

MERGE HEALTHCARE INC  
 Form 4  
 October 15, 2015

**FORM 4**

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

OMB APPROVAL

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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

(Print or Type Responses)

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

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

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
**350 NORTH ORLEANS STREET,, FIRST FLOOR**  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**10/13/2015**

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

**CHICAGO, IL 60654**

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

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

(City) (State) (Zip)

**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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	10/13/2015		D		53,811	D	\$ 7.13 (1)
Common Stock	10/13/2015		D		221,610	D	\$ 7.13 (1)
Restricted Common Stock	10/13/2015		D		23,585	D	\$ 7.13 (3)
Restricted Common Stock	10/13/2015		D		3,588	D	\$ 0

Common Stock 7.13  
(4)

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

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

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		6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
					Acquired (A)	Disposed of (D) (Instr. 3, 4, and 5)		Title	Amount or Number of Shares
Stock Options	\$ 1.47	10/13/2015		D	V	(A) 300,000	(5) 08/18/2018	Common Stock	300,000
Stock Options	\$ 6.33	10/13/2015		D		(D) 300,000	(6) 02/28/2018	Common Stock	300,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEARNS NEELE E 350 NORTH ORLEANS STREET, FIRST FLOOR CHICAGO, IL 60654		X		

## Signatures

/s/ Julie Ann B. Schumitsch, by Power of Attorney for Neele E. Stearns, Jr. 10/15/2015

\_\_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) Disposed of pursuant to the Agreement and Plan of Merger dated as of August 6, 2015, by and among International Business Machines Corporation, Datong Acquisition Corp. and Issuer, Merge Healthcare Incorporated (the "Merger"), in which the Issuer's holders of common stock, as of the effective time of the Merger, October 13, 2015, were entitled to receive \$7.13 per share of common stock (the "Merger Consideration").

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- (2) Shares of Common Stock held by S I P of Illinois Limited Partnership, of which Mr. Stearns is a partner.

This Restricted Stock Award ("RSA") granted pursuant to the 2005 Equity Incentive Plan (a Rule 16b-3 shareholder approved employee benefit plan) of Issuer, provided for the restrictions on such shares to lapse with such shares becoming immediately and fully vested on June 17, 2016, subject to additional terms and conditions as set forth in the Reporting Person's RSA agreement. Pursuant to the Merger, the shares outstanding under the RSA were cancelled in exchange for the Merger Consideration.

- (3)

This Restricted Stock Award ("RSA") granted pursuant to the 2005 Equity Incentive Plan (a Rule 16b-3 shareholder approved employee benefit plan) of Issuer, provided for the restrictions on such shares to lapse with such shares becoming immediately and fully vested to the extent of one fourth of such shares on each of September 17, 2015, December 17, 2015, March 17, 2016 and June 17, 2016, as set forth in the Reporting Person's RSA agreement. Pursuant to the Merger, the remaining shares outstanding under the RSA were cancelled in exchange for a cash payment equal to the Merger Consideration.

- (4)

This Nonqualified Stock Option granted on August 19, 2008, which vested in sixteen (16) equal quarterly increments to purchase 18,750 shares of Common Stock, 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, was cancelled at the effective time of the Merger in exchange for a cash payment of \$1,698,000, representing the difference between the exercise price of the option and the Merger Consideration.

- (5)

This Nonqualified Stock Option granted on March 1, 2012, which vested in four (4) equal annual installments to purchase 75,000 shares of Common Stock on each of March 1, 2013, March 1, 2014, March 1, 2015 and March 1, 2016, was cancelled at the effective time of the Merger in exchange for a cash payment of \$240,000, representing the difference between the exercise price of the option and the Merger Consideration.

- (6)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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