MERGE HEALTHCARE INC
Form 10-K/A
April 29, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-29486

MERGE HEALTHCARE INCORPORATED

(Exact name of Registrant as specified in its charter)

Wisconsin	**39-1600938**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

6737 West Washington Street, Suite 2250, Milwaukee, Wisconsin 53214-5650

(Address of principal executive offices, including zip code)

(Registrant s telephone number, including area code) **(414) 977-4000**

Securities registered under Section 12(b) of the Exchange Act:

Common Stock, $0.01 par value per share

(Title of class)

Securities registered under Section 12(g) of the Exchange Act: **NONE**

Indicate by check mark if the Registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act Yes o No þ

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A. o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or an non-accelerated filer. See the definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o	Smaller Reporting Company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

The aggregate market value for the Registrant s voting and non-voting common equity held by non-affiliates of the Registrant as of June 30, 2007, based upon the closing sale price of the Common Stock on June 30, 2007, as reported on the NASDAQ Global Market, was approximately $207,462,700. Shares of Common Stock held by each officer and director and by each person who owns ten percent or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the Registrant s common stock, par value $0.01 per share, as of April 25, 2008: 34,030,195

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MERGE HEALTHCARE INCORPORATED
EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the Amendment) is being filed to provide the disclosure required by Part III of Form 10-K. This information was intended to be incorporated by reference from our Definitive Proxy Statement for our 2008 Annual Meeting of Shareholders and was omitted from the initial filing pursuant to General Instruction G.3 on Form 10-K. Because we now do not expect to file a Definitive Proxy Statement prior to the applicable incorporation by reference deadline, we are hereby filing this Amendment to provide the required disclosure for Part III (Items 10 through 14) and to refile certain information contained in Part IV (Item 15).

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PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors and Executive Officers

The following table sets forth the names of our current directors and executive officers and their respective ages and positions with us, followed by a brief biography of each individual, including their business experience during the past five years.

Robert A. Barish, M.D.	54	Director
Gary D. Bowers	55	President, Merge Healthcare North America
Dennis Brown	60	Director
Michael D. Dunham	62	Chairman of Board
Robert T. Geras	70	Director
Anna Marie Hajek	59	Director
R. Ian Lennox	55	Director
Kevin E. Moley	61	Director
Steven R. Norton	46	Executive Vice President and Chief Financial Officer
Kevin G. Quinn	53	Director
Ramamritham Ramkumar	56	Director
Kenneth D. Rardin	57	Director, President & Chief Executive Officer
Richard A. Reck	58	Director
Loris Sartor	50	President, Cedara Software

Robert A. Barish, M. D. is Vice Dean for Clinical Affairs and Professor of Emergency Medicine at the University of Maryland School of Medicine. From 1996 to 1998, he served as the chief executive officer of University Care, for University of Maryland Medical. He is a Trustee of the Endowment Fund of the University of Maryland. Dr. Barish holds a B.A. from the University of New Hampshire, an M.D. from the New York Medical College and an M.B.A. from Loyola College. Dr. Barish has served on our Board since our initial public offering in February 1998.

Gary D. Bowers was appointed Senior Vice President, Strategic Business Initiatives in November 2006. He joined us as Vice President in September 2006 and was promoted to President, Merge Healthcare North America in February 2007. Prior to joining us, Mr. Bowers was senior vice president, product technology for Park City Solutions from October 2004 to November 2005, and was a general partner of Rardin Capital Management, a technology and financial consulting firm, from December 1999 to September 2004. Mr. Bowers holds a B.A. in Statistics from the University of Rochester.

Dennis Brown served as vice president of finance, chief financial officer and treasurer of Apogent Technologies Inc. (Apogent), a New York Stock Exchange company from January 2003 to December 2004. Fisher Scientific International Inc. acquired Apogent in August 2004, and after completion of a transition period, Mr. Brown retired from Apogent in December 2004. From December 2000 through January 2003, Mr. Brown served as a financial consultant to Apogent. Mr. Brown also served as vice president of finance, chief financial officer and treasurer of Apogent s predecessor, Sybron International Corporation (Sybron), a publicly traded company formerly headquartered in Milwaukee, Wisconsin, from January 1993 through December 2000, at which time Sybron s life sciences group was relocated to Portsmouth, New Hampshire, and Sybron was renamed Apogent. Mr. Brown is a Fellow of the Chartered Institute of Management Accountants (England). Mr. Brown has served on our Board since May 2003 and previously served on our Board from the date of our initial public offering in February 1998 until May 2000.

Michael D. Dunham has served on our Board since our initial public offering in February 1998 and has been Chairman of the Board since May 2006 (including designation as our principal executive officer from July 2006 until early September 2006). Mr. Dunham is the owner and, since 2002, has served as president of Dunham Global Associates, Ltd., which owns private companies in the software technology industry. Mr. Dunham

previously served as senior vice president of industrial and financial systems, IFS NA, a publicly traded Sweden based corporation that markets and supports manufacturing software systems, from 1999 to May 2006. Mr. Dunham co founded and served as chief executive officer of publicly traded Effective Management Systems, Inc. between 1978 and 1999. Mr. Dunham is a director of Heartland Group, Inc., a mutual funds holding company. Mr. Dunham also served as a director of the Milwaukee Metropolitan Association of Commerce from 1991 to 2004. Mr. Dunham holds a B.S. in Electrical Engineering from the University of Denver and a M.M.S. from the Stevens Institute of Technology.

