively Integrate Acquisitions, our Financial Results may be Adversely Affected.

We have in the past and may in the future acquire and make investments in companies, products or technologies that we believe complement or expand our existing business and assist in quickly bringing new

products to market. In addition to the Combination, in 2009 we completed two significant acquisitions, etrials on July 20, 2009, and Confirma on September 1, 2009. There can be no assurance that we will be able to identify suitable candidates for successful acquisitions at acceptable prices. In addition, our ability to achieve the expected returns and synergies from past and future acquisitions and alliances depends in part upon our ability to integrate the offerings, technology, administrative functions, and personnel of these businesses into our business in an efficient and effective manner. We cannot predict whether we will be successful in integrating acquired businesses or that our acquired businesses will perform at anticipated levels. In addition, our past and future acquisitions may subject us to unanticipated risks or liabilities, or disrupt operations and divert management s attention from day-to-day operations. In addition, we may use our capital stock to acquire acquisition targets, which could be dilutive to the existing stockholders and cause a decline in the price of our common stock.

In making or attempting to make acquisitions or investments, we face a number of risks, including risks related to:

- Identifying suitable candidates, performing appropriate due diligence, identifying potential liabilities and negotiating acceptable terms;
- Reducing our working capital and hindering our ability to expand or maintain our business, if acquisitions are made using cash;
- The potential distraction of our management, diversion of our resources and disruption to our business;
- Retaining and motivating key employees of the acquired companies;
- Managing operations that are distant from our current headquarters and operational locations;
- Entering into industries or geographic markets in which we have little or no prior experience;
- Competing for acquisition opportunities with competitors that are larger or have greater financial and other resources than us;
- Accurately forecasting the financial impact of a transaction;
- Assuming liabilities of acquired companies, including existing or potential litigation related to the operation of the business prior to the acquisition;
- Maintaining good relations with the customers and suppliers of the acquired company; and
- Effectively integrating acquired companies and achieving expected synergies.

In addition, any acquired business, products or technologies may not generate sufficient revenue and net income to offset the associated costs of such acquisitions, and such acquisitions could result in other adverse effects.

Moreover, from time to time, we may enter into negotiations for the acquisition of businesses, products or technologies but be unable or unwilling to consummate the acquisitions under consideration. This can be expensive and could cause significant diversion of managerial attention and resources.

Our Acquisitions could Trigger Certain Provisions Contained in Agreements Between Third Parties and Acquired Companies that could Permit Such Parties to Terminate that Agreement.

The companies we acquire may be a party to agreements that permit a counter-party to terminate an agreement or receive payments because the acquisition would cause a default or violate an anti-assignment, change of control or similar clause in such agreements. If this happens, we may have to seek to replace that agreement with a new agreement or make additional payments under such agreements. However, we may be unable to replace a terminated agreement on comparable terms or at all. Depending on the importance of such agreement to the acquired business, the failure to replace a terminated agreement on similar terms or at all, and requirements to pay additional amounts, may increase our costs of operating the acquired business or prevent us from operating the acquired business.

We have Incurred and may Continue to Incur Significant Costs Associated with Acquisition Activities.

In the year ended December 31, 2009 and three months ended March 31, 2010, we incurred $1.2 million and $5.9 million of acquisition related costs, respectively. We expect to incur approximately $30.1 million of costs related to the Transactions, including $20.4 million of acquisition related costs due to the Combination. All such direct acquisition costs are expensed as incurred by us. In addition, we often are required to incur charges to operations in the quarters following an acquisition to reflect costs associated with integrating acquired companies. We may incur additional material charges in subsequent quarters associated with acquisitions. We anticipate that our acquisition activities will require significant cash outflows directly related to completing acquisitions as well as costs related to integration efforts. If the benefits of an acquisition do not exceed the costs of integrating the businesses, our financial results may be adversely affected.

A Portion of our Business Relies Upon a Network of Independent Contractors and Distributors Whose Actions could have an Adverse Effect on our Business.

We obtain some critical information from independent contractors. In addition, we rely on a network of VAR s and distributors to sell our offerings in locations where we do not maintain a sales office or sales team. These independent contractors and distributors are not our employees. As a result, we have limited ability to monitor and direct their activities. The loss of a significant number of these independent contractors or dealers could disrupt our sales, marketing and distribution efforts. Furthermore, if any actions or business practices of these individuals or entities violate our policies or procedures or otherwise are deemed inappropriate or illegal, we could be subject to litigation, regulatory sanctions or reputation damage, any of which could adversely affect our business and require us to terminate relationships with them.

Our Investments in Technology may not be Sufficient and may not Result in an Increase in our Revenues or Decrease in our Operating Costs.

As the technological landscape continues to evolve, it may become increasingly difficult for us to make timely, cost-effective changes to our offerings in a manner that adequately differentiates them from those of our competitors. We cannot provide any assurance that our investments have been or will be sufficient to maintain or improve our competitive position or that the development of new or improved technologies and products by our competitors will not have a material adverse effect on our business.

Our Performance and Future Success Depends on our Ability to Attract, Integrate and Retain Qualified Technical, Managerial and Sales Personnel.

We are dependent, in part, upon the services of our senior executives and other key business and technical personnel. We do not currently maintain key-man life insurance on our senior executives. The loss of the services of any of our senior executives or key employees could have a material adverse effect on our business. Our commercial success will depend upon, among other things, the successful recruiting and retention of highly skilled technical, managerial and sales personnel with experience in similar business activities. Competition for the type of highly skilled individuals that we seek is intense. We may not be able to retain existing key employees or be able to find, attract and retain skilled personnel on acceptable terms.

We may not be Able to Adequately Protect our Intellectual Property Rights or may be Accused of Infringing Intellectual Property Rights of Third Parties.

We regard our trademarks, service marks, copyrights, patents, trade secrets, proprietary technology and similar intellectual property as critical to our success. We rely on trademark, copyright and patent law, trade secret protection

and confidentiality and/or license agreements with employees, customers and others to protect our proprietary rights. Most of the AMICAS software technology is not patented and existing copyright laws offer only limited practical protection. Effective intellectual property protection may not be available in every country in which our products and services are made available. We also may not be able to acquire or maintain appropriate intellectual property rights in all countries where we do business.

Table of Contents

We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Third parties that license our proprietary rights also may take actions that diminish the value of these rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us or the payment of damages. We may need to obtain licenses from third parties who allege that we have infringed on their rights, but such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain or utilize on favorable terms, or at all, licenses or other rights with respect to intellectual property we do not own in providing services under commercial agreements. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims.

We also rely on proprietary know how and confidential information and employ various methods, such as entering into confidentiality and non-compete agreements with our current employees and with certain third parties to whom we have divulged proprietary information to protect the processes, concepts, ideas and documentation associated with our solutions. Such methods may not afford sufficient protection, and we may not be able to protect trade secrets adequately or ensure that other companies would not acquire information that we consider proprietary.

We have Foreign Exchange Rate Risk.

Our international operating results are exposed to foreign exchange rate fluctuations. While the functional currency of most of our international operations is the U.S. Dollar, certain account balances are maintained in the local currency. Upon remeasurement of such accounts or through normal operations, results may differ materially from expectations, and we may record significant gains or losses on the remeasurement of such balances. As we expand international operations, our exposure to exchange rate fluctuations may increase.

We may not be Successful in our Efforts to Expand into International Markets.

Our international activities are significant to our revenues and profits, and we plan to further expand internationally. In 2009, our international revenues were $15.5 million, or about 23% of total revenues. We also hope to expand the international revenues of the AMICAS business after the Combination. We have relatively little experience operating in these or future markets and may not benefit from any first-to-market advantages or otherwise succeed. It is costly to establish, develop and maintain international operations and websites and promote our brand internationally. Our international operations may not be profitable on a sustained basis.

In addition to risks described elsewhere in this section, our international sales and operations are subject to a number of risks, including:

- Local economic and political conditions;
- Foreign government regulation of healthcare and government reimbursement of health services;
- Local restrictions on sales or distribution of certain products or services and uncertainty regarding liability for products and services;
- Local import, export or other business licensing requirements;
- Local limitations on the repatriation and investment of funds and foreign currency exchange restrictions;
- Shorter payable and longer receivable cycles and the resultant negative impact on cash flow;
- Local laws and regulations regarding data protection, privacy, network security and restrictions on pricing;

Difficulty in staffing, developing and managing foreign operations as a result of distance, language and cultural differences;

Different employee/employer relationships and the existence of workers councils and labor unions;

Laws and policies of the U.S. and other jurisdictions affecting trade, foreign investment, loans and taxes; and

Geopolitical events, including war and terrorism.

Litigation or Regulatory Actions could Adversely Affect our Financial Condition.

From April 2006 to November 2009, we were subject to a formal SEC investigation related to our announcement, on March 17, 2006, that we would investigate allegations of improprieties related to financial reporting and revise our results of operations for the fiscal quarters ended June 30, 2005, and September 30, 2005. On November 4, 2009, the SEC filed a Complaint in federal court charging Merge with record-keeping violations but did not charge Merge with fraud or assess any civil penalty against Merge. The Complaint enjoined Merge from making any future violations of the reporting, record-keeping and internal controls provisions under the Securities Exchange Act of 1934. In addition, two of Merge s former executives were charged with accounting fraud in the Complaint.

On June 1, 2009, we were served with a Summons and Complaint in the Milwaukee County Circuit Court, State of Wisconsin, captioned William C. Mortimore and David M. Nosay v. Merge Technologies Inc. n/k/a Merge Healthcare Inc. [sic], Case Number 09CV008356, Case Code 30301. The Complaint includes a demand for a jury trial and alleges that Merge unreasonably refused Mortimore and Noshay s request for indemnification; requests the court order that they are entitled to indemnification under Wisconsin Statute Section 180.0851(2); alleges breaches of certain employment agreements; and a breach of the covenant of good faith and fair dealing. Monetary damages are unspecified. We intend to vigorously defend this action. However, any adverse outcome could negatively impact our business and operating results.

As a result of lawsuits and regulatory matters, including the matter discussed above, we have incurred and may continue to incur substantial expenses. In addition to the matter discussed above, we are, from time to time, parties to legal proceedings, lawsuits and other claims incident to our business activities. Such matters may include, among other things, assertions of contract breach or intellectual property infringement, claims for indemnity arising in the course of our business and claims by persons whose employment has been terminated. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. The defense of these actions may be both time consuming and expensive. If any of these legal proceedings were to result in an unfavorable outcome, it could have a material adverse effect on our business, financial position and results of operations.

We may be Subject to Product Liability Claims if People or Property are Harmed by the Products and Services that we Sell.

Some of the products we sell or manufacture may expose us to product liability claims relating to personal injury, death or environmental or property damage and may require product recalls or other actions. Certain third parties, primarily our customers, also sell products or services using our products. This may increase our exposure to product liability claims. Although we maintain liability insurance, we cannot be certain that coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all. In addition, some of our agreements with vendors and sellers do not indemnify us from product liability.

We Provide Customers with Certain Warranties that could Result in Higher Costs than Anticipated.

Software products such as ours that are used in a wide range of clinical and health information systems settings may contain a number of errors or bugs, especially early in their product life cycle. Our products include clinical information systems used in patient care settings where a low tolerance for errors or bugs exists. Testing of products is difficult due to the wide range of environments in which systems are installed. The discovery of defects or errors in

our software products or in our implementation of integrated solutions may cause delays in product delivery, poor client references, payment disputes, contract cancellations or additional expenses and payments to rectify problems. Any of those factors may result in delayed acceptance of, or the return of, our software products.

Table of Contents

We Depend on Licenses from Third Parties for Rights to Some Technology we use, and if we are Unable to Continue these Relationships and Maintain our Rights to this Technology, our Business could Suffer.

