

MERGE HEALTHCARE INC

Form 4

October 15, 2015

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
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Hammond Kurt R.

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
____X____ Officer (give title ____ Other (specify
below) below)
President, Sales & Marketing

CHICAGO, IL 60654

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

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ 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		50,230	D	7.13 (1)
Restricted Common Stock	10/13/2015		D		150,750	D	(2) 0

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

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control**

SEC 1474
(9-02)

number.

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 Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Options	\$ 2.5	10/13/2015		D		100,000		<u>(3)</u>	05/03/2016	Common Stock	100,000
Stock Options	\$ 3.09	10/13/2015		D		25,000		<u>(4)</u>	04/04/2019	Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hammond Kurt R. 350 NORTH ORLEANS STREET FIRST FLOOR CHICAGO, IL 60654			President, Sales & Marketing	

Signatures

/s/ Julie Ann B. Schumitsch, by Power of Attorney for Kurt R. Hammond 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 ("IBM"), 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").

(2) This Restricted Stock Award ("RSA") granted pursuant to the 2005 Equity Incentive Plan (a Rule 16b-3 shareholder approved employee benefit plan) of Issuer, originally provided for the restrictions on such shares to lapse to the extent of thirty three percent (33%) on each of November 5, 2014 and November 5, 2015, and thirty four percent (34%) on November 5, 2016, subject to additional terms and conditions 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, payable on the remaining vesting dates of November 5, 2015 (\$529,405.50) and November 5, 2016 (\$545,445), subject to the same additional terms and conditions as set forth in the Reporting Person's RSA agreement.

(3) This Nonqualified Stock Option granted on May 4, 2010, which vested in four (4) equal annual installments to purchase 25,000 shares of Common Stock on each of May 4, 2011, May 4, 2012, May 4, 2013 and May 4, 2014, was cancelled at the effective time of the Merger in

Edgar Filing: MERGE HEALTHCARE INC - Form 4

exchange for a cash payment of \$463,000, less applicable withholding taxes, representing the difference between the exercise price of the option and the Merger Consideration.

- (4) This Nonqualified Stock Option granted on April 5, 2013, which vested in four (4) equal annual installments to purchase 6,250 shares of Common Stock on each of April 5, 2014, April 5, 2015, April 5, 2016 and April 5, 2017, was cancelled at the effective time of the Merger in exchange for a cash payment of \$50,500, less applicable withholding taxes, representing the difference between the exercise price of the option and the Merger Consideration, with respect to those 12,500 options that were vested at the Merger. The 12,500 options that had not yet vested at the Merger will be converted into an option to acquire shares of common stock of IBM, on substantially the same terms and conditions as were applicable to such option prior to the Merger.

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.