Robert T. Geras has been a Shareholder since May 1989 and our director since prior to our initial public offering in 1998. Since January 2004, Mr. Geras has been a director of Capital Growth Systems, Inc., a public reporting holding company and for Nexvu Technologies LLC, an application performance management software company. Mr. Geras has been a private venture investor for more than 25 years and has participated as a director of, investor in, and/or advisor to numerous small businesses in fields ranging from medical equipment, computer software, banking, telecommunications, industrial distribution and the internet. He has also assisted in corporate planning, capital formation and management for his various investments. Mr. Geras holds a B.S.B.A. from Northwestern University.

Anna Marie Hajek has been president and chief executive officer of Clarity Group, Inc., a healthcare risk and quality management company specializing in patient safety solutions and the management of professional liability insurance operations since she co founded the firm in 2000. From 1995 to 2000, Ms. Hajek served as executive vice president and president of the Healthcare Risk Services Group operating division of MMI Companies, Inc., a New York Stock Exchange company specializing in risk management and liability insurance to the healthcare industry. Ms. Hajek has worked in hospital and academic medical center settings in her capacity as a medical technologist and educator. She received her B.A. with honors from the College of St. Teresa, Winona, Minnesota, and her Masters Degree in Health Professions Education from the University of Illinois at Chicago. She holds an active Medical Technologist Certification from the American Society of Clinical Pathologists. Ms. Hajek joined our Board in May 2001.

R. Ian Lennox is an investor in the life sciences industry. He is a director of several life sciences companies in North America. From 2000 to 2004, Mr. Lennox held leadership positions at MDS Inc. (MDS), first as president and chief executive officer, drug discovery and development, and later as president and chief executive officer, pharmaceutical and biotechnology markets. Prior to joining MDS, he was president and chief executive officer of Phoenix International Life Sciences, a NASDAQ Stock Exchange company, and chairman and chief executive officer of Drug Royalty Corporation, a Toronto Stock Exchange listed company. From 1978 to 1997, Mr. Lennox held progressively senior managerial positions at Monsanto Company in the U. S., Europe and Latin America, including six years as president and chief executive officer, Monsanto (Canada), based in Toronto. Mr. Lennox has also served as director of a number of life sciences companies and charitable foundations in North America. Mr. Lennox holds an Honours B.S. degree in physiology and pharmacology and an M.B.A. from the University of Western Ontario. He has also completed the executive management program in finance at the Columbia School of Business. Mr. Lennox joined our Board in August 2005.

Kevin E. Moley most recently served as U. S. Ambassador representing the United States of America to the United Nations and other international organizations in Geneva from September 2001 to April 2006. Prior to this position, Ambassador Moley was a private investor and served on the board of several public and private companies. Additionally, he served as president and chief executive officer of Integrated Medical Systems Inc., then one of the largest physician networking services, from 1996 to 1998, and was a senior vice president of PCS Health Systems, Inc. from 1993 to 1996. From 1992 to 1993 Ambassador Moley served as Deputy Secretary of the U. S. Department of Health and Human Services (HHS). He began his government career at HHS in 1984. Ambassador Moley previously served on our Company s Board from 1998 to 2001, and currently serves on the board of directors of Cephalon, a NASDAQ Stock Exchange international biopharmaceutical company. Ambassador Moley was appointed to our Board in September 2006.

Kevin G. Quinn has been, since 1999, president of Wye River Group, Inc., a private investment and advisory company specializing in corporate and public finance. From 1994 to 1999, Mr. Quinn was managing director and head of investment banking at H.C. Wainwright & Co., which served as one of the underwriters of our Company s initial public offering. Mr. Quinn s previous positions include Alex. Brown & Sons, where Mr. Quinn served as a managing director and manager of public finance from 1982 to 1994. He currently serves on the boards of directors of several public and private companies, including CareFirst, Inc., one of the largest health care insurers in the mid Atlantic region, as well as Securities Finance Trust Company and Old Mutual Asset Management Trust Company. Mr. Quinn was appointed to the Board in September 2006. Mr. Quinn earned J.D. and M.B.A. degrees from the University of Maryland and a B.A. from Loyola College.

Steven R. Norton joined us as Executive Vice President, Chief Financial Officer and Treasurer effective January 8, 2007. Previously, Mr. Norton was senior vice president and chief financial officer at Manhattan Associates, a provider of supply chain management software and systems, from January 2005 to March 2006. From November 1999 to January 2005, Mr. Norton was employed as executive vice president and chief financial officer for Concurrent Computer Corporation, a publicly traded technology company that offers video on demand and real time computer processing solutions. Additionally, Mr. Norton held senior finance positions at LHS Group, and was an auditor with Ernst & Young, and KPMG LLP. Mr. Norton received his Bachelor of Arts degree from Michigan State University.