Some of the technology used in our software depends upon licenses from third party vendors. These licenses typically expire within one to five years, can be renewed only by mutual consent and may be terminated if we breach the license and fail to cure the breach within a specified period of time. We may not be able to continue using the technology made available to us under these licenses on commercially reasonable terms or at all. As a result, we may have to discontinue, delay or reduce software shipments until we obtain equivalent technology, which could hurt our business. Most of our third party licenses are nonexclusive. Our competitors may obtain the same right to use any of the technology covered by these licenses and use the technology to compete directly with us. In addition, if our vendors choose to discontinue support of the licensed technology in the future or are unsuccessful in their continued research and development efforts, particularly with regard to the Microsoft Windows/Intel platform on which most of our products operate, we may not be able to modify or adapt our own software.

We are Subject to Government Regulation, Changes to which could Negatively Impact our Business.

We are subject to regulation in the U.S. by the Food and Drug Administration (FDA), including periodic FDA inspections, in Canada under Health Canada s Medical Devices Regulations, and in other countries by corresponding regulatory authorities. We may be required to undertake additional actions in the U.S. to comply with the Federal Food, Drug and Cosmetic Act (FDCA Act), regulations promulgated under the FDCA Act, and any other applicable regulatory requirements. For example, the FDA has increased its focus on regulating computer software intended for use in a healthcare setting. If our software solutions are deemed to be actively regulated medical devices by the FDA, we could be subject to more extensive requirements governing pre- and post-marketing activities. Complying with these regulations could be time consuming and expensive, and may include:

- Requiring us to receive FDA clearance of a pre-market notification submission demonstrating substantial equivalence to a device already legally marketed, or to obtain FDA approval of a pre-market approval application establishing the safety and effectiveness of the software;

- Requiring us to comply with rigorous regulations governing the pre-clinical and clinical testing, manufacture, distribution, labeling and promotion of medical devices; and

- Requiring us to comply with the FDCA Act regarding general controls, including establishment registration, device listing, compliance with good manufacturing practices, reporting of specified malfunctions and adverse device events.

Similar obligations may exist in other countries in which we do business, including Canada. Any failure by us to comply with other applicable regulatory requirements, both domestic and foreign, could subject us to a number of enforcement actions, including warning letters, fines, product seizures, recalls, injunctions, total or partial suspensions of production, operating restrictions or limitations on marketing, refusals of the government to grant new clearances or approvals, withdrawals of marketing clearances or approvals and civil and criminal penalties.

Changes in Federal and State Regulations Relating to Patient Data could Depress the Demand for our Software and Impose Significant Software Redesign Costs.

Federal regulations under the Health Insurance Portability and Accountability Act (HIPAA) impose national health data standards on healthcare providers that conduct electronic health transactions, healthcare clearinghouses that convert health data between HIPAA compliant and non-compliant formats and health plans. Collectively, these groups are known as covered entities. The HIPAA regulations prescribe transaction formats and code sets for electronic

health transactions, protect individual privacy by limiting the uses and disclosures of individually identifiable health information and require covered entities to implement administrative, physical and technological safeguards to ensure the confidentiality, integrity, availability and security of individually identifiable health information in electronic form. Although we are not a covered entity, most

of our customers are, and they require that our software and services adhere to HIPAA regulations. Any failure or perceived failure of our software or services to meet HIPAA regulations could adversely affect demand for our software and services and potentially require us to expend significant capital, research and development and other resources to modify our software or services to address the privacy and security requirements of our clients.

States and foreign jurisdictions have adopted, or may adopt, privacy standards that are similar to or more stringent than the federal HIPAA privacy regulations. This may lead to different restrictions for handling individually identifiable health information. As a result, our customers may demand IT solutions and services that are adaptable to reflect different and changing regulatory requirements, which could increase our development costs. In the future, federal, state or foreign governmental authorities may impose new data security regulations or additional restrictions on the collection, use, transmission and other disclosures of health information. We cannot predict the potential impact that these future rules may have on our business; however, the demand for our software and services may decrease if we are not able to develop and offer software and services that can address the regulatory challenges and compliance obligations facing our clients.

Recently Enacted Healthcare Reform Legislation may have a Negative Impact on our Business. Among other things, Reductions in Medicare and Medicaid Reimbursement Rates for Imaging Procedures and Professional Services could Negatively Affect Revenues of our Hospital and Imaging Clinic Customers, which could Reduce our Customers Ability to Purchase our Software and Services.

The US Congress recently enacted far-reaching health system reform legislation that could have a negative impact on our business. While the impact of the legislation is difficult to predict, the legislation will increase pressure to control spending in government programs (e.g., Medicare and Medicaid) and by third party payors. The ability of customers to obtain appropriate reimbursement for imaging services they provide from these programs and payors is critical to the success of our company. One specific change included in the health reform legislation increases the equipment utilization assumption, which is part of the practice expense component of the technical part of the reimbursement rate, for MRI and CT services to 75 percent from 50 percent over a 4-year transition period. These changes in the utilization rate once fully implemented have the potential to dramatically decrease technical reimbursements for radiology procedures, and could have a particularly negative impact on hospitals and imaging clinics in rural regions of the country where utilization rates are naturally lower. A second significant potential reimbursement change relates to the Sustainable Growth Rate (SGR) component of the Medicare Physician Fee Schedule. The SGR is part of the update factor process used to set the annual rate of growth in allowed expenditures, and is determined by a formula specified by Congress. Because the annual calculation of the SGR would have led to reimbursement reductions that Congress found unacceptable, every year Congress has interceded to delay the implementation of this statutory SGR update factor. While these changes have provided temporary reimbursement relief, because of the significant budgetary impacts, Congress has left the SGR formula, thereby allowing annual unimplemented payment reductions to accumulate in the Medicare statute. As a result, for 2010, if this SGR had been allowed to be implemented, it would have caused a reduction in the update adjustment factor of 21.3 percent in the calculation of the Physician Fee Schedule. The Congress and Obama administration are currently considering legislation to attempt to fix or delay this problem, but the prospects for enactment remain uncertain. The changes being considered have the potential to negatively impact the professional component of reimbursement.

Changes related to the equipment utilization assumption and the SGR calculation could result in a reduction in software and service procurement of our customers, and have a material adverse effect on our revenues and operating results.

There are a Limited Number of Stockholders Who have Significant Control over our Common Stock, Allowing Them to have Significant Influence over the Outcome of All Matters Submitted to Stockholders for Approval, which may Conflict with our Interests and the Interests of Other Stockholders.

Our directors, officers and principal stockholders (stockholders owning 10% or more of our common stock) beneficially owned approximately 33.5 million, or 40.4%, of the outstanding shares of common stock and stock

options that could have been converted to common stock at June 30, 2010, and such stockholders will have significant influence over the outcome of all matters submitted to our stockholders for approval, including the election of directors and other corporate actions. Also, on November 18, 2009, we repaid in full our $15.0 million senior secured term note from Merrick RIS, LLC (Merrick), an affiliate of Merrick Ventures, LLC, including a prepayment penalty of $2,700 and accrued interest of $395. As of June 30, 2010, Merrick and its affiliates owned approximately 36.9% of our Common Stock. The influence of our large stockholders could impact our business strategy and also have the effect of discouraging others from attempting us to take over, thereby increasing the likelihood that the market price of the common stock will not reflect a premium for control.

In addition, we engage from time to time in transactions with certain of our significant stockholders. In June 2008, in exchange for $20 million, we issued (i) a $15 million senior secured note payable to Merrick RIS, LLC, an affiliate of Merrick Ventures, and (ii) 21,085,715 shares of our common stock at a price per share of $0.35 to Merrick. In November 2009, we completed a stock offering and used a portion of the proceeds to prepay in full our senior secured note due June 2010 held by Merrick RIS, LLC, which included all amounts owed under the Note of $15.0 million and an additional amount $3.1 million payable as a result of the prepayment of the note. Merrick RIS, LLC beneficially owns, as of June 30, 2010, 36.9% of our outstanding common stock. Michael W. Ferro, Jr., our Chairman of the Board, and trusts for the benefit of Mr. Ferro s family members beneficially own a majority of the equity interest in Merrick RIS, LLC. Mr. Ferro also serves as the chairman and chief executive officer of Merrick RIS, LLC. In addition, Justin C. Dearborn, our Chief Executive Officer and a Director, served as Managing Director and General Counsel of Merrick Ventures, LLC, an affiliate of Merrick RIS, LLC.

Our Large Stockholders May Have Interests that Differ from Other Shareholders.

Merrick RIS, LLC beneficially owns, as of June 30, 2010, 36.9% of our outstanding common stock. Michael W. Ferro, Jr., our Chairman of the Board, and trusts for the benefit of Mr. Ferro s family members beneficially own a majority of the equity interest in Merrick RIS, LLC. Mr. Ferro also serves as the chairman and chief executive officer of Merrick RIS, LLC. Accordingly, Mr. Ferro indirectly owned or controlled the senior secured note payable and all of the shares of common stock owned by Merrick RIS, LLC. In addition, prior to joining the Company, Justin C. Dearborn, our Chief Executive Officer and a Director, served as Managing Director and General Counsel of Merrick Ventures, LLC, an affiliate of Merrick RIS, LLC. Due to its stock ownership, Merrick RIS, LLC has significant influence over our business, including the election of our directors. In June 2008, in exchange for $20 million, we issued (i) a $15 million senior secured note payable to Merrick RIS, LLC, an affiliate of Merrick Ventures, and (ii) 21,085,715 shares of our Common Stock at a price per share of $0.35 to Merrick. In November 2009, we completed a stock offering and used a portion of the proceeds to prepay in full our senior secured note due June 2010 held by Merrick RIS, LLC, which included all amounts owed under the note of $15.0 million and an additional amount of $3.1 million payable as a result of the prepayment of the note. Effective as of January 1, 2009, we entered into a consulting agreement with Merrick RIS, LLC. Services provide by Merrick Ventures, LLC under the consulting agreement include investor relations, financial analysis and strategic planning. The cost of this consulting agreement in 2009 was $460,000. Effective January 1, 2010, we entered into an amendment to extend the term of the consulting agreement through December 31, 2011, and modified the payment terms from a flat fee arrangement per quarter to a per transaction or success based arrangement.. As a result of the completion of the acquisition of AMICAS, we paid a $1.0 million success fee to Merrick RIS in April 2010.

On March 31, 2009, we entered into a value added reseller agreement with Merrick Healthcare Solutions, LLC (Merrick Healthcare). Under terms of the agreement, Merrick Healthcare purchased software licenses from us for $400,000. Payment of the entire balance was made on the date of the agreement. We recognized $400,000 in revenue in the first quarter of 2009 related to this transaction.

In addition, in February 2010, we entered into a VAR agreement with Merrick Healthcare under which we may market, resell, or supply certain of their products and services. Under terms of the agreement, products and services will be purchased on a per unit basis from Merrick Healthcare.

As a result of these relationships, the interests of Merrick RIS, LLC and its affiliates may differ from those of our other stockholders. Merrick Ventures, LLC and its affiliates are in the business of making investments in companies and maximizing the return on those investments. They currently have, and may from time to time in the future acquire, interests in businesses that directly or indirectly compete with certain aspects of our business or our suppliers or customers businesses. Merrick s significant ownership of our voting stock will enable it to influence or effectively control us.

If we Fail to Manage Future Growth Effectively, we may be Unable to Execute our Business Plan, Maintain High Levels of Service or Address Competitive Challenges Adequately.

We plan to expand our business. We anticipate that this expansion will require substantial management effort and significant additional investment in infrastructure, service offerings and service center expansion. In addition, we will be required to continue to improve our operational, financial and management controls and our reporting procedures. Our future growth will place a significant strain on managerial, administrative, operational, financial and other resources. If we are unable to manage growth successfully, our business will be harmed.

The Pro Forma Financial Statements Included or Incorporated by Reference Herein are not Necessarily Indicative of the Combined Company s Financial Condition or Results of Operations Following the Transactions.

The pro forma financial statements included or incorporated by reference in this prospectus are presented for illustrative purposes only and may not be indicative of the Combined Company s financial condition or results of operations following the Transactions. The pro forma financial statements have been derived from the historical financial statements of Merge and AMICAS, including their significant 2009 acquisitions, and many adjustments and assumptions have been made regarding the Combined Company after giving effect to the Transactions. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the Combined Company in connection with the Transactions. For example, the impact of any incremental costs incurred in integrating the two companies is not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the Combined Company following the Transactions may not be consistent with, or evident from, these pro forma financial statements.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the Combined Company s financial condition or results of operations following the Transactions. Any potential decline in the Combined Company s financial condition or results of operations could have a material adverse effect on our business.

If New and Existing AMICAS Products, Including Product Upgrades, and Services do not Achieve and Maintain Sufficient Market Acceptance, our Business, Financial Condition, Cash Flows, Revenues, and Operating Results will Suffer.

The success of our business depends and will continue to depend in large part on the market acceptance of:

- AMICAS existing products and services, such as AMICAS One Suite products, and related product and service offerings;
- new AMICAS products and services, such as AMICAS Dashboards, AMICAS Financials and RadStream; and

enhancements to AMICAS existing products, support and services, including AMICAS RIS, AMICAS ECM, AMICAS VERICIS, and AMICAS PACS.

There can be no assurance that AMICAS customers will accept any of these products, product upgrades, support or services. In addition, even if AMICAS customers accept these products and services initially, we cannot assure you that they will continue to purchase our products and services at levels that are consistent

Table of Contents

with, or higher than, past quarters. AMICAS customers may significantly reduce their relationships with us or choose not to expand their relationship with us. In addition, any pricing strategy that we implement for any of our products, product upgrades, or services may not be economically viable or acceptable to our target markets. Failure to achieve or to sustain significant penetration in our target markets with respect to any of AMICAS products, product upgrades, or services could have a material adverse effect on our business.

Achieving and sustaining market acceptance for AMICAS products, product upgrades and services is likely to require substantial marketing and service efforts and the expenditure of significant funds to create awareness and demand by participants in the healthcare industry. In addition, deployment of new or newly integrated products or product upgrades may require the use of additional resources for training our existing sales force and customer service personnel and for hiring and training additional sales and customer service personnel. There can be no assurance that the revenue opportunities for AMICAS new products, product upgrades and services will justify the amounts that we spend for their development, marketing and rollout.

If we are unable to sell new and next-generation AMICAS software products to healthcare providers that are in the market for healthcare information and/or image management systems, such inability will likely have a material adverse effect on our business, revenues, operating results, cash flows and financial condition. If anticipated software sales and services do not materialize, or if we lose customers or experience significant declines in orders from AMICAS customers, our revenues would decrease over time due to the combined effects of attrition of existing customers and a shortfall in new client additions.

AMICAS Relies on Some of its Existing Customers to Serve as Reference Sites for it in Developing and Expanding Relationships with Other Customers and Potential Customers, and if the Customers Who Serve as Reference Sites Become Unwilling to do so following the Combination, our Ability to Obtain New Customers or to Expand Customer Relationships could be Materially Harmed.

As an integral part of the process of establishing new client relationships and expanding existing relationships, AMICAS relies on current clients who agreed to serve as reference sites for potential customers of its products and services. The reference sites allow potential customers to observe the operation of its products and services in a true-to-life environment and to ask questions of actual customers concerning the functionality, features and benefits of its product and service offerings. We cannot assure you that these sites will continue to be willing to serve as reference sites following the Combination, nor that the availability of the reference sites will be successful in establishing or expanding relationships with existing or new customers. If we lose reference sites and are unable to establish new ones in a timely manner, this could have a material adverse effect on our business and results of operations.

If the Marketplace Demands Subscription Pricing, Application Service Provider (ASP) Delivered Offerings or Software as a Service (SAAS) Delivered Offerings, our Revenues may be Adversely Impacted.

AMICAS currently derives a substantial portion of its revenues from traditional perpetual software license, maintenance and service fees, as well as from the resale of computer hardware. Its revenues from application service provider and/or software as a service are immaterial. Increased marketplace demands for subscription pricing, multi-year financing arrangements, application service provider offerings and/or software as a service offering, may cause us to adjust our strategy accordingly by offering a higher percentage of AMICAS products and services on such terms. Shifting to subscription pricing, multi-year financing arrangements, application service provider and/or software as a service offerings could materially adversely impact our financial condition, cash flows and quarterly and annual revenues and results of operations, as our revenues could continue to be negatively impacted.

Our Inability to Renew, or Make Material Modifications to, Agreements with AMICAS Third-Party Product and Service Providers could Lead to a Loss of Customers and have a Negative Impact on our Revenues.

Some of AMICAS customers demand the ability to acquire a variety of products from one provider. Some of these products are not currently owned or developed by AMICAS. Through agreements with third

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parties, AMICAS currently resells the desired hardware, software and services to these customers. However, in the event these agreements are not renewed or are renewed on less favorable terms, we could lose sales to competitors who market the desired products to these customers or recognize less revenue. If we do not succeed in maintaining these relationships with such third-party providers, our business could be harmed.

AMICAS Depends on its Partners and Suppliers for Delivery of Electronic Data Interchange (e.g., Insurance Claims Processing and Invoice Printing Services), Commonly Referred to as EDI, Hardware Maintenance Services, Third-Party Software or Software or Hardware Components of its Offerings, and Sales Lead Generation. Any Failure, Inability or Unwillingness of these Suppliers to Perform these Services or Provide their Products could Negatively Impact our Customers Satisfaction and our Revenues.

AMICAS uses various third-party suppliers to provide its customers with EDI transactions and on-site hardware maintenance. EDI revenues would be particularly vulnerable to a supplier failure because EDI revenues are earned on a daily basis. AMICAS relies on numerous third-party products that are made part of its software offerings and/or that it resells. Although other vendors are available in the marketplace to provide these products and services, it would take time to switch suppliers. If these suppliers were unable or unwilling to perform such services or provide their products or if the quality of these services or products declined, it could have a negative impact on our customers satisfaction and result in a decrease in revenues, cash flows and operating results.

AMICAS Systems may be Vulnerable to Security Breaches and Viruses.

The success of AMICAS strategy to offer its products depends on the confidence of its customers in its ability to securely transmit confidential information. AMICAS products rely on encryption, authentication and other security technology licensed from third parties to achieve secure transmission of confidential information. We may not be able to stop unauthorized attempts to gain access to or disrupt the transmission of communications by our customers. Some AMICAS customers have had their use of AMICAS software significantly impacted by computer viruses. Anyone who is able to circumvent our security measures could misappropriate confidential user information or interrupt our operations and those of our customers. In addition, our products may be vulnerable to viruses, physical or electronic break-ins, and similar disruptions. Any failure to provide secure electronic communication services could result in a lack of trust by our customers, causing them to seek out other vendors, and/or damage our reputation in the market, making it difficult to obtain new customers. Moreover, any such failure could cause us to be sued. Even if these lawsuits do not result in any liability to us, defending against and investigating these lawsuits could be expensive and time-consuming, and could divert personnel and other resources from our business.

Risks Related to the Notes

Payments on our Indebtedness will Require a Significant Amount of Cash. Our Ability to Meet our Cash Requirements and Service our Indebtedness is Impacted by many Factors that are Outside of our Control.

We expect to obtain the funds to pay our expenses and to pay the amounts due under the notes primarily from our operations. Our ability to meet our expenses and make these payments thus depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future and our currently anticipated growth in revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness, including the notes, or to fund other liquidity needs. If we do not have sufficient cash resources in the future, we may be required to refinance all or part of our then existing indebtedness, sell assets or borrow more money. We cannot assure you that we will be able to accomplish any of these alternatives on terms acceptable to us or at all. In addition, the terms of existing or future debt agreements may restrict us from adopting any of these alternatives. Our failure to generate sufficient cash flow or to achieve any of these alternatives could materially adversely affect the value of the

notes and our ability to pay the amounts due under the notes. See the section captioned Liquidity and Capital Resources in the Management s Discussion and Analysis of Financial Condition and Results of Operations of Merge incorporated herein by reference.

We may be Able to Incur Substantial Additional Indebtedness that could Further Exacerbate the Risks Associated with our Indebtedness.

We may incur substantial additional indebtedness in the future. Although the indenture governing the notes will contain restrictions on our incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and we could incur substantial additional indebtedness, including additional secured indebtedness. If we incur additional indebtedness, the risks described above under Following the Transactions, the combined company, on a consolidated basis, will have a substantial amount of indebtedness, which could impact our ability to obtain future financing or pursue our growth strategy and Payments on our indebtedness will require a significant amount of cash. Our ability to meet our cash requirements and service our indebtedness is impacted by many factors that are outside of our control would intensify.

Restrictive Covenants in the Indenture may Limit our Current and Future Operations, Particularly our Ability to Respond to Changes in our Business or to Pursue our Business Strategies.

The terms of the indenture governing the notes being offered hereby will contain, and any future indebtedness of ours may contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to take actions that we believe may be in our interest. The indenture will, among other things, limit our ability to:

- incur additional indebtedness and issue preferred stock;
- pay dividends on or make distributions in respect of capital stock;
- make investments or certain other restricted payments;
- place limits on dividends and enter into other payment restrictions affecting certain subsidiaries;
- enter into transactions with stockholders or affiliates;
- create or incur liens;
- enter into sale-leaseback transactions;
- guarantee indebtedness;
- merge, consolidate or sell substantially all of our assets; and
- issue or sell stock of certain subsidiaries.

You should read the discussions under the heading Description of the Exchange Notes Certain Covenants for further information about these covenants. A breach of the covenants or restrictions under the indenture, could result in a default under the notes. Such default, if not cured or waived, may allow the noteholders to accelerate the payment of the notes. In the event noteholders accelerate the repayment of the notes, we cannot assure that we and our subsidiaries would have sufficient assets to repay such indebtedness.

The restrictions contained in the indenture could adversely affect our ability to:

- finance our operations;

make needed capital expenditures;

make strategic acquisitions or investments or enter into alliances;

withstand a future downturn in our business or the economy in general;

engage in business activities, including future opportunities, that may be in our interest; and

plan for or react to market conditions or otherwise execute our business strategies.

Our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

Table of Contents

The Value of the Collateral Securing the Notes may not be Sufficient to Satisfy our Obligations Under the Notes.

The notes and the note guarantees will be secured by first priority liens on the collateral described in this prospectus (subject to permitted liens), equally and ratably with any future first lien obligations permitted to be incurred pursuant to the indenture. No appraisal of the fair market value of the collateral securing the Notes. The book value of the collateral should not be relied on as a measure of realizable value for such assets. The value of the collateral could be impaired in the future as a result of changing economic and market conditions, our failure to successfully implement our business strategy, competition and other factors. The collateral may include intangible or other illiquid assets that by their nature may not have a readily ascertainable market value or may not be readily saleable or, if saleable, there may be substantial delays in their liquidation. Additionally, certain of our assets are held by our foreign subsidiaries and will not be pledged to secure the notes.

In the event of a liquidation, foreclosure, bankruptcy or similar proceeding, the value of the collateral and the amount that may be received upon a sale of collateral will depend upon many factors including, among others, the condition of the collateral and our industry, the ability to sell the collateral in an orderly sale, market and economic conditions, the availability of buyers and other factors. In addition, courts could limit recoverability with respect to the collateral if they deem a portion of the interest claim usurious in violation of applicable public policy. As a result, liquidating the collateral securing the notes may not produce proceeds in an amount sufficient to pay any amounts due on the notes. We cannot assure you of the value of the collateral or that the net proceeds received upon a liquidation, foreclosure, bankruptcy or similar proceeding would be sufficient to repay all amounts due on the notes (and any payments in respect of prior liens).

The Collateral Securing the Notes may be Diluted Under Certain Circumstances.

The indenture governing the notes will permit us to issue additional senior secured indebtedness, including priority lien indebtedness and additional notes, subject to our compliance with the restrictive covenants in the indenture governing the notes at the time we issue such additional senior secured indebtedness. Any additional notes issued under the indenture governing the notes would be guaranteed by the same guarantors and would have the same security interests, with the same priority, as currently securing the notes. As a result, the collateral securing the notes would be shared by any additional notes we may issue under the applicable indenture, and an issuance of such additional notes would dilute the value of the collateral compared to the aggregate principal amount of notes issued. In addition, the indenture and our other security documents permit us and certain of our subsidiaries to incur additional pari passu secured indebtedness and subordinated lien indebtedness up to respective maximum pari passu secured indebtedness threshold amounts by issuing additional debt securities under one or more new indentures or by borrowing additional amounts under new credit facilities. Any additional pari passu secured indebtedness or subordinated lien indebtedness secured by the collateral would dilute the value of the noteholders rights to the collateral. The proceeds from the sale of all such collateral may not be sufficient to satisfy the amounts outstanding under the notes and all other indebtedness and obligations secured by such liens.

The terms of the indenture will also permit us to incur other permitted liens on the collateral, whether arising on or after the date the notes are issued. The existence of any permitted liens could adversely affect the value of the collateral securing the notes and the note guarantees as well as the ability to realize or foreclose on such collateral. To the extent we incur any permitted liens, the liens of the noteholders may not be first priority.

If such proceeds were not sufficient to repay amounts outstanding under the notes, then noteholders (to the extent not repaid from the proceeds of the sale of the collateral) would only have an unsecured claim against our remaining assets.

Table of Contents

The Notes and the Note Guarantees will be Structurally Subordinated to Indebtedness and other Liabilities of our Non-Guarantor Subsidiaries.

All of our domestic subsidiaries will guarantee the notes but none of our foreign subsidiaries will guarantee the notes. The notes and the note guarantees will be structurally subordinated to the indebtedness and other liabilities of our non-guarantor subsidiaries, and noteholders will not have any claim as a creditor against any such non-guarantor subsidiary. In addition, subject to certain limitations, the indenture governing the notes will permit our non-guarantor subsidiaries to incur additional indebtedness. In the event of a bankruptcy, liquidation or reorganization of any non-guarantor subsidiary, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those entities before any assets are made available for distribution to us.

Non-guarantor subsidiaries generated approximately 46% of our revenues and all of our net income for the fiscal year ended December 31, 2009, and held approximately 15% of our total assets and had approximately $9.6 million of liabilities (including trade payables) as of December 31, 2009.

Rights of Noteholders in the Collateral may be Adversely Affected by the Failure to Perfect Security Interests in Collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral may not be perfected with respect to the notes and the note guarantees if the collateral agent is not able to or does not take the actions necessary to perfect any such liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the collateral agent will monitor, or that we will inform the collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The collateral agent has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest therein. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the notes and the note guarantees against third parties.

Additionally, the indenture and the security documents entered into in connection with the notes will not require us to take a number of actions that might improve the perfection or priority of the liens of the collateral agent in the collateral. With limited exceptions, such actions will be limited to (i) the filing of UCC-1 financing statements in the jurisdiction of incorporation of us and the guarantors, (ii) the granting of mortgages over owned real properties to the extent described under Description of the Exchange Notes Collateral and Security, (iii) the delivery of stock certificates of domestic and up to 65% of first-tier foreign subsidiaries, (iv) the entry into control agreements over certain deposit accounts and securities accounts, (v) the filing of a notice with the U.S. Patent and Trademark Office of the U.S. Copyright Office, and (vi) the delivery of debt instruments in favor of us or the guarantors. To the extent that the security interests created by the security documents with respect to any collateral are not perfected, the collateral agent s rights will be equal to the rights of general unsecured creditors in the event of a bankruptcy.

Security over Certain Collateral may not be in Place or may not be Perfected as of this date, which Means that the Notes will not be Secured to that Extent.

Certain recordations, notices, filings and other actions to create, perfect or protect the priority of the liens securing the notes and the note guarantees will be taken subsequent to the issuance of the notes. Any delay in such recordations, notices, filings and other actions increase the risk that the liens could be voided or subject to the liens of intervening creditors. To the extent any security interest in the collateral securing the notes cannot be perfected or a valid lien created with respect thereto on or prior to the closing date, we will be required to have all such security interests

perfected and/or valid liens created, to the extent required by the indenture and the security documents, promptly following the date of issuance of the Notes, but in any event no later than 270 days after such date in the case of real property and no later than 90 days after such date in

certain other instances. We cannot assure you that we will be able to perfect and/or create a valid lien with respect to any such security interests on or prior to that date, and our failure to do so may result in a default under the indenture. Moreover, the indenture permits us to sell the real property owned by us located at 900 Walnut Ridge Drive, Hartland, Wisconsin within 270 days after the date of issuance of the Notes. In the event that, as of 270 days after the date of issuance, this property has not been sold by us in accordance with the indenture, we will promptly execute and deliver, or cause to be promptly executed and delivered, to the collateral agent, mortgages, title policies, surveys and any other documents or instruments reasonably requested by the collateral agent with respect to such real property. To the extent a security interest in any of the collateral is created or perfected following the issuance date of the notes, the security interest would remain at risk of being voided as a preferential transfer by a trustee in bankruptcy or being subject to the liens of intervening creditors.

There are Certain Categories of Property that are Excluded from the Collateral.

The collateral securing the notes and the note guarantees excludes certain assets, generally as a result of applicable laws, or the terms of existing agreements. Property not included in the collateral will include:

rights in any property if the grant of a security interest in such property is prohibited by any law, treaty, rule or regulation or determination of an arbitrator or a court or other governmental authority or constitutes a breach or default under or results in the termination of, or requires any consent not obtained under, any lease, license or agreement;

property and assets in which a lien may not be granted without governmental approval or consent;

any U.S. Trademark applications filed on the basis of our or any guarantor s intent-to-use such mark if the granting of a security interest in such application would result in the invalidation of such application;

property and assets owned by us or any guarantor which are located outside of the U.S. to the extent a lien on such property and assets cannot be perfected by the filing of UCC financing statements in our jurisdictions of organization or that of such Guarantor;

any capital stock of any first-tier foreign subsidiary in excess of 65% of the capital stock of such foreign subsidiary and any capital stock of any direct or indirect subsidiaries of a foreign subsidiary;

leasehold interests in real property;

motor vehicles and other assets in which a security interest may be perfected only through compliance with a certificate of title or similar statute;

certain other items agreed by the parties and as more fully set forth in the security documents;

interests in any owned real property with values of $1.0 million or less; and

proceeds and products of any and all of the foregoing excluded property and assets described above only to the extent that such proceeds and products would constitute property or assets of the type described above.

Rights of Noteholders in the Collateral may be Adversely Affected by Bankruptcy Proceedings.

The right of the collateral agent to repossess and dispose of the collateral upon the occurrence of an event of default under the indenture is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy case were to be

commenced by or against us or any guarantor before, or possibly after, the collateral agent repossessed and disposed of the collateral. Upon the commencement of a case under the bankruptcy code, a secured creditor such as the collateral agent is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval, which may not be given. Moreover, the bankruptcy code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate

32

protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor s interest in the collateral as of the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the bankruptcy court in its discretion determines that the value of the secured creditor s interest in the collateral is declining during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures. In view of the broad discretionary power of a bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case; whether or when the collateral agent could repossess or dispose of the collateral; or whether or to what extent noteholders would be compensated for any delay in payment or loss of value of the collateral through the requirement of adequate protection.

Any disposition of the collateral during a bankruptcy case would also require permission from the bankruptcy court. Furthermore, in the event a bankruptcy court determines the value of the collateral is not sufficient to repay all amounts due on the notes, the noteholders would hold a secured claim only to the extent of the value of the collateral to which the noteholders are entitled and unsecured claims with respect to such shortfall. The bankruptcy code only permits the payment and accrual of post-petition interest, costs and attorney s fees to a secured creditor during a debtor s bankruptcy case to the extent the value of its collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the collateral.

A Court could Void our Subsidiaries Guarantees of the Notes Under Fraudulent Transfer Laws.

Although the note guarantees provide you with a direct claim against the assets of the subsidiary guarantors, under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, or bankruptcy laws in other applicable jurisdictions, a note guarantee could be voided, or claims with respect to a note guarantee could be subordinated to all other debts of that guarantor. In addition, a bankruptcy court could void (i.e., cancel) any payments by that guarantor pursuant to its note guarantee and require those payments to be returned to the guarantor or to a fund for the benefit of the other creditors of the guarantor.

The bankruptcy court might take these actions if it found, among other things, that when a subsidiary guarantor executed its note guarantee (or, in some jurisdictions, when it became obligated to make payments under its note guarantee) such subsidiary guarantor received less than reasonably equivalent value or fair consideration for the incurrence of its note guarantee; and such subsidiary guarantor:

- was (or was rendered) insolvent by the incurrence of the note guarantee;

- was engaged or about to engage in a business or transaction for which its assets constituted unreasonably small capital to carry on its business;

- intended to incur, or believed that it would incur, obligations beyond its ability to pay as those obligations matured; or

- was a defendant in an action for money damages, or had a judgment for money damages docketed against it and, in either case, after final judgment, the judgment was unsatisfied.

A bankruptcy court would likely find that a subsidiary guarantor received less than fair consideration or reasonably equivalent value for its note guarantee to the extent that it did not receive direct or indirect benefit from the issuance of the notes. A bankruptcy court could also void a note guarantee if it found that the subsidiary issued its note guarantee with actual intent to hinder, delay, or defraud creditors.

Although courts in different jurisdictions measure solvency differently, in general, an entity would be deemed insolvent if the sum of its debts, including contingent and unliquidated debts, exceeds the fair value of its assets, or if the present fair salable value of its assets is less than the amount that would be required to pay the expected liability on its debts, including contingent and unliquidated debts, as they become due.

If a court voided a note guarantee, it could require that noteholders return any amounts previously paid under such note guarantee. If any note guarantee were voided, noteholders would retain their rights against us

and any other subsidiary guarantors, although there is no assurance that those entities assets would be sufficient to pay the notes in full.

Any Future Pledge of Collateral Might be Avoidable in Bankruptcy.

Any future pledge of collateral in favor of the collateral agent, including pursuant to security documents delivered after the date of the indenture governing the notes, might be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the noteholders to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

The Collateral is Subject to Casualty Risks.

The indenture governing the notes and the security documents will require us and the guarantors to maintain adequate insurance or otherwise insure against risks to the extent customary with companies in the same or similar business operating in the same or similar locations. There are, however, certain losses, including losses resulting from terrorist acts, that may be either uninsurable or not economically insurable, in whole or in part. As a result, we cannot assure you that the insurance proceeds will compensate us fully for our losses. If there is a total or partial loss of any of the collateral securing the notes, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the notes.

There are Circumstances other than Repayment or Discharge of the Notes Under which the Collateral Securing the Notes will be Released Automatically, without Consent of the Trustee or Noteholders.

Under various circumstances, collateral securing the notes will be released automatically, including:

- with respect to collateral owned by a guarantor, upon the release of such guarantor from its note guarantee;

- upon a disposition of such collateral in a transaction not prohibited under the indenture;

- with respect to any particular item of collateral, assuming the notes do not constitute the largest class of outstanding pari passu secured obligations at such time, upon release by the authorized representative for the largest class of outstanding pari passu secured obligations at such time of the liens on such item of collateral and the concurrent release of the liens on such item securing any other pari passu secured obligations; or

- if such property or other asset is or becomes an excluded asset pursuant to the security documents.

The indenture governing the notes will permit us to designate one or more of our restricted subsidiaries that is a guarantor as an unrestricted subsidiary. If we designate a guarantor that is a subsidiary as an unrestricted subsidiary for purposes of the indenture, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries, and any guarantees of the notes by such subsidiary or any of its subsidiaries, will be released under the indenture. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

Any of these events will reduce the aggregate value of the collateral securing the notes.

We will in Most Cases have Control over the Collateral, and the Sale of Particular Assets by us could Reduce the Pool of Assets Securing the Notes and the Note Guarantees.

The security documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes and the note guarantees. So long as no default or event of default under the indenture would result therefrom, we may, among other

things, without any release or consent by the collateral agent, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness). To the extent that additional indebtedness and obligations are secured by the collateral, our control over the collateral may be diminished.

You may have Limited Rights to Enforce Remedies Under the Security Documents, and the Collateral may be Released without your Consent in Certain Circumstances.

If we issue additional pari pasu secured indebtedness, subject to our compliance with the restrictive covenants in the indenture governing the notes at the time we issue such additional senior secured indebtedness, the collateral agent will enter into an intercreditor agreement with the collateral agent for the holders of such additional pari passu secured indebtedness. Under the terms of the intercreditor agreement, the collateral agent will pursue remedies and take other action related to the collateral, including the release thereof, pursuant to the direction of the authorized representative for the holders of the largest class of outstanding obligations secured by liens on the collateral, including the notes. There can be no assurance that the notes will always represent the largest class of obligations secured by liens on the collateral. Accordingly, noteholders may not always have the right to control the remedies and the taking of other actions related to the collateral. In addition, all collateral sold or otherwise disposed of in accordance with the terms of the documents governing the pari passu secured obligations will automatically be released from the lien securing the notes and the lien securing the other pari passu secured obligations. Accordingly, any such sale or other disposition in a transaction that does not violate the asset disposition covenant of the indenture governing the notes may result in a release of the collateral subject to such sale or disposition. See Description of the Exchange Notes Limitation on Asset Sales. Under the intercreditor agreement, the collateral agent may not object following the filing of a bankruptcy petition to any debtor-in-possession financing or to the use of the shared collateral to secure that financing, subject to conditions and limited exceptions, if at such time the notes are not the largest class of outstanding obligations secured by liens on the collateral. After such a filing, the value of the collateral could materially deteriorate, and the noteholders would be unable to raise an objection.

The Value of the Collateral Securing the Notes may not be Sufficient to Secure Post-Petition Interest.

In the event of a bankruptcy proceeding against us or any guarantor, the noteholders will be entitled to post-petition interest, costs and attorney s fees under the bankruptcy code to the extent the value of their security interest in the collateral (which would be determined after taking into consideration, among other things, any equal ranking or prior ranking lien claims in the collateral) is greater than their pre-bankruptcy claim. The noteholders that have a security interest in the collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest, costs and attorney s fees under the bankruptcy code. The bankruptcy trustee, the debtor-in-possession or competing creditors could possibly assert that the fair market value of the collateral with respect to the notes on the date of the bankruptcy filing was less than the then-current principal amount of the notes. Upon a finding by a bankruptcy court that the notes are under collateralized, the claims in the bankruptcy proceeding with respect to the notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. No appraisal of the fair market value of the collateral securing the notes has been prepared in connection with the issuance of the notes and, therefore, the value of the collateral agent s interest in the collateral may not equal or exceed the principal amount of the notes. We cannot assure you that there will be sufficient collateral to satisfy our and the guarantors obligations under the notes.

We may not be Able to Fulfill our Repurchase Obligations with Respect to the Notes Upon a Change of Control or an Asset Sale.

If we experience certain change of control events, we are required by the indenture governing the notes to offer to repurchase all outstanding notes at a repurchase price equal to 101% of the principal amount of notes repurchased,

plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. In addition, under certain circumstances, if we sell assets and fail to apply the net proceeds therefrom as provided in the indenture, we must offer to repurchase the notes at a repurchase price equal to 100% of the principal

amount of the notes repurchased, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. The instruments governing our future indebtedness may also provide that certain change of control events or asset sales will constitute events of default thereunder. Such defaults could result in amounts outstanding under such other indebtedness becoming immediately due and payable.

If a change of control event or an asset sale were to occur, we cannot assure you that we would have sufficient funds to repay any notes that we would be required to offer to purchase or that would become immediately due and payable as a result of such change of control event or asset sale. We may require additional financing from third parties to fund any such repurchases, and we cannot assure you that we would be able to obtain additional financing on satisfactory terms or at all. Our failure to repay noteholders who tender notes for repurchase following a change of control event could result in an event of default under the indenture governing the notes. Any future indebtedness to which we become a party may also prohibit us from purchasing notes. If a change of control event or an asset sale occurs at a time when we are prohibited from purchasing notes, we may have to either seek the consent of the applicable lenders to the purchase of notes or attempt to refinance the borrowings that contain such prohibition. Our failure to obtain such a consent or to refinance such borrowings may preclude us from purchasing tendered notes and trigger an event of default under the indenture governing the notes, which may, in turn, constitute a default under other indebtedness.

Noteholders may not be Able to Determine when a Change of Control Giving Rise to Mandatory Repurchase Rights has Occurred Following a Sale of   Substantially all   of our Assets and our Restricted Subsidiaries   Assets.

The definition of change of control in the indenture governing the notes includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of   all or substantially all   of our assets and our restricted subsidiaries   assets. There is no precise established definition of the phrase   substantially all   under applicable law. Accordingly, the ability of a noteholder to require us to repurchase notes as a result of a sale, transfer, conveyance or other disposition of less than all of our assets and our restricted subsidiaries   assets to another individual, group or entity may be uncertain.

No Active Trading Market Exists for the Notes and, if an Active Trading Market for the Notes does not Develop, you may not be Able to Resell Them.

The notes are a new issue of securities for which there is currently no public market. We do not intend to file an application to have the notes listed on any securities exchange or included for quotation on any automated dealer quotation system. There is no established public trading market for the notes, and an active trading market may not develop. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. Future trading prices of the notes will depend on many factors, including, among other things, our ability to effect the exchange offer, prevailing interest rates, our financial condition and results of operations, the volume of noteholders and the market for similar securities. The initial purchaser has advised us that it intends to make a market in the notes, but they are not obligated to do so. The initial purchaser may discontinue any market making in the notes at any time, in its sole discretion.

Recently, the market for debt securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot assure you that the market, if any, for the notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which noteholders may sell their notes.

The Notes were Issued with Original Issue Discount for U.S. Federal Income Tax Purposes.

The notes will be issued with original issue discount for U.S. federal income tax purposes if the stated principal amount of the notes will exceed their issue price by more than a de minimis amount. In such event, a U.S. holder (as

defined in United States Federal Income Tax Considerations) will be required to include such original issue discount in gross income as it accrues, in advance of the receipt of cash attributable to such income and regardless of the U.S. holder s regular method of accounting for U.S. federal income tax purposes. See United States Federal Income Tax Considerations.

If a Bankruptcy Petition were Filed by or Against us, Holders of Notes may Receive A Lesser Amount for their Claim than they would have been Entitled to Receive Under the Indenture Governing the Notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any holder of the notes for the principal amount of the notes may be limited to an amount equal to the sum of:

- the original issue price for the notes; and

- that portion of the original issue discount that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the notes under these circumstances may receive a lesser amount than they would be entitled to receive under the terms of the indenture governing the notes, even if sufficient funds are available.

If you do not properly tender your old notes, your ability to transfer your old notes will be adversely affected.

We will only issue exchange notes in exchange for old notes that are timely received by the exchange agent, together with all required documents, including a properly completed and signed letter of transmittal. Therefore, you should allow sufficient time to ensure timely delivery of the old notes and you should carefully follow the instructions on how to tender your old notes. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of the old notes. If you do not tender your old notes or if we do not accept your old notes because you did not tender your old notes properly, then, after we consummate the exchange offer, you may continue to hold old notes that are subject to the existing transfer restrictions. In addition, if you tender your old notes for the purpose of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. If you are a broker-dealer that receives exchange notes for your own account in exchange for old notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such exchange notes in accordance with applicable regulations. After the exchange offer is consummated, if you continue to hold any old notes, you may have difficulty selling them because there will be fewer old notes outstanding. In addition, if a large amount of old notes are not tendered or are tendered improperly, the limited amount of exchange notes that would be issued and outstanding after we consummate the exchange offer could lower the market price of such exchange notes.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements regarding our anticipated financial condition, results of operations and business in the future, including expectations, beliefs, projections, future plans and strategies and assumptions concerning future results and events. These forward-looking statements generally may, but do not necessarily, include words such as believes, expects, anticipates, intends, plans, estimates, may, will, predicts, potential, continues or similar expressions. Forward-looking statements are not guarantees. They involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Our future results may differ materially from those expressed in these forward-looking statements. For a more detailed description of some of these risks and uncertainties and other factors you should consider before participating in the

exchange offer, see Risk Factors in this prospectus. These risks and uncertainties include, but are not limited to, the following:

- integrating the businesses of Merge and AMICAS may be more difficult and take longer than expected;
- anticipated synergies, operating improvements and run-rates for the Combined Company may not be achieved or may take longer than planned to achieve;
- we may enter into new markets;
- we may be unable to execute its business strategy;
- general economic and business conditions may change;
- we may not experience any increase in demand for services or the Combined Company s target clients may not experience increased demand for business process outsourcing services;
- we may lose clients as a result of the combination or other factors;
- we may experience delays in obtaining new clients or sales from existing clients;
- we may not be able to hire and retain key personnel;
- we may not generate sufficient working capital to make the principal and interest payments under its indebtedness;
- we may experience lengthy sales cycles and/or pricing pressure;
- we may face intense competition in the marketplace from competitors with greater financial resources;
- we may enter into acquisitions, joint ventures or other strategic investments;
- foreign currency rates in the countries in which the Combined Company operates may change, or we may not be able to hedge the foreign currency risk effectively; and
- we may not be able to obtain necessary financing.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. This exchange offer is intended to satisfy our obligations under the registration rights agreement, dated as of April 28, 2010, by and among us, the guarantors party thereto, and the initial purchaser of the old notes. In return for issuance of the exchange notes, we will receive in exchange old notes in like principal amount. We will retire or cancel all of the old notes tendered in the exchange offer.

On April 28, 2010, we issued and sold the old notes. We used the proceeds from the offering of the old notes, together with approximately $9.8 million of cash on hand and the proceeds from the private placement of approximately $41.8 million of preferred and common equity securities to pay fees and expenses incurred in connection with the Combination and the Transactions. See the section captioned Liquidity and Capital Resources in the Management s Discussion and Analysis of Financial Condition and Results of Operations of Merge incorporated herein by reference from Merge s Form 10-Q for the quarter ended March 31, 2010, filed with the SEC on May 7, 2010.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2010, (i) on an actual basis and (ii) on a pro forma basis to reflect the following transactions as if they had occurred on that date:

Our acquisition of AMICAS for $223.9 million;

The sale of notes in this offering and our receipt of approximately $188.4 million of net proceeds;

The completion of the equity financing and our receipt of approximately $41.8 million of net proceeds; and

The application of the estimated net proceeds from this offering, the estimated net proceeds from the equity financing and cash on hand at AMICAS and Merge to pay the acquisition price of AMICAS.

This information should be read in conjunction with the sections entitled Use of Proceeds, Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, as well as the Management s Discussion and Analysis of Financial Condition and Results of Operations of Merge and AMICAS and the historical consolidated financial statements and related notes thereto of Merge and AMICAS included elsewhere or incorporated by reference into this prospectus. The following pro forma data is based upon a number of assumptions and estimates, is subject to uncertainties and does not purport to be indicative of the actual capitalization that would have resulted had the transactions described above in fact occurred on the date indicated, nor does it purport to be indicative of our future capitalization.

	As of March 31, 2010			
	Merge	AMICAS	Combined	Pro Forma as Adjusted
	(Dollars in thousands) (Unaudited)			
Cash, cash equivalents and marketable securities	$ 15,837	$ 45,914	$ 61,751	$ 31,578
Long-term debt				
Obligations under capital leases, excluding current portion	27	177	204	204
Senior secured notes offered hereby				194,532
Total long-term debt, less current maturities	27	177	204	194,736
Stockholders equity				
Preferred stockholders equity				41,750
Other stockholders equity	65,357	55,417	120,774	56,163
Total stockholders equity	65,357	55,417	120,774	97,913
Total capitalization	$ 65,384	$ 55,594	$ 120,978	$ 292,649

Table of Contents

SELECTED CONSOLIDATED FINANCIAL DATA OF MERGE

The following table sets forth selected historical consolidated financial data of Merge as of the dates and for the periods indicated. The selected historical consolidated financial data as of and for the years ended December 31, 2009, and December 31, 2008, and for the year ended December 31, 2007, have been derived from our audited historical consolidated financial statements included within and incorporated by reference in this prospectus. The selected historical consolidated financial data as of December 31, 2007, and as of and for the years ended December 31, 2006, and December 31, 2005, have been derived from our audited historical consolidated financial statements not included or incorporated by reference into this prospectus. The selected historical consolidated financial data as of and for the three months ended March 31, 2009 and 2010 have been derived from our unaudited consolidated financial statements as of such dates and for such periods which are included within, incorporated by reference into this prospectus or in previous filings; and which, in our opinion, reflect all adjustments, consisting of normal accruals, necessary for a fair presentation of the information as of the dates and for such periods presented. Our results of operations for the three months ended March 31, 2010 may not be indicative of results that may be expected for the full year.

The below selected historical consolidated financial data should be read in conjunction with the Management s Discussion and Analysis of Financial Condition and Results of Operations of Merge as well as our audited consolidated financial statements and related notes thereto, each included elsewhere or incorporated by reference in this prospectus or in previous filings.

	Quarter Ended March 31,		Years Ended December 31,				
	2010	2009	2009(1)	2008	2007	2006	2005(2)
	(Unaudited)		(In thousands, except for share and per share data)				
Statement of Operations Data:							
Net sales	$ 19,970	$ 15,309	$ 66,841	$ 56,735	$ 59,572	$ 74,322	$ 82,538
Operating income (loss)(3)(4)	(3,150)	3,536	8,963	(21,697)	(171,238)	(252,087)	4,377
Income (loss) before income taxes	(3,104)	2,864	150	(23,743)	(171,808)	(249,473)	5,113
Income tax expense (benefit)	48	22	(135)	(60)	(240)	9,450	8,373
Net income (loss)	(3,152)	2,842	285	(23,683)	(171,568)	(258,923)	(3,260)
Earnings (loss) per share:							
Basic	$ (0.04)	$ 0.05	$ 0.00	$ (0.51)	$ (5.06)	$ (7.68)	$ (0.13)
Diluted	(0.04)	0.05	0.00	(0.51)	(5.06)	(7.68)	(0.13)
Weighted average							

shares outstanding:							
Basic	74,801,177	56,304,568	60,910,268	46,717,546	33,913,379	33,701,735	24,696,762
Diluted	74,801,177	57,189,532	62,737,821	46,717,546	33,913,379	33,701,735	24,696,762

	March 31,		**December 31,**				
	2010	**2009**	**2009**	**2008**	**2007**	**2006**	**2005**
	(Unaudited)				**(In thousands)**		
Balance Sheet Data:							
Working capital	$ 11,518	$ 12,866	$ 18,231	$ 8,254	$ 878	$ 27,101	$ 56,964
Total assets	130,084	54,816	100,249	54,737	61,635	234,875	500,045
Long-term debt obligations		14,358		14,230			
Shareholders equity	65,357	12,065	68,137	8,841	24,405	189,925	442,592

(1) Includes the results of etrials and Confirma from July 20, 2009, and September 1, 2009, the respective dates of the business combinations.

(2) Includes the results of Cedara from June 1, 2005, the date of our business combination.

(3) For the year ended December 31, 2005, we incurred a charge for acquired in-process research and development of $13.0 million.

(4) For the years ended December 31, 2007 and 2006, we incurred charges of $122.4 million and $214.1 million, respectively, related to the impairment of goodwill.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges of Merge Healthcare Incorporated for the periods indicated:

	Three Months Ended March		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
Ratio of Earnings to Fixed Charges	**NA**	**4.3**	**1.0**	**NA**	**NA**	**NA**	**14.6**
Dollar amount of deficiency (in thousands)	**$ (3,104)**	**NA**	**NA**	**$ (23,743)**	**$ (171,808)**	**$ (249,473)**	**NA**

For purposes of computing these ratios, earnings consists of pre-tax income from continuing operations, plus fixed charges. Fixed charges consist of interest expense and interest portion of rental expense. The ratio is calculated by dividing earnings by the sum of the fixed charges. The interest portion of rental expense is estimated at 23% of rental expense based on net present value analysis.

For further information on the Ratio of Earnings to Fixed Charges, see Exhibit 12.1, Computation of Ratio of Earnings to Fixed Charges, filed herewith.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On June 4, 2008, we consummated certain transactions contemplated by a Securities Purchase Agreement, dated May 21, 2008, that we had entered into with certain of our subsidiaries and Merrick RIS. In connection with these transactions, we issued (i) a $15.0 million senior secured term note, and (ii) 21,085,715 shares of our Common Stock at a price per share of $0.35 to Merrick RIS. The note bore interest at 13.0% per annum, payable quarterly, and was payable in a single installment on the second anniversary date of the closing of the transaction. On November 18, 2009, we prepaid the note in full, including a prepayment penalty of $2.7 million and $0.4 million in interest.

We also entered into a registration rights agreement with Merrick RIS which requires us, upon Merrick RIS s request, to file and maintain the effectiveness of a registration statement covering the common stock owned by Merrick RIS.

Mr. Hartemayer, one of our directors, owns an immaterial economic interest in Merrick Ventures, LLC, an affiliate of Merrick RIS.

Until their appointments as our officers, Mr. Dearborn, our Chief Executive Officer, served as the managing director of Merrick Ventures, LLC, and Ms. Koenig, President of Merge Fusion, served as the chief executive officer of Merrick Healthcare Solutions, LLC (Merrick Healthcare), a portfolio company of Merrick Ventures, LLC. Mr. Dearborn and Ms. Koenig resigned from all of their positions with Merrick Ventures, LLC and its affiliates (other than us and our subsidiaries) upon joining us.

Merrick RIS beneficially owns, as of June 30, 2010, 36.9% of our outstanding common stock. Michael W. Ferro, Jr., our Chairman of the Board, and trusts for the benefit of Mr. Ferro s family members beneficially own a majority of the

equity interest in Merrick RIS. Mr. Ferro also serves as the chairman and chief executive officer of Merrick RIS. Accordingly, Mr. Ferro indirectly owns or controls all of the shares of common stock owned by Merrick RIS. Due to its stock ownership, Merrick RIS has significant influence over our business, including the election of our directors. In addition, Merrick RIS and Merrick Ventures purchased approximately $10.0 million of the equity securities issued in the equity financing.

Effective as of January 1, 2009, we entered into a consulting agreement with Merrick RIS. Services provided by Merrick Ventures, LLC under the consulting agreement include investor relations, financial analysis and strategic planning. The cost of this consulting agreement in 2009 was $460,000. Effective January 1, 2010, we entered into an amendment to extend the term of the consulting agreement through December 31, 2011, and modified the payment terms from a flat fee arrangement per quarter to a per transaction or success based arrangement. As a result of the completion of the acquisition of AMICAS, we paid a $1.0 million success fee to Merrick RIS in April 2010.

Table of Contents

On March 31, 2009, we entered into a value added reseller agreement with Merrick Healthcare. Under terms of the agreement, Merrick Healthcare purchased software licenses from us for $400,000. Payment of the entire balance was made on the date of the agreement. We recognized $400,000 in revenue in the first quarter of 2009 related to this transaction.

In February 2010, we entered into a VAR agreement with Merrick Healthcare under which we may market, resell or supply certain of their products and services. Under the terms of such agreement, products and services will be purchased on a per unit basis from Merrick Healthcare.

Merrick RIS purchased an aggregate principal amount of $5.0 million of the old notes at the same purchase price per Old Note as the other investors who purchased old notes in the offering of the old notes.

THE EXCHANGE OFFER

Purpose and Effect

Concurrently with the sale of the old notes on April 28, 2010, we and the guarantors entered into a registration rights agreement with the initial purchaser of the old notes, which requires us to file the registration statement under the Securities Act with respect to the exchange notes (the exchange offer registration statement) and, upon the effectiveness of the exchange offer registration statement, offer to the holders of old notes who are able to make certain representations the opportunity to exchange their old notes for a like principal amount of exchange notes. The exchange notes will be issued without a restrictive legend and may generally be reoffered and resold without registration under the Securities Act.

Pursuant to the registration rights agreement, we and the guarantors agreed, at our cost, for the benefit of the holders of the notes, to:

- not later than 90 days after the date of original issuance of the notes, file the exchange offer registration statement with the SEC with respect to a registered offer to exchange the notes for new notes of Merge evidencing the same continuing indebtedness under, and having terms substantially identical in all material respects to, the old notes (except that the exchange notes will not contain terms with respect to transfer restrictions); and

- use our commercially reasonable efforts to cause the exchange offer registration statement to be declared effective under the Securities Act not later than 180 days after the date of original issuance of the notes.

Upon the effectiveness of the exchange offer registration statement, we will promptly offer the exchange notes in exchange for surrender of the notes. We will keep the registered exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date notice of the registered exchange offer is mailed to the holders of the notes. For each note surrendered to us pursuant to the registered exchange offer, the holder of such note will receive an exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the note surrendered in exchange thereof or, if no interest has been paid on such note, from the date of its original issue.

Under existing SEC interpretations, the exchange notes would be freely transferable by holders of the notes other than our affiliates after the registered exchange offer without further registration under the Securities Act if the holder of the exchange notes represents that it is acquiring the exchange notes in the ordinary course of its business, that it has no arrangement or understanding with any person to participate in the distribution of the exchange notes and that it is not an affiliate of us, as such terms are interpreted by the SEC; provided that broker-dealers (participating

broker-dealers) receiving exchange notes in the registered exchange offer will have a prospectus delivery requirement with respect to resales of such exchange notes. The SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to exchange notes (other than a resale of an unsold allotment from the original sale of the notes) with the prospectus contained in the exchange offer registration statement. Under the registration

rights agreement, we will be required to allow participating broker-dealers and other persons, if any, with similar prospectus delivery requirements to use the prospectus contained in the exchange offer registration statement in connection with the resale of such exchange notes.

A holder of notes (other than certain specified holders) who wishes to exchange such notes for exchange notes in the registered exchange offer will be required to represent that any exchange notes to be received by it will be acquired in the ordinary course of its business and that at the time of the commencement of the registered exchange offer it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes and that it is not an affiliate, as defined in Rule 405 of the Securities Act, of us or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

In the event that

(i) any change of law or applicable interpretations thereof by the staff of the SEC do not permit us to effect such a registered exchange offer,

(ii) for any other reason the registered exchange offer is not consummated within 210 days after the date of the original issuance of the notes,

(iii) the initial purchaser so requests with respect to notes not eligible to be exchanged for exchange notes in the registered exchange offer,

(iv) any holder of notes (other than the initial purchaser) is not eligible to participate in the registered exchange offer, or

(v) in the case of the initial purchaser participates in the registered exchange offer or otherwise acquires new securities under the registration rights agreement and, the initial purchaser does not receive freely tradable new securities (it being understood that (x) the requirement that the initial purchaser deliver the prospectus contained in the exchange offer registration statement containing the information required by Item 507 or 508 of Regulation S-K under the Act in connection with sales of exchange notes shall not result in such new securities being not freely tradable and (y) the requirement that a participating broker-dealer deliver the prospectus contained in the exchange offer registration statement in connection with sales of exchange notes shall not result in such exchange notes being not freely tradable),

we and the guarantors will, at our cost,

(a) as promptly as practicable (but in no event more than 60 days after so required or requested in accordance with the above), file a registration statement (the shelf registration statement) covering resales of the notes or the exchange notes, as the case may be,

(b) use our commercially reasonable efforts to cause the shelf registration statement to be declared effective under the Securities Act within 120 days after so required or requested and

(c) use our commercially reasonable efforts to keep the shelf registration statement effective until two years after its effective date.

We will, in the event a shelf registration statement is filed, among other things, provide to each holder for whom such shelf registration statement was filed copies of the shelf registration statement and prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement has become effective and

take certain other actions as are required to permit unrestricted resales of the notes or the exchange notes, as the case may be. A holder selling such notes or exchange notes pursuant to the shelf registration statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement which are applicable to such holder (including certain indemnification obligations).

If

(a) either the exchange offer registration statement or the shelf registration statement has not been filed with the SEC as required by the registration rights agreement,

(b) either the exchange offer registration statement or the shelf registration statement has not been declared effective as required by the registration rights agreement, or

(c) after either the exchange offer registration statement or the shelf registration statement has been declared effective, such registration statement thereafter ceases to be effective or usable (subject to certain exceptions) in connection with resales of notes or exchange notes in accordance with and during the periods specified in the registration rights agreement, (each such event referred to in clauses (a) through (c), a registration default), we shall pay liquidated damages (registration default damages) to the holders of the notes and the exchange notes. Registration default damages shall accrue at a rate of 0.25% per annum for the first 60 days from and including the date of a registration default and at a rate of 0.50% thereafter.

The summary herein of certain provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available upon request to us.

Resale of Exchange Notes

Based on interpretations by the SEC set forth in no-action letters issued to third parties, we believe that you may resell or otherwise transfer exchange notes issued in the exchange offers without complying with the registration and prospectus delivery provisions of the Securities Act, if: you are not an affiliate of Merge Healthcare Incorporated or any guarantor within the meaning of Rule 405 under the Securities Act; you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes in violation of the provisions of the Securities Act; you are not engaged in, and do not intend to engage in, a distribution of the exchange notes; and you are acquiring the exchange notes in the ordinary course of your business.

If you are our affiliate or an affiliate of any guarantor, or are engaging in, or intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, or are not acquiring the exchange notes in the ordinary course of your business: you cannot rely on the position of the SEC set forth in Morgan Stanley & Co. Incorporated (available June 5, 1991) and Exxon Capital Holdings Corp. (available May 13, 1988), as interpreted in the SEC s letter to Shearman & Sterling, publicly available July 2, 1993, or similar no-action letters; and in the absence of an exception from the position stated immediately above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.

This prospectus may be used for an offer to resell, resale or other transfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the old notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Please read Plan of Distribution for more details regarding the transfer of exchange notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus, we will accept any and all old notes validly tendered and not validly withdrawn prior to 5:00 p.m., Eastern time, on , 2010, or such date and time to which we extend the offer. Notes may be tendered only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange notes will evidence the same debt as the old notes and will be issued under the terms of, and be entitled to the benefits of, the indenture relating to the old notes.

As of the date of this prospectus, $200.0 million in aggregate principal amount of notes were outstanding, and there was one registered holder, a nominee of the Depository Trust Company, or DTC. This prospectus is being sent to that registered holder and to others believed to have beneficial interests in the old notes. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC promulgated under the Exchange Act.

We will be deemed to have accepted for exchange validly tendered old notes when, as and if we have given oral or written notice of the acceptance to The Bank of New York Mellon Trust Company, N.A., the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us and delivering the exchange notes to holders. If any tendered old notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth under the heading Conditions to the Exchange Offer or otherwise, such unaccepted old notes will be returned, without expense, to the tendering holder of those old notes promptly after the expiration date unless the exchange offer is extended.

Holders who tender old notes in the exchange offer will not be required to pay brokerage commissions or fees or transfer taxes with respect to the exchange of old notes in the exchange offer. We will pay all charges and expenses applicable to the exchange offer, other than certain applicable taxes, underwriting discounts, if any, and commissions and transfer taxes, if any, which shall be borne by the holder. See Fees and Expenses.

Expiration Date; Extensions; Amendments

The expiration date for the exchange offer shall be 5:00 p.m., Eastern time, on , 2010, unless we, in our sole discretion, extend the exchange offer, in which case the expiration date shall be the latest date and time to which the exchange offer is extended. In order to extend the exchange offer, we will notify the exchange agent of any extension by oral or written notice, followed by notification by press release or other public announcement to the registered holders of the outstanding notes no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled expiration date. We reserve the right, in our sole discretion: to delay accepting for exchange any old notes (if we amend or extend the exchange offer), to extend the exchange offer or, if any of the conditions set forth under Conditions to the Exchange Offer shall not have been satisfied, to terminate the exchange offer, by giving oral or written notice of that delay, extension or termination to the exchange agent, or to amend the terms of the exchange offer in any manner.

In the event that we make a fundamental change to the terms of the exchange offer, we will file a post-effective amendment to the registration statement of which this prospectus is a part.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any old notes and may terminate or amend the exchange offer if at any time before the acceptance of those old notes for exchange or the exchange of the exchange notes for those old notes, we determine that the exchange offer violates applicable law or any applicable interpretation of the staff of the SEC.

In addition we will not be obligated to accept for exchange the old notes of any holder that has not made to us: the representations described under Purpose and Effect ; or any other representations as may be reasonably necessary under applicable SEC rules, regulations, or interpretations to make available to us an appropriate form of registration of the exchange notes under the Securities Act.

We expressly reserve the right at any time or at various times to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any old notes by giving oral or written notice of such extension to their holders. We will return any old notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

Table of Contents

We expressly reserve the right to amend or terminate the exchange offer and to reject for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We will give notice by press release or other public announcement of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled expiration date.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of those rights and each of those rights shall be deemed an ongoing right which may be asserted at any time and from time to time.

In addition, we will not accept for exchange any old notes tendered, and no exchange notes will be issued in exchange for those old notes, if at such time any stop order shall be in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939. In any of those events we are required to use every commercially reasonable effort to obtain the withdrawal of any stop order at the earliest practicable date.

Procedures for Tendering

To tender your old notes in the exchange offer, you must comply with either of the following: complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, have the signature(s) on the letter of transmittal guaranteed if required by the letter of transmittal and mail or deliver such letter of transmittal or facsimile thereof to the exchange agent at the address set forth below under Exchange Agent prior to the expiration date; or comply with DTC s Automated Tender Offer Program, or ATOP, procedures described below.

In addition, either: the exchange agent must receive certificates for old notes along with the letter of transmittal prior to the expiration date; the exchange agent must receive a timely confirmation of book-entry transfer of old notes into the exchange agent s account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent s message prior to the expiration date; or you must comply with the guaranteed delivery procedures described below.

Your tender, if not withdrawn prior to the expiration date, constitutes an agreement between us and you upon the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

The method of delivery of old notes, letter of transmittal, and all other required documents to the exchange agent is at your election and risk. We recommend that instead of delivery by mail, you use an overnight or hand delivery service, properly insured. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent before the expiration date. You should not send letters of transmittal or certificates representing old notes to us. You may request that your broker, dealer, commercial bank, trust company or nominee effect the above transactions for you.

If you are a beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company, or other nominee and you wish to tender your old notes, you should promptly contact the registered holder and instruct the registered holder to tender on your behalf. If you wish to tender the old notes yourself, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either: make appropriate arrangements to register ownership of the old notes in your name; or obtain a properly completed bond power from the registered holder of old notes.

The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.

Signatures on the letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc., a commercial bank or trust company having an office or correspondent in the United States or

another eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act unless the old notes surrendered for exchange are tendered: by a registered holder of the old notes who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or for the account of an eligible guarantor institution.

If the letter of transmittal is signed by a person other than the registered holder of any old notes listed on the old notes, such old notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the old notes and an eligible guarantor institution must guarantee the signature on the bond power.

If the letter of transmittal or any certificates representing old notes, or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should also indicate when signing and, unless waived by us, they should also submit evidence satisfactory to us of their authority to so act.

If you are a participant that has old notes which are credited to your DTC account by book-entry and which are held of record by DTC, you may tender your old notes by book-entry transfer as if you were the record holder. Because of this, reference herein to registered or record holders include DTC participants with old notes credited to their accounts. If you are not a DTC participant, you may tender your old notes by book-entry transfer by contacting your broker, dealer or other nominee or by opening an account with a DTC participant.

Participants in DTC s ATOP program must electronically transmit their acceptance of the exchange by causing DTC to transfer the old notes to the exchange agent in accordance with DTC s ATOP procedures for transfer. DTC will then send an agent s message to the exchange agent. The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that:

> DTC has received an express acknowledgment from a participant in its ATOP that is tendering old notes that are the subject of the book-entry confirmation; the participant has received and agrees to be bound by the terms and subject to the conditions set forth in this prospectus; and we may enforce the agreement against such participant.

Your tender, if not withdrawn before the expiration date, will constitute an agreement between you and us in accordance with the terms and subject to the conditions described in this prospectus.

We reserve the right in our sole discretion to purchase or make offers for any old notes that remain outstanding after the expiration date or, as set forth under Conditions to the Exchange Offer, to terminate the exchange offer and, to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions, or otherwise. The terms of any such purchases or offers could differ from the terms of the exchange offer.

Subject to and effective upon the acceptance for exchange and exchange of exchange notes, a tendering holder of old notes will be deemed to: have agreed to irrevocably sell, assign, transfer and exchange, to us all right, title and interest in, to and under all of the old notes tendered thereby; have represented and warranted that when such old notes are accepted for exchange by us, we will acquire good and marketable title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims; and have irrevocably appointed the exchange agent the true and lawful agent and attorney-in-fact of the holder with respect to any tendered old notes, with full power of substitution to (1) deliver certificates representing such old notes, or transfer ownership of such old notes on the account books maintained by DTC (together, in any such case, with all accompanying evidences of transfer and authenticity), to us, (2) present and deliver such old notes for transfer on our books and (3) receive all benefits and otherwise exercise all rights and incidents of beneficial ownership with respect to such old notes, all in accordance

with the terms of the exchange offer.

Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where those old notes were acquired by such broker-dealer as a result of market-making activities or other trading

Table of Contents

activities, must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. See Plan of Distribution.

Acceptance of Exchange Notes

In all cases, we will promptly issue exchange notes for old notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives: old notes or a timely book-entry confirmation of such old notes into the exchange agent s account at the book-entry transfer facility; and a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

> By tendering old notes pursuant to the exchange offer, you will represent to us that, among other things: you are not our affiliate or an affiliate of any guarantor within the meaning of Rule 405 under the Securities Act; you are acquiring the exchange notes in the ordinary course of your business; you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes; you are not engaging in or intend to engage in a distribution of the exchange notes; and if you are a broker that will receive exchange notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, that you will comply with the applicable provisions of the Securities Act (including, but not limited to, the prospectus delivery requirements thereunder).

The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. See Plan of Distribution.

We will interpret the terms and conditions of the exchange offer, including the letter of transmittal and the instructions to the letter of transmittal, and will resolve all questions as to the validity, form, eligibility, including time of receipt, and acceptance of old notes tendered for exchange. Our determinations in this regard will be final and binding on all parties. We reserve the absolute right to reject any and all tenders of any particular old notes not properly tendered or to not accept any particular old notes if the acceptance might, in its or its counsel s judgment, be unlawful. We also reserve the absolute right to waive any defects or irregularities as to any particular old notes prior to the expiration date.

Unless waived, any defects or irregularities in connection with tenders of old notes for exchange must be cured within such reasonable period of time as we determine. Neither we, the exchange agent, nor any other person will be under any duty to give notification of any defect or irregularity with respect to any tender of old notes for exchange, nor will any of them incur any liability for any failure to give notification. Any old notes received by the exchange agent that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the exchange agent to the tendering holder, unless otherwise provided in the letter of transmittal, promptly after the expiration date.

Return of Notes

If we do not accept any tendered old notes for any reason described in the terms and conditions of the exchange offer or if you withdraw or submit old notes for a greater principal amount than you desire to exchange, we will return the unaccepted, withdrawn or non-exchanged notes without expense to you as promptly as practicable.

Book-Entry Transfer

Promptly after the date of this prospectus, the exchange agent will establish an account with respect to the old notes at DTC, as the book-entry transfer facility, for purposes of the exchange offer. Any financial institution that is a participant in the book-entry transfer facility s system may make book-entry delivery of the old notes by causing the

book-entry transfer facility to transfer those old notes into the exchange agent s account at the facility in accordance with the facility s procedures for such transfer. To be timely, book-entry delivery of old notes requires receipt of a confirmation of a book-entry transfer, a book-entry confirmation,

prior to the expiration date. In addition, although delivery of old notes may be effected through book-entry transfer into the exchange agent s account at the book-entry transfer facility, the letter of transmittal or a manually signed facsimile thereof, together with any required signature guarantees and any other required documents, or an agent s message in connection with a book-entry transfer, must, in any case, be delivered or transmitted to and received by the exchange agent at its address set forth on the cover page of the letter of transmittal prior to the expiration date to receive exchange notes for tendered old notes, or the guaranteed delivery procedure described below must be complied with. Tender will not be deemed made until such documents are received by the exchange agent. Delivery of documents to the book-entry transfer facility does not constitute delivery to the exchange agent.

Holders of old notes who are unable to deliver confirmation of the book-entry tender of their old notes into the exchange agent s account at the book-entry transfer facility or all other documents required by the letter of transmittal to the exchange agent on or prior to the expiration date must tender their old notes according to the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

If you wish to tender your old notes but your old notes are not immediately available or you cannot deliver your old notes, the letter of transmittal or any other required documents to the exchange agent or comply with DTC s ATOP procedures in the case of old notes, prior to the expiration date, you may still tender if: the tender is made through an eligible guarantor institution; prior to the expiration date, the exchange agent receives from such eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery, that (1) sets forth your name and address, the certificate number(s) of such old notes and the principal amount of old notes tendered; (2) states that the tender is being made thereby; and (3) guarantees that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal, or facsimile thereof, together with the old notes or a book-entry confirmation, and any other documents required by the letter of transmittal, will be deposited by the eligible guarantor institution with the exchange agent; and the exchange agent receives the properly completed and executed letter of transmittal or facsimile thereof, as well as certificate(s) representing all tendered old notes in proper form for transfer or a book-entry confirmation of transfer of the old notes into the exchange agent s account at DTC all other documents required by the letter of transmittal within three New York Stock Exchange trading days after the expiration date.

Upon request, the exchange agent will send to you a notice of guaranteed delivery if you wish to tender your old notes according to the guaranteed delivery procedures.

Withdrawal Rights

Except as otherwise provided in this prospectus, you may withdraw your tender of old notes at any time prior to 5:00 p.m., Eastern time, on the expiration date.

For a withdrawal to be effective: the exchange agent must receive a written notice, which may be by facsimile or letter, of withdrawal at its address set forth below under Exchange Agent ; or you must comply with the DTC s ATOP procedures.

Any notice of withdrawal must: specify the name of the person who tendered the old notes to be withdrawn; identify the old notes to be withdrawn, including the certificate numbers and principal amount of the old notes; and signed by the holder in the same manner as the original signature on the letter of transmittal by which such old notes are tendered (including any required signature guarantees).

If old notes have been tendered pursuant to the procedures for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn old notes and otherwise comply with the procedures of the facility. We will determine all questions as to the validity, form and eligibility, including time of receipt of notices of withdrawal and our determination will be final and binding on all parties. Any old notes so withdrawn will be

Table of Contents

deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder, without cost to the holder, or, in the case of book-entry transfer, the old notes will be credited to an account at the book-entry transfer facility, promptly after withdrawal, rejection of tender or termination of the applicable exchange offer. Properly withdrawn old notes may be retendered by following the procedures described under Procedures for Tendering above at any time on or prior to the expiration date.

Exchange Agent

The Bank of New York Mellon Trust Company, N.A. has been appointed as exchange agent for the exchange offer. Questions, requests for assistance and requests for additional copies of this prospectus or should be directed to the exchange agent addressed as follows:

By Registered & Certified Mail:

THE BANK OF NEW YORK MELLON
Corporate Trust Operations
Reorganization Unit
101 Barclay Street 7 East
New York, NY 10286
Attention: Carolle Montreuil

By Regular Mail or Overnight Courier:

THE BANK OF NEW YORK MELLON
Corporate Trust Operations
Reorganization Unit
101 Barclay Street 7 East
New York, NY 10286
Attention: Carolle Montreuil

In Person by Hand Only:

THE BANK OF NEW YORK MELLON
Corporate Trust Operations
Reorganization Unit
101 Barclay Street 7 East
New York, NY 10286
Attention: Carolle Montreuil

By Facsimile (for Eligible Institutions only):
(212) 298-1915

For Information or Confirmation by Telephone:
(212) 815-5920

Fees And Expenses

We will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. The principal solicitation is being made by mail; however, additional solicitations may be made in person or by telephone by our officers and employees. The estimated cash expenses to be incurred in connection with the exchange offer will be paid by us and will include fees and expenses of the exchange agent, accounting, legal, printing and related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the transfer and exchange of old notes to us in the exchange offer. If transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the

registered holder or any other persons, will be payable by the tendering holder.

DESCRIPTION OF THE EXCHANGE NOTES

Merge Healthcare Incorporated (the Company), issued the old notes under an Indenture, dated as of April 28, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the Trustee). The terms of the old notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, which is referred to in this prospectus as the Trust Indenture Act, or TIA.

The following is a summary of the material provisions of the Indenture but does not restate the Indenture in its entirety. You can find the definitions of certain capitalized terms used in the following summary under the subheading Definitions. The definitions used in this Description of the Exchange Notes may differ from definitions used elsewhere in this prospectus. We urge you to read the Indenture because it, and not this description, defines your rights as holders of notes. A copy of the proposed form of Indenture is available upon request from the Company. For purposes of this Description of the Exchange Notes, the term Company means Merge Healthcare Incorporated, a Delaware corporation, and its successors under the Indenture, in each case excluding its subsidiaries.

General

The notes are secured, senior Indebtedness of the Company, initially limited to $200 million aggregate principal amount. The notes mature on May 1, 2015. The notes are issuable only in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. Subject to the covenants described below under Covenants and applicable law, the Company may issue additional notes (Additional Notes) under the Indenture. The old notes and the exchange notes and any Additional Notes would be treated as a single class for all purposes under the Indenture.

Each note initially bears interest at the rate per annum shown on the cover page of this prospectus from April 28, 2010 or from the most recent interest payment date to which interest has been paid. Interest on the notes will be payable semiannually on May 1 and November 1, commencing on November 1, 2010. Interest will be paid to Holders of record at the close of business on the April 15 and October 15 immediately preceding the Interest Payment Date. Interest is computed on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and interest and Additional Interest, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the notes.

The notes were offered and sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Notes were also offered and sold in reliance on Regulation S. Rule 144A notes initially will be represented by one or more notes in registered global form without interest coupons. The Rule 144A global note will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company, also referred to as DTC, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant as described below. Regulation S notes initially will be represented by one or more notes in registered, global form without interest coupons. The Regulation S global note will be deposited upon issuance with the Trustee as custodian for DTC, and registered in the name of a nominee of DTC, in each case for credit to the accounts of Euroclear System and Clearstream Banking, S.A. of Luxembourg. See Book-Entry; Delivery and Form. No service charge will be made for any registration of transfer or exchange of notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Ranking

The notes will:

- be general senior obligations of the Company;
- be secured on a first-priority lien basis by the Collateral, subject to certain Permitted Liens;
- rank equal in right of payment with all existing and future senior Indebtedness of the Company;
- rank senior in right of payment to all existing and future subordinated Indebtedness of the Company;
- be structurally subordinated to all existing and future Indebtedness and other liabilities of the Company s subsidiaries that are not Guarantors; and

be guaranteed on a senior secured basis by each Guarantor.

Each Note Guarantee (as defined below) will be:

a general senior obligation of each Guarantor;

secured on a first-priority lien basis by the Collateral, subject to certain Permitted Liens;

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senior in right of payment to all future obligations of such Guarantor that are, by their terms, expressly subordinated in right of payment to such Note Guarantee; and

pari passu in right of payment with all existing and future unsecured obligations of such Guarantor that are not so subordinated.

The notes will be effectively subordinated to all existing and future obligations, including Indebtedness, of any Subsidiaries of the Company that do not guarantee the notes, including any Unrestricted Subsidiaries. Claims of creditors of these Subsidiaries, including trade creditors, will generally have priority as to the assets of these Subsidiaries over the claims of the Company and the holders of the Company s Indebtedness, including the notes.

As of December 31, 2009, after giving effect to the Transactions, the Company would have had $200.0 million aggregate principal amount of senior Indebtedness outstanding, including $200.0 million aggregate principal amount of outstanding senior secured Indebtedness.

As of the date of the Indenture, all of our Subsidiaries will be Restricted Subsidiaries. However, subject to compliance with the requirements noted in the definition of Unrestricted Subsidiary, we will be permitted to designate Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

Note Guarantees

The Company s obligations under the notes and the Indenture will be jointly and severally guaranteed (the Note Guarantees) by each of the Company s current and future Domestic Restricted Subsidiaries.

Not all of the Company s Subsidiaries will guarantee the notes. Unrestricted Subsidiaries and Foreign Restricted Subsidiaries will not be Guarantors. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, these non-Guarantor Subsidiaries will pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to the holders of the notes. For the year ended December 31, 2009, the Company s non-Guarantor Subsidiaries represented approximately 46% of its revenues and all of its net income. In addition, as of December 31, 2009, the Company s non-Guarantor Subsidiaries held approximately 15% of its consolidated assets and had approximately $9.6 million of liabilities (including trade payables), to which the notes and Note Guarantees would have been structurally subordinated.

The obligations of each Guarantor under its Note Guarantee will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect o