

MERGE HEALTHCARE INC  
Form SC 13G/A  
July 08, 2008

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

**SCHEDULE 13G**

**Under the Securities Exchange Act of 1934  
(Amendment No. 3)\***

Merge Healthcare Incorporated  
(Name of Issuer)

Common Stock, par value \$0.01 per share  
(Title of Class of Securities)

589499102

(CUSIP Number)

June 16, 2008

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 589499102

**1** NAMES OF REPORTING PERSONS  
Prescott Group Capital Management, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

**2**  
(a)   
(b)

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION  
State of Oklahoma

**5** SOLE VOTING POWER  
NUMBER OF 0

**6** SHARED VOTING POWER  
SHARES BENEFICIALLY OWNED BY 0

**7** SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON 0

**8** SHARED DISPOSITIVE POWER  
WITH: 0

**9** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
0

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.0%\*\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

\*\*SEE ITEM 4(b).

CUSIP No. 589499102

**1** NAMES OF REPORTING PERSONS  
Prescott Group Aggressive Small Cap, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

**2**  
(a)   
(b)

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION  
State of Oklahoma

**5** SOLE VOTING POWER  
NUMBER OF 0

**6** SHARED VOTING POWER  
SHARES BENEFICIALLY OWNED BY 0

**7** SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON 0

**8** SHARED DISPOSITIVE POWER  
WITH: 0

**9** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
0

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.0%\*\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

\*\*SEE ITEM 4(b).

CUSIP No. 589499102

**1** NAMES OF REPORTING PERSONS  
Prescott Group Aggressive Small Cap II, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

**2**  
(a)   
(b)

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION  
State of Oklahoma

**5** SOLE VOTING POWER  
NUMBER OF 0

**6** SHARED VOTING POWER  
SHARES BENEFICIALLY OWNED BY 0

**7** SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON 0

**8** SHARED DISPOSITIVE POWER  
WITH: 0

**9** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
0

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.0%\*\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

\*\*SEE ITEM 4(b).

CUSIP No. 589499102

**1** NAMES OF REPORTING PERSONS  
Phil Frohlich

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

**2**  
(a)   
(b)

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION  
U.S. Citizen

**5** SOLE VOTING POWER  
NUMBER OF 0

**6** SHARED VOTING POWER  
SHARES BENEFICIALLY OWNED BY 0

**7** SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON 0

**8** SHARED DISPOSITIVE POWER  
WITH: 0

**9** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
0



**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.0%\*\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

**SCHEDULE 13G/A**

This Amendment No. 3 ( Amendment ) to Schedule 13G (the Schedule 13G ) is being filed on behalf of Prescott Group Capital Management, L.L.C., an Oklahoma limited liability company ( Prescott Capital ), Prescott Group Aggressive Small Cap, L.P., an Oklahoma limited partnership ( Prescott Small Cap ), Prescott Group Aggressive Small Cap II, L.P., an Oklahoma limited partnership ( Prescott Small Cap II ) and together with Prescott Small Cap, the Small Cap Funds ) and Mr. Phil Frohlich the principal of Prescott Capital, relating to shares of common stock of Merge Healthcare Incorporated, a Wisconsin corporation (the Issuer ).

This Amendment is being filed to report that the Reporting Persons no longer beneficially own the Issuer s Common Stock.

**Item 1(a) Name of Issuer.**

Merge Healthcare Incorporated

**Item 1(b) Address of Issuer s Principal Executive Offices.**

6737 West Washington Street

Suite 2250

Milwaukee, WI 53214

**Item 2(a) Name of Person Filing.**

Prescott Group Capital Management, L.L.C. ( Prescott Capital ), Prescott Group Aggressive Small Cap, L.P. ( Prescott Small Cap ), Prescott Group Aggressive Small Cap II, L.P. ( Prescott Small Cap II ) and together with Prescott Small Cap, the Small Cap Funds ), and Mr. Phil Frohlich.

**Item 2(b) Address of Principal Business Office, or, if none, Residence.**

1924 South Utica, Suite 1120

Tulsa, Oklahoma 74104-6529

**Item 2(c) Citizenship or Place of Organization.**

Prescott Capital is an Oklahoma limited liability company. Prescott Small Cap is an Oklahoma limited partnership.

Mr. Phil Frohlich is the principal of Prescott Capital and is a U.S. citizen.

**Item 2(d) Title of Class of Securities.**

Common Stock, par value \$0.01 per share (the Common Stock ).

**Item 2(e) CUSIP Number.**

589499102

**Item 3 Reporting Person.**

Inapplicable.

**Item 4 Ownership.**

The Reporting Persons own 0 shares of Common Stock.

**Item 5 Ownership of Five Percent or Less of a Class.**

If this statement is being filed to report the fact that as of the date hereof the Reporting Persons have ceased to be the beneficial owners of more than five percent of the class of securities, check the following [X].

**Item 6 Ownership of More Than Five Percent on Behalf of Another Person.**

Inapplicable.

**Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported On by the Parent Holding Company.**

Inapplicable.

**Item 8 Identification and Classification of Members of the Group.**

Inapplicable.

**Item 9 Notice of Dissolution of Group.**

Inapplicable.

**Item 10 Certification.**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

**Exhibits Exhibit 1**

Joint Filing Agreement dated July 8, 2008, between Prescott Capital, Prescott Small Cap and Mr. Phil Frohlich.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 8, 2008

Prescott Group Capital Management, L.L.C.

By: /s/ Phil Frohlich  
PHIL FROHLICH, Managing Member

Prescott Group Aggressive Small Cap, L.P.

By: Prescott Group Capital Management,  
L.L.C., its general partner

By: /s/ Phil Frohlich  
PHIL FROHLICH, Managing Member

Prescott Group Aggressive Small Cap II, L.P.

By: Prescott Group Capital Management,  
L.L.C., its general partner

By: /s/ Phil Frohlich  
PHIL FROHLICH, Managing Member

/s/ Phil Frohlich  
Phil Frohlich

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
<b>Exhibit 1</b>	Joint Filing Agreement dated July 8, 2008, between Prescott Capital, Prescott Small Cap and Mr. Phil Frohlich.