Ramamritham Ramkumar was formerly a director of Cedara prior to our business combination with Cedara and has served on our Board since August 2005. Mr. Ramkumar has been a principal shareholder and chairman of the board of Process Research ORTECH, Inc., a metallurgical research and development organization, since 1988, and has held various positions at Reff Incorporated, now a division of Knoll Incorporated, until 1986. From 1988 to 2004, Mr. Ramkumar was president and chief executive officer at Inscape Corporation, formerly Office Specialty, and has held various positions at Clarkson Gordon, now Ernst and Young. Mr. Ramkumar has a Bachelor of Technology from Metallurgical Engineering and an M.B.A. from the University of Toronto. Mr. Ramkumar is a Charter Member of the Toronto chapter of TiE and serves on the board of directors of Toronto Rehabilitation Hospital.

Kenneth D. Rardin was appointed as a director and President and Chief Executive Officer on September 6, 2006. Mr. Rardin has over 25 years of senior executive management experience in the healthcare information technology, computer software, and computer services industry. From October 2004 to January 2006, Mr. Rardin served as chairman and chief executive officer of Park City Solutions, a leading eHealth company that specialized in electronic health records, systems integration and consulting. Prior to joining Park City Solutions, Mr. Rardin was the managing partner of Rardin Capital Management, a technology and financial consulting company. From October 1992 to October 1998, Mr. Rardin served as chairman of the board and chief executive officer of IMNET Systems, Inc., an electronic healthcare information management system company.

Richard A. Reck, is the president of Business Strategy Advisors LLC, a business strategy consulting firm, and has served in such capacity since August 2002. Mr. Reck joined the certified public accounting firm of KPMG LLP in June 1973 and remained in their employ until his retirement as a partner in July 2002. He currently serves on the boards of Interactive Intelligence, Inc., a publicly held software company, and Advanced Life Sciences Holdings Inc., a publicly held biopharmaceutical company, as well as the boards of several private and not for profit entities. Mr. Reck is a certified public accountant and holds a B.A. in Mathematics from DePauw University and an M.B.A. in Accounting from the University of Michigan. Mr. Reck has been a director of our Company since April 2003.

Loris Sartor was appointed President of Cedara in November 2006. He formerly held various positions with Cedara, including Director of the Platforms Products Division, Product Vice President, Divisional Vice President of Engineering and Customer Solutions, and most recently Vice President of Sales. Prior to joining Cedara, Mr. Sartor held several technical and management positions in the Sietec Open Systems division at Siemens Electric Ltd., as well as various other technical positions within the software industry. Mr. Sartor holds a Bachelor of Applied Science and Engineering Degree (Computer Science Option) and an M.B.A. from the University of Toronto.

Audit Committee; Audit Committee Financial Expert

Our Audit Committee adopted an amended and restated charter in August 2007, to replace the charter which had previously been in effect. The charter is available on our web site at www.mergehealthcare.com. Our Audit Committee recommends engagement of our Company s independent accountants, approves services performed by these accountants, and reviews and evaluates our Company s accounting system and its system of internal accounting controls. The Audit Committee met thirteen (13) times in 2007. The directors who currently serve on the Audit Committee are Mr. Brown, as chair, Messrs. Geras, Ramkumar and Reck. Mr. Brown is the designated financial expert. All of the members of the Audit Committee are independent, as defined in Rule 4200 of the Nasdaq Global Market (which we refer to as Rule 4200).

Code of Ethics and Whistleblower Policy

We have adopted a Code of Ethics that applies to all of our directors, employees and officers, including our principal executive officer, our principal financial officer, our controller and persons performing similar functions. Our Code of Ethics and the related Whistleblower Policy are available on our web site at www.mergehealthcare.com. Future material amendments or waivers relating to the Code of Ethics and/or the corresponding Whistleblower Policy will be disclosed on our web site referenced in this paragraph within four (4) business days following the date of such amendment or waiver.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (Exchange Act) requires our executive officers, members of our Board, and persons who own more than ten percent (10%) of a registered class of our equity securities, to file initial statements of beneficial ownership (Form 3), and statements of changes in beneficial ownership (Forms 4 or 5) of our equity securities with the Commission. The Commission requires executive officers, directors and greater than ten percent (10%) Shareholders to furnish us with copies of all these forms filed with the Commission.

To our knowledge, based solely upon our review of the copies of these forms received by us, or written representations from certain reporting persons that no additional forms were required for those persons, we believe that all of our executive officers and directors complied with their reporting obligations during 2007.

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Item 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis relates to the compensation awarded, earned, or paid in 2007 by the executives listed below, whom we refer to as our Named Executive Officers.

Named Executive Officers	Title
Kenneth D. Rardin	President and Chief Executive Officer since September 2006
Steven R. Norton	Executive Vice President, Chief Financial Officer and Treasurer since January 2007
Gary D. Bowers	Senior Vice President, Strategic Business Initiatives from November 2006 until February 2007; President, Merge Healthcare North America since February 2007
Jacques F. Cornet	President of Merge Healthcare EMEA since November 2006, resigned from his position with Merge Healthcare effective March 31, 2008
Loris Sartor	Senior Vice President, Cedara President since November 2006
Steven M. Oreskovich	Chief Accounting Officer and Interim Treasurer, Principal Financial Officer from July 2006 to January 2007; Vice President of Internal Audit since January 2007

Compensation Philosophy

The primary objectives of our executive compensation policies are as follows:

- to attract and retain talented executives by providing compensation that is competitive with the compensation provided to executives at companies of comparable size and growth trajectory in the health care information technology industry, while maintaining compensation within levels that are consistent with our annual budget, financial objectives and operating performance;
- to provide appropriate incentives for executives to work toward the achievement of our annual financial performance and business goals based on our annual budget;
- to more closely align the interests of the executive officers with those of our Shareholders and the long term interests of our Company; and
- to achieve internal parity in compensation across our multi national organization.

Our incentive compensation programs are designed to reward executive contributions to the success of our organization. Specifically, they are designed to reward achievement of our annual financial performance and business goals based on our annual budget and creation of Shareholder value.

Compensation Mix

Historically, we have used a mix of short term compensation (base salaries and annual cash incentive bonuses) and long term compensation (stock option grants and restricted stock awards) to meet the objectives of our compensation programs. We do not have a fixed policy for allocating between long term and short-term compensation or between cash and non cash compensation. We determined the exact mix of compensation structures on a case by case basis, basing our determination on competitive market data provided by a compensation consultant or gathered in informal internal market studies, the experience and judgment of our Compensation Committee, and the recommendation of our Chief Executive Officer (except with respect to his own compensation). As a result, the mix may have differed for each individual. Because we believe that it is important

to align the interests of our executives with those of our Shareholders, equity incentive compensation has made up a significant portion of each executive s overall compensation package, and our Named Executive Officers have received minimal perquisites.

In the future, we plan to continue to use a varied mix of short term and long term compensation, which we will continue to implement on a case by case basis. To enhance the alignment of our executives interests with the interests of our Shareholders, however, we currently intend to provide an increasingly large portion of executive compensation in the form of long term, equity based awards.

Compensation Committee

Compensation Committee. Our Compensation Committee adopted a charter in May 2007, and the charter is available on our web site at www.mergehealthcare.com. Our Compensation Committee is responsible for reviewing, monitoring, administering and establishing the compensation of our executive officers. This committee also reviews and administers stock option and other equity grants under our stock option plans. The directors who currently serve on our Compensation Committee are Ms. Hajek, as chairperson, Dr. Barish, and Messrs. Lennox and Reck. All of the members of the Compensation Committee are currently independent, as defined in Rule 4200. Our Compensation Committee met twelve (12) times in 2007.

We utilized the services of a compensation consultant during 2007 in determining the appropriate amount and type of equity incentive compensation for our executive officers and board members and also the amount of cash compensation for attendance and participation in board of directors and committee meetings during 2007. We provide more information about the compensation consultant s engagement below.

Role of the Compensation Committee

The Compensation Committee of our Board is responsible for administering our compensation practices and ensuring they are competitive and designed to drive corporate performance. Our Compensation Committee reviews compensation policies affecting our executive officers annually, taking into consideration our financial performance, our annual budget, our position within the health care information technology industry, the executive compensation policies of similar companies in similar industries and, when reviewing individual compensation levels, certain individual factors, including the executive s level of experience and responsibility and the personal contribution that the individual has made to our success.

During 2007, our Compensation Committee engaged Compensation Resources, Inc., an independent compensation consultant, to perform a benchmarking study of executive compensation among certain companies in the healthcare software and services industry. The companies included in the study were the following:

- Amicas, Inc.
- Emageon Inc.
- Nighthawk Radiology Holdings, Inc.
- Virtual Radiologic Corp.
- Vital Images, Inc.
- WebMD Corp.

Compensation Resources was asked to provide information to the Committee regarding:

- the types of equity vehicles used by other companies as part of their long term incentive plans, post FAS123;

how other companies determine the number of shares granted and how such companies address the issue of parity among staff;

the percentage of outstanding stock that is generally deemed appropriate for public companies to allocate for management, staff and directors; and

issues to consider when granting restricted stock versus stock options and other equity awards as part of a long term incentive plan.

The Compensation Committee also used information on compensation paid by peer companies in the healthcare information technology industry provided by the international executive search firm hired to perform our chief financial officer search.

Chief Executive Officer

Mr. Rardin became our President and Chief Executive Officer on September 6, 2006. Mr. Rardin s compensation package was established pursuant to the arm s length negotiations that proceeded our engaging him as our new President and Chief Executive Officer. In connection with his agreement to become our President and Chief Executive Officer, we entered into an employment agreement with Mr. Rardin effective as of September 6, 2006. Mr. Rardin s employment agreement was subsequently modified on December 27, 2007 to make the benefits available to Mr. Rardin in connection with disability consistent with the other executive officers and to also change the location of his job responsibilities to the Company s Global Administrative Offices in Alpharetta, Georgia.

Elements of Compensation[1]

The compensation that we pay our Named Executive Officers consists of the following elements: base salary, cash incentive compensation, equity incentive compensation, post-employment benefits, and, in limited circumstances, perquisites and other benefits. The following discussion explains the reason we pay each element of compensation, how the amount of each element is determined, and how each element fits into our overall compensation philosophy and affects decisions regarding other elements.

Base Salary

We seek to pay executives a base salary competitive with salaries of executives at companies of comparable position in the healthcare information technology industry. We have not historically attempted to make base salary a certain percentage of total compensation.

Our Compensation Committee reviews the base salaries of all executive officers annually and may adjust these salaries to ensure external competitiveness and to reflect adequately on the executive s individual position and performance, as well as the performance of our Company. In addition to these factors, our Compensation Committee considers the recommendations of our Chief Executive Officer when adjusting base salaries of our Named Executive Officers other than himself. We may also make base salary adjustments during the year if the scope of an executive officer s responsibility changes relative to the other executives.

Historically, our Compensation Committee has approved, in connection with our Company s business planning and budgeting process, a target salary increase of between three percent (3%) and five percent (5%) across our Company as a whole, with a portion of this pool to be allocated to executive officer base salaries and the remainder to be allocated to other employees. The Compensation Committee has not used any formula or specific criteria to determine how much of this pool to allocate to the executive officers, but has instead taken into consideration a variety of corporate and individual performance factors and its views on whether the base salaries for executive officers within the general industry were increasing.

1 All Canadian dollar amounts included herein were converted to US dollars using the

exchange rate in effect at December 31, 2007 of $1.012 US dollars per Canadian dollar.

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The annual base salaries of our Named Executive Officers were not adjusted during 2007 since we adjusted the annual base salaries of certain of our Named Executive Officers during late 2006 as shown below. In addition, the salaries for Mr. Rardin and Mr. Bowers had just recently been established in connection with the commencement of their employment on September 5, 2006. As noted, the adjustments reflect promotions to a current position, significant personal achievements and our need to continue to provide a competitive and attractive compensation package in light of the distressed nature of our organization, as applicable. The amounts of salary paid to our Named Executive Officers in 2007 are shown in the Salary column of the Summary Compensation Table.

On November 15, 2006, we increased Mr. Bowers salary from $215,000 to $235,000 due to increased responsibilities with respect to the development and implementation of an offshore software development and customer support center in India. In February 2007, we entered into an employment agreement with Mr. Bowers to, among other things, reflect his promotion to President, Merge Healthcare North America. We did not change Mr. Bower s compensation at that time since it was already consistent with the salaries of our other division presidents.

On November 15, 2006, we increased Mr. Cornet s salary from CDN$240,000 (In US Dollars $210,729 at November 15, 2006) to CDN$267,650 (In US Dollars $235,000 at November 15, 2006 and $270,862 at December 31, 2007) due to his promotion to President, Merge Healthcare EMEA. In determining the increase, we reviewed compensation information from our peer group, as discussed earlier, and determined what we deemed to be a fair increase. We also determined to pay each of our division presidents the same salary.

On November 15, 2006, we increased Mr. Sartor s salary from CDN$150,000 (In US Dollars $131,706 at November 15, 2006) to CDN$267,650 (In US Dollars $235,000 at November 15, 2006 and $270,862 at December 31, 2007)) due to his promotion to President of Cedara and to reflect that he would no longer be a participant in a Company sponsored sales commission plan. In determining the increase, we reviewed compensation information from peer companies in the industry and determined what we deemed to be a fair increase. We also determined to pay each of our division presidents the same salary.

In establishing the base salary of Mr. Norton in January 2007 ($300,000 per year) pursuant to the arm s length negotiations that preceded his becoming our Executive Vice President and Chief Financial Officer, our Board and Compensation Committee relied heavily on benchmarking data provided by an international executive search firm, the Compensation Committee s experience, compensation information related to the peer group discussed earlier and historical compensation data gathered during the interview processes. The committee set Mr. Norton s base salary at market consensus based upon the benchmarking data provided by the committee s consultant.

Cash Incentive Compensation

Year Ended December 31, 2007. For 2007, we implemented a performance based cash bonus plan for our Named Executive Officers and senior management team. The goals of the plan included the following:

provide an incentive to achieve the goals and objectives of the organization as set by our Chief Executive Officer and Board; and

enable us to attract and retain key executive talent.

Under the plan, the members of our senior management team were eligible for a bonus based on Company wide or a combination of Company wide and business unit performance, as measured against predetermined revenue and EBITDA targets. The Committee determined to use revenue and EBITDA targets because they are good indicators of overall Company financial performance. We define EBITDA as operating income excluding depreciation and amortization, interest, income taxes, FAS 123R expense, and other expenses that are not typically incurred in the normal operations of our Company. For 2007, the revenue and EBITDA targets were high relative to the conservative forecast and would have required the Company to meet an aggressive forecast for payout of the bonuses.

Each of our Named Executive Officers employment agreements include a target bonus amount, expressed as a percentage of his base salary. Half of the bonus amount is based on achievement of the revenue target under the plan, and the other half is based on achievement of the EBITDA target under the plan. If the targets were exceeded, the bonus amounts could increase, up to one hundred fifty percent (150%) of the target amount. The revenue and EBITDA targets were determined by the Committee after considering historical Company performance and forecasted revenue and EBITDA amounts and were set at a level to require an exceptional performance for the Company to meet maximum bonus payouts.

For our current Named Executive Officers, target and maximum bonus percentages of base salary for 2007 were as follows:

Name	Target (as % of Base Salary)	Maximum (as % of Base Salary)
Mr. Rardin	70%	105%
Mr. Norton	60%	90%
Mr. Bowers	40%	60%
Mr. Cornet	40%	60%
Mr. Sartor	40%	60%
Mr. Oreskovich	25%	37.5%

Half of the bonus amounts would be earned and paid based on quarterly performance, and half would be earned and paid based on annual performance.

