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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 22, 2006, we entered into a settlement agreement with Brian E. Pedlar, a former executive officer of our company. Mr. Pedlar last served, from July 3, 2006 until his departure on August 18, 2006, as our interim co-CEO and co-President, as well as the President of our subsidiary, Cedara Software Corporation. In September 2006, Mr. Pedlar filed suit in Ontario, Canada against us and Cedara, claiming that he had been constructively discharged from his positions, and that we had defamed him in describing his departure in public releases and filings with the Securities and Exchange Commission. Without admitting any of the allegations of his complaint, we agreed with Mr. Pedlar to settle his claims. Pursuant to the settlement, we agreed to pay Mr. Pedlar a total of CDN\$586,000 (less required tax withholding) and to pay CDN\$90,000 for Mr. Pedlar's attorneys' fees and expenses in the employment proceedings. Pursuant to the settlement, Mr. Pedlar agreed to provide reasonable cooperation with separate ongoing investigations currently being conducted by Committees of our Board of Directors. The settlement also included customary provisions addressing non-disparagement, confidentiality, mutual releases and dismissal of the legal action.

A copy of the Minutes of Settlement among the parties is attached as Exhibit 10.20 to this Current Report on Form 8-K and is incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERGE TECHNOLOGIES INCORPORATED

February 28, 2007

By: Douglas R. Newkirk

Name: Douglas R. Newkirk

Title: General Counsel and Corporate Secretary

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.20	Minutes of Settlement among Merge Technologies, Cedara Software and Brian Pedlar, dated Feb. 22, 2007