

MERGE TECHNOLOGIES INC  
 Form 3  
 November 09, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0104  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF 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 *			2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â PRESCOTT GROUP			(Month/Day/Year)	MERGE TECHNOLOGIES INC [MRGE]	
CAPITAL MANAGEMENT LLC			11/01/2007		
(Last)	(First)	(Middle)	4. Relationship of Reporting Person(s) to Issuer		5. If Amendment, Date Original Filed(Month/Day/Year)
1924 SOUT UTICA, SUITE 1120			(Check all applicable)		
(Street)			<input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below)    (specify below)		6. Individual or Joint/Group Filing(Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person
TULSA,Â OKÂ 74014					
(City)	(State)	(Zip)			

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	4,589,050 <sup>(1)</sup>	I	See Footnote <sup>(2)</sup>

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

SEC 1473 (7-02)

**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 number.**

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security	4. Conversion or Exercise	5. Ownership Form of	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	(Instr. 4)	Price of Derivative Security	Derivative Security:
						Direct (D) or Indirect (I)

(Instr. 5)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PRESCOTT GROUP CAPITAL MANAGEMENT LLC 1924 SOUT UTICA, SUITE 1120 TULSA, OK 74014	Â	Â X	Â	Â
FROHLICH PHIL 1924 SOUT UTICA, SUITE 1120 TULSA, OK 74014	Â	Â X	Â	Â

## Signatures

/s/ Phil Frohlich, manager of Prescott Group Capital Management, L.L.C. 10/09/2007

\_\_Signature of Reporting Person Date

/s/ Phil Frohlich 10/09/2007

\_\_Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(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) The filing of this form 3 shall not be construed as an admission that Prescott Group Capital Management, L.L.C. ("Prescott Capital") or Phil Frohlich, the manager of Prescott Capital is or was for the purposes of Section 16(a) of the Securities Exchange Act of 1934, as amended, or otherwise the beneficial owner of any of the shares of common stock of Merge Technologies Incorporated (the "Common Stock") purchased by Prescott Group Aggressive Small Cap Master Fund, G.P. (the "Master Fund") for the accounts of Prescott Group Aggressive Small Cap, L.P. or Prescott Group Aggressive Small Cap II, L.P. (together the "Small Cap Funds") Pursuant to Rule 16a-1, both Prescott Capital and Mr. Frohlich disclaim such beneficial ownership.

(2) Prescott Capital holds indirectly 4,589,050 shares of Common Stock of Merge Technologies Incorporated through the account of the Master Fund of which the Prescott Capital is the Investment Manager. The Master Fund holds the shares of Common Stock for the accounts of the Small Cap Funds, for which Prescott Capital is the Investment Manager. Prescott Capital receives a portion of the profits in the form of a capital allocation from and owns a partnership interest in the Small Cap Funds. Phil Frohlich reports the shares held indirectly by Prescott Capital because, as the manager of Prescott Capital at the time of purchase, he controlled the disposition and voting of the securities.

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.