Mr. Rardin s employment agreement provides that he is eligible for an annual performance bonus with a target of seventy percent (70%) of his base salary. The Board, at its discretion, may award additional bonus above the seventy percent (70%). As discussed above and in accordance with the Company s bonus program, Mr. Rardin, like the other executive officers, was eligible to receive up to 150% of his target bonus depending on the Company s revenue and EBITDA results during the year. In the first twelve months of the employment agreement (through September 6, 2007), fifty percent (50%) of the bonus target was guaranteed to Mr. Rardin, while the remaining fifty percent (50%) was dependent on achievement of Company performance targets of revenue and EBITDA discussed previously

During 2007, our Named Executive Officers earned and received the following amounts under the company s performance-based cash bonus plan.

	2007 Target Bonus Amount	2007 Bonus Earned	2007 Bonus Paid in 2007	2007 Bonus Paid in 2008
Mr. Rardin [(1)]	$ 297,500	$99,167	$99,167	$ -0-
Mr. Norton	$ 180,000	$20,750	$20,750	$ -0-
Mr. Bowers	$ 94,000	$11,750	$11,750	$ -0-
Mr. Cornet	$ 108,345	$25,326	$13,137	$12,189
Mr. Sartor	$ 108,345	$ 6,569	$ 6,569	$ -0-
Mr. Oreskovich	$ 43,750	$ 5,469	$ 5,469	$ -0-

(1) The bonus that Mr. Rardin earned and received in 2007 of $99,167 was guaranteed under Mr. Rardin s

employment
agreement.

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During 2007, we also paid to Mr. Oreskovich a $25,000 bonus in connection with the timely filing of our 2006 annual report on Form 10-K. The Compensation Committee determined such bonus amount using its discretion to reward Mr. Oreskovich for his extraordinary efforts in helping to complete the Form 10-K.

Due to the difficulties that we faced in 2006, including the restatement of the previously issued 2003 and 2004 financial statements and the first two quarters of 2005 financial statements, we were unable to establish a corporate business plan for 2006 or to determine corporate financial targets for 2006 that would serve as appropriate targets under a short term cash incentive bonus program. Accordingly, we did not utilize a company performance-based cash bonus plan in 2006. The Compensation Committee instead created a one time retention bonus for certain key employees, including some of our Named Executive Officers, to retain the services of employees with the skills and experience to make a significant contribution to our Company during the transition period. The amounts of the retention bonuses were set in the Compensation Committee s discretion. The following retention bonus amounts were paid to the Named Executive Officers in 2007 and reflected in the 2007 amounts of the Summary Compensation Table:

Name	**Amount**
Mr. Oreskovich	$105,000
Mr. Cornet	$121,440
Mr. Sartor	$ 75,900

Year Ending December 31, 2008. For 2008, we have implemented a performance based cash bonus plan for our Named Executive Officers and senior management team that is substantially consistent with the 2007 bonus plan. The goals of the plan are identical to those identified for the 2007 bonus plan. Under the 2008 plan, the members of our senior management team are eligible for a bonus based on a number of factors, including:

- company-wide or company-wide and business unit revenues for the year;
- the level of new orders received or contracts signed during the year;
- customer retention rates;
- results of a customer satisfaction survey;
- cash flow from operations; and
- cash balance at the end of the year

If only certain predetermined targets are met, the bonus amount will be prorated. If the targets are exceeded, the bonus amounts may increase, up to one hundred fifty percent (150%) of the target amount.

Target and maximum bonus amounts for our Named Executive Officers for 2008 are the same as for 2007. Due to Mr. Cornet s resignation on March 31, 2008, he is not a participant in the 2008 performance-based bonus plan.

We also may, from time to time, at our discretion, award bonuses to executives based on such other terms and conditions as our Compensation Committee and Chief Executive Officer may determine appropriate in specific situations.

Equity Incentive Compensation

We provide long term incentive compensation through equity awards under our 2005 Equity Incentive Plan, which authorizes the grant of stock, restricted stock, options to purchase stock, stock units, performance units and stock appreciation rights from time to time to our officers, employees, directors and consultants. We provide

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long term incentive compensation to focus our executive officers attention on the long term performance of our Company and the future prospects of its business and to align the interests of our executives more closely with the interests of our Shareholders.

We believe that long term stock based incentive compensation should be structured so as to closely align the interests of our executive officers with the interests of the Shareholders and, in particular, to provide only limited value (if any) in the event that our stock price fails to increase over time. We have, as a result, relied on stock option grants as the principle vehicle for payment of long term incentive compensation. Under our 2005 Equity Incentive Plan, the Compensation Committee is responsible for approving awards of stock option grants to executive officers, taking into account the relative contributions of each executive, competitive conditions in the industry, negotiations with the executive in connection with his or her initial employment or promotion, as well as the recommendations of the Chief Executive Officer with respect to the other executive officers. We grant stock options, in part, to reward executive officers for their long term strategic management of our Company and to motivate the executive officers to improve Shareholder value by increasing this component of their compensation package, and accomplish our Compensation Committee s objective to provide a greater portion of compensation for executive officers in the form of long term equity based awards.

