

MERGE HEALTHCARE INC

Form 4

August 20, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
STEARNS NEELE E

(Last) (First) (Middle)

6737 WEST WASHINGTON
STREET, SUITE 2250

(Street)

MILWAUKEE, WI 53214

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
MERGE HEALTHCARE INC
[MRGE]

3. Date of Earliest Transaction
(Month/Day/Year)
08/19/2008

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)
Common Stock			Code	V Amount (D) Price	221,610	I	Partnership (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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information contained in this form are not
required to respond unless the form
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SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securities (Instr. 3 and 4)
				Code V (A) (D)		Date Exercisable Expiration Date	Title Amount Number Shares
Stock Options	\$ 1.47	08/19/2008		A	300,000	08/19/2008 ⁽²⁾ 08/18/2018	Common Stock 300,0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEARNS NEELE E 6737 WEST WASHINGTON STREET SUITE 2250 MILWAUKEE, WI 53214			X	

Signatures

Julie Ann B. Schumitsch, by Power of Attorney for Neele E. Stearns, Jr. 08/20/2008

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares of Common Stock held by S I P of Illinois Limited Partnership, of which Mr. Stearns is a partner, the beneficial ownership of which Mr. Stearns disclaims.
- (2) Nonqualified stock options to purchase shares of Common Stock vesting in sixteen (16) equal quarterly increments of 18,750, with the first increment vesting on August 19, 2008 and then subsequent increments vesting on November 30, February 28, May 31 and August 31 thereafter.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.