



## July 2010 UPDATE

### Conmed Healthcare Management (NYSE Amex: CONM)

**Industry:** Healthcare Services  
**Segment:** Specialty Healthcare Services

**Corporate Headquarters:**  
7250 Parkway Drive  
Suite 400  
Hanover, MD 21076

**Contact:**  
Thomas W. Fry, CFO  
Phone: 410-567-5520

**Investor Relations:**  
Peter Seltzberg  
Hayden IR  
Phone: 646-415-8972  
peter@haydenir.com

### Select Financial Data (As of July 12, 2010)

|                                   |               |
|-----------------------------------|---------------|
| Fiscal Year End                   | December 31   |
| Current Price<br>(as of 7/12/10)  | \$3.35        |
| 52 Week Range (as<br>of 7/12/10)  | \$1.65-\$4.40 |
| Shares Outstanding<br>(diluted)   | 14.2 mil      |
| Market Cap<br>(5/14/10)           | \$47.6 mil    |
| Shareholders' Equity<br>(3/31/10) | \$15.9 mil    |
| Long-term Debt<br>(3/31/10)       | \$0.0 mil     |
| Cash (3/31/10)                    | \$11.7 mil    |

### Latest Announcements

- Contract with City of Roanoke, Virginia, a new customer, valued at \$9.1 million over 5-year term, effective July 1, 2010.
- Contract with Pima County, Arizona to provide services at their Juvenile Detention Center; projected revenues of approximately \$2.8 million. Agreement has a provision for two additional one-year extension periods available at the county's option.
- Agreement with Clark County, Washington, a new customer, to provide medical services for individuals detained at three county facilities. The contract is projected to generate approximately \$16.0 million throughout the full six-year term.
- Signed an agreement with Garrett County, Maryland, for an initial period of 2.5 years, with two one-year extension options; expected to generate revenues of approximately \$1.0 million over the full 4.5 year term.
- Renews contract with Sedgwick County (KS) Adult Detention facility, Conmed's third largest account to date, effective 1/1/10; five-year contract valued at approximately \$22.5 million during the term of the contract.

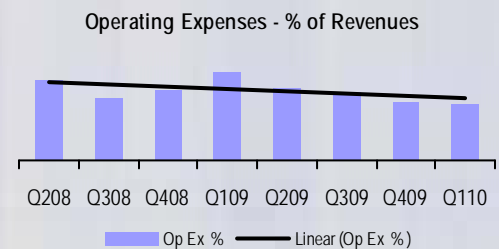
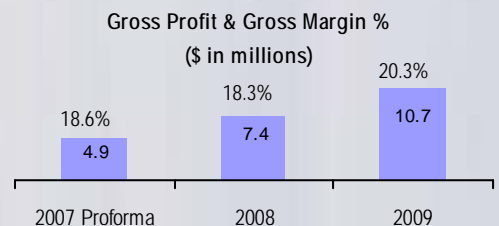
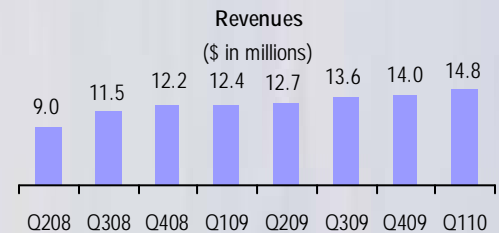
Conmed has provided correctional healthcare services since 1984 and currently services county detention centers and facilities in seven states, throughout Maryland, Kansas, Virginia, Washington, Oregon, Arizona, and most recently, Oklahoma. Conmed's full service offering has expanded from staffing and acute care to include mental health, pharmacy and out-of-facility healthcare. The Company's plan is to continue to grow in selected geographical markets by providing high quality, cost-effective and fully-compliant healthcare services.

A primary catalyst for Conmed's growth is the constitutional obligation that counties provide healthcare to inmates held within their detention facilities. Overall healthcare spending in the U.S. is approximately \$10.31 per inmate per day on an annualized basis, which represents an addressable market opportunity of about \$2.7 billion annually. To date, no Conmed-contracted facility has ever failed to pass a state- or national-level audit, which is a significant differentiator of Conmed's business proposition. Conmed today is serving each county with which it has contracted in its 26-year history and continues to win business based on its outstanding track record of meeting or exceeding the standard of care as required by its customers.

Conmed's services-based business model positions the company well for growth. With no "bricks and mortar" or R&D component, annual investment expenditures are minimal. Its contracts are multi-year in nature and contain renewal option terms and certain escalation clauses. Conmed has no exposure to Medicare or commercial insurance reimbursements. Conmed has grown net revenue from \$11.7 million in 2005 to \$40.6 million in 2008 and to \$52.8 million in 2009.

### Investment Highlights

- For the quarter ended Mar. 31, 2010 revenues increased 18.8% to \$14.8 million from \$12.4 million in the year-ago period. Gross profit increased 8.9% to \$2.9 million, or 19.7% gross margin, from \$2.7 million, or 21.5% gross margin, in the year-ago period.
- Recorded operating income of approximately \$580,000, up from \$215,000 in the year-ago period.
- The Company generated \$848,000 in operating cash flow in the quarter ended Mar. 31, 2010.
- As of 3/31/2010, the Company had \$185 million in signed contracts with an average duration of 4.1 years, of which approximately \$65 million relates to the initial contract period and approximately \$120 million relates to option renewal periods.



### Business Strategy

- Specialize only in county detention centers
- Expand geographic footprint through acquisitive and organic market expansion
- Provide measurable, auditable quality
- Provide broad range of turnkey services
- Alleviate cost-burdens among cash-strapped municipalities
- Leverage Maryland market share (80%) and client relationships into other market opportunities

| Consolidated<br>Un-Audited Financials | Three Months Ended<br>Mar. 31, 2010 | Three Months Ended<br>Mar. 31, 2009 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| <b>Service Contract Revenue</b>       | \$14,751,971                        | \$12,419,241                        |
| <b>Total Healthcare Expenses</b>      | \$11,849,755                        | \$9,753,992                         |
| <b>Gross Profit</b>                   | \$2,902,216                         | \$2,665,249                         |
| <b>Total Operating Expenses</b>       | \$2,322,660                         | \$2,450,438                         |
| <b>Operating Income (Loss)</b>        | \$579,556                           | \$214,901                           |
| <b>Net Income (Loss)</b>              | \$283,641                           | \$118,190                           |

### Competitive Advantages

- CONMED name brand and history of operations since 1984
- Consistency - still active with every account
- Quality - every audit successful for 21 years
- Focused market strategy - counties only
- Value-based, competitive pricing, predictable margins
- 100% referenceable customer list

### Full Range of Services

- Medical Staffing
- Pharmacy Services – independently owned
- Occupational medicine services to law enforcement agencies (OHSA training, pre-employment, drug testing, physicals)
- In-facility services (radiology, laboratory, dental)
- Mental health services
- Third-party administration (TPA)
- Out-of-facility services (specialty physician, ER, hospitalization)
- Medical supplies targeting corrections (radiology & laboratory)

### Senior Management Team

#### Richard W. Turner, PhD - Chairman of the Board & CEO

Prior to joining PACE (predecessor company to Conmed) in May 2006, served as President and CEO of Eyetel Imaging since January 2004. Previously served as President and CEO of BEI Medical. Served as President of the Healthcare Group for Cooper Companies, and held executive leadership positions in the medical industry for approximately 25 years.

#### Howard M. Haft, MD - Founder, Exec. VP, Chief Medical Officer

Served as Director and Chief Medical Officer since 1984. President of the Maryland Healthcare associates and Georgetown Affiliate Multispecialty Group Practice. Service on Board of Directors of Apollo Medical Corporation. Medical Degree from Penn State, Univ., Residency in Internal Medicine from Brown University, Masters in Medical Management from Tulane University.

#### Thomas W. Fry - Chief Financial Officer

More than 25 years experience in senior-level financial management holding positions for 16 years with healthcare companies. Prior to joining PACE in September, 2006, served as CFO of BEI Medical Systems, Inc. and Cavitron Inc. Received MBA from Pace University.

#### Larry Doll - Vice President Strategic Development

Over 25 years experience in executive marketing and sales positions in healthcare industry. Spent a large part of this time with BEI Medical Systems, and managed through the sale of company to Boston Scientific. Prior to that, Mr. Doll held various management, marketing and sales positions with Pentax Precision Instrument Corp., Karl Storz Endoscopy Inc., and C.R. Bard.

#### Stephen B. Goldberg, M.D. - President, Correctional Mental Healthcare Services (CMHS)

Dr. Goldberg founded CMHS in 2002. He is a Board Certified Psychiatrist and Forensic Psychiatrist with over 20 years institutional, judiciary, academic, and corporate experience. He earned his M.D. from the University of Colorado School of Medicine, 1993, with Residency and Fellowship in Psychiatry at the University of Maryland School of Medicine.

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