In January 2007, in connection with his appointment as our Chief Financial Officer, we granted Mr. Norton 225,000 stock options that will vest on a monthly basis in equal increments over the 48 months following the announcement of his appointment. The options are subject to the terms of our 2005 Equity Incentive Plan and were granted with an exercise price equal to the closing price of our Common Stock on the date of the grant. The Compensation Committee determined the size of the stock option grant to Mr. Norton based partially on the executive compensation policies of similar companies in similar industries provided by the international executive search firm that conducted the officer search.

In addition, in April 2007, as part of our broader grant of stock options to the Merge Healthcare employees, we granted 35,000 stock options to Mr. Cornet, 60,000 stock options to Mr. Oreskovich, and 45,000 stock options to Mr. Sartor in consideration of the fact that many of their currently issued and outstanding options had exercise prices that were significantly higher than the current market price of the Company s common stock and did not continue to provide the incentive that the committee deemed appropriate given the then facts and circumstances surrounding the company. The number of new options received was equal to the number of options then issued and outstanding that had an exercise price in excess of $8.05 per share. Each of these options has a term of 6 years and an exercise price of $4.99, the fair market value of the common stock on the date of grant, and vests in increments of 25% on each of the first four anniversary dates of the date of grant.

Starting in November 2007, we began granting restricted stock to certain of our officers and consultants. The Committee engaged Compensation Resources, Inc. to advise the Committee on contemporary long term incentive programs, including the use of restricted stock grants. After consultation with our consultant, we determined that restricted stock is an appropriate equity vehicle given the shares intrinsic value, built-in retention qualities and alignment with other stockholders interests. We granted 953,333 shares of restricted stock to our Named Executive Officers (300,000 for Mr. Rardin; 200,000 for each of Mr. Norton, Mr. Bowers and Mr. Sartor and 53,333 for Mr. Oreskovich). The Committee determined the number of shares to grant to the Named Executive Officers based on peer information received from our compensation consultant, recommendations from Mr. Rardin and the Committee s desire to further incentivize management given the value of the Company s stock options. The restrictions on the sale of the shares of stock lapse on the 3 year anniversary of the grant date. If certain performance criteria, as established by the Compensation Committee, are achieved during 2008, the restrictions on one third of the restricted shares will lapse on the first anniversary of the grant date. Also, if certain performance criteria, as established by the Compensation Committee, are achieved during 2009, the restrictions on one third of the restricted shares will lapse on the second anniversary of the grant date. Any shares where the restrictions have not lapsed on the third anniversary of the grant date will lapse at that time.

We have no set policy as to when stock options or other awards should be granted, although historically we have awarded stock options to our executive officers on an annual basis and upon the initial hire. We plan to continue to grant stock option or restricted stock awards as part of our regular executive compensation practices to be reviewed periodically, but not necessarily annually. Stock option agreements under the 2005 Equity Incentive Plan provide that the exercise price of each stock option is the closing price on the date on which the options are granted. Each grant is subject to vesting conditions established at the date of the grant and the stock options generally vest in equal annual installments over a period of four years. Our Compensation Committee, pursuant to the terms of our 2005 Equity Incentive Plan, exercises discretion as to the actual vesting period.

Post Employment Benefits

To help provide for our Named Executive Officers financial security in retirement, we encourage them to participate in our long term profit sharing plans, which consist of a 401(k) Profit Sharing Plan for U. S. employees and a Deferred Profit Sharing Plan (DPSP) for Canadian employees, and we made matching contributions under both plans through the first quarter of 2008 and continue to make matching contributions to the 401(k) for the Merge Healthcare North America and corporate employees. Historically, we have not made fixed profit sharing contributions under either of these plans. All salaried employees of our Company and our subsidiaries are eligible to participate in one of these plans, and our Named Executive Officers participation is on the same terms as the participation of all other participants in these plans. The U. S. 401(k) Profit Sharing Plan provides for and Canadian the DPSP provided for matching contributions by us of fifty percent (50%) of an employee s contribution, up to the lesser of three percent (3%) of the employee s base pay or U.S.$7,750 in the United States of America and CDN$10,000 in Canada.

Our Compensation Committee has contractually agreed to provide severance benefits to all of our Named Executive Officers upon their involuntary termination of employment with us or for good reason as defined in each of their agreements. Each of our Named Executive Officers employment agreements entitle them to certain severance benefits if their employment is terminated under certain circumstances, including certain terminations in connection with a change in control of our Company. We intend these severance benefits to provide economic protection to the executives following a change in control of our Company so that executives can remain focused on our business without undue concern for their personal circumstances. We believe that the amount of severance benefits we offer under the terms of the executive employment agreements is similar to the amounts offered to executive officers by similarly situated companies in our industry based on information we have received from executive search firms, data we gathered from reviewing filings of other similarly situated companies and our members individual experiences. Detailed information regarding these employment agreements is included in the text following the Summary Compensation Table and the Potential Payments Upon Termination or Change-in-Control section.

Perquisites and Other Benefits

In the U. S., executive officers participate in our broad based benefit plans on the same terms generally applicable to all U. S. based employees. Our Canadian executives have an enhanced benefits program when compared with the general Canadian employee base. This regional difference reflects the very different nature of the healthcare systems in Canada and the U. S. and is consistent with the general industry practices of these two countries. Except as described above, we provide limited perquisites and other benefits to our Named Executive Officers.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Form 10-K/A.

Anna Marie Hajek, Chair	Robert A. Barish, M.D.	R. Ian Lennox	Richard A. Reck

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COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS
SUMMARY COMPENSATION TABLE

The following table relates to the compensation earned by our Named Executive Officers in 2007 and 2006.

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards[2] ($)	Option Awards[2] ($)	Non Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)	Total ($)
Kenneth D. Rardin	2007	425,000	99,167	15,376	406,840		11,254[4]	957,637
President & Chief Executive								
Officer	2006	137,035	94,950		571,500		37,232	840,717
Steven R. Norton	2007	294,423		10,251	157,782	20,750	16,228[4]	499,434
Executive Vice President and								
Chief Financial Officer								
Gary D. Bowers	2007	235,000		10,251	109,239	11,750	26,221[4]	392,461
President, Merge Healthcare								
North America	2006	71,901	32,148		129,484		12,000	245,533
Jacques F. Cornet	2007	270,862	121,440		73,630	25,326	21,145[5]	512,403
President, Merge Healthcare								
EMEA	2006	207,834	138,537		59,069		19,817	425,257
Loris Sartor	2007	270,862	75,900	10,251	87,878	6,569	23,235[6]	474,695
President, Cedara Software	2006	139,584	675		69,419	148,285	29,952	383,915
Steven M. Oreskovich	2007	175,000	130,000	2,734	165,166	5,469	9,514[4]	487,883
Vice President of Internal								
Audit	2006	159,375	746		223,363	35,000	3,906	422,390

(1) For 2007, reflects a guaranteed bonus of $99,167 for Mr. Rardin, retention bonuses of $121,440, $75,900, and $105,000 for Mr. Cornet, Mr. Sartor, and Mr. Oreskovich, respectively, and a discretionary bonus of $25,000 for

Mr. Oreskovich.

(2) Reflects that portion of the dollar amount of awards that we recognized for financial statement reporting purposes in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), *Share Based Payment* (which we refer to as FAS 123R), for the fiscal year ended December 31, 2007 (disregarding the estimate of forfeitures related to service based vesting). Based on this methodology, the option amounts may include amounts from option awards granted in and prior to 2007. Assumptions used in the calculation of these amounts are included in note 6 to our audited financial statements for the fiscal year ended December 31, 2007 included in our Annual Report on Form 10 K filed with the Commission on April 1, 2008 or in

note 7 to our audited financial statements for the fiscal year ended December 31, 2006 included in our Annual Report on Form 10-K/A filed with the Commission on December 27, 2007.

(3) Represents the cash incentive award earned under our 2007 performance based cash bonus plan.

(4) Represents the Company matching contribution under our 401(k) employee retirement savings plan ($6,750 for Mr. Norton and $5,250 for Mr. Oreskovich) and medical, dental, optical and life insurance benefits ($11,254 for Mr. Rardin, $9,478 for Mr. Norton, $8,852 for Mr. Bowers, and $4,264 for Mr. Oreskovich) and $17,369 paid to Mr. Bowers for transportation, temporary lodging and other costs incurred related to commuting from his home in Alpharetta,

Georgia to his primary place of employment in Milwaukee, Wisconsin.

(5) Represents a Company contribution of $8,126 under our DPSP for Canadian employees, payment of $11,501 in medical, dental, optical and life insurance and related costs for the benefit of Mr. Cornet, and $1,518 for the value of items stolen during a business trip.

(6) Represents a Company contribution of $8,126 under our DPSP for Canadian employees and the payment of $15,109 in medical, dental, optical and life insurance and related costs for the benefit of Mr. Sartor.

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GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2007

The following table contains information on the plan based equity and non equity awards granted to our Named Executive Officers in 2007.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[4] Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards[3] ($)
Kenneth D. Rardin	11/24/07[1]				300,000			450,000
			297,500	446,250				
Steven R. Norton	01/09/07[2]					225,000	6.02	680,870
	11/24/07[1]				200,000			300,000
			180,000	270,000				
Gary D. Bowers	11/24/07[1]				200,000			300,000
			94,000	141,000				
Jacques F. Cornet	04/03/07[2]					35,000	4.99	87,582
			108,345	162,517				
Steven M. Oreskovich	04/03/07[2]					60,000	4.99	150,141
	11/24/07[1]				53,333			80,000
			43,750	65,625				
Loris Sartor	04/03/07[2]					45,000	4.99	112,606
	11/24/07[1]				200,000			300,000
			108,345	162,517				

(1) Represents restricted stock granted pursuant to our Company s 2005 Equity Incentive Plan. If certain performance

criteria are achieved during 2008 and 2009, the restrictions on one-third of the restricted shares will lapse on each of the first anniversary and second anniversary of the grant date. Any shares where the restrictions have not lapsed on the third anniversary of the grant date will lapse at that time.

(2) Grant of options pursuant to our Company s 2005 Equity Incentive Plan.

(3) Represent full grant date fair value as determined in accordance with FAS 123R.

(4) Represents threshold, target and maximum amounts payable under our 2007 performance based cash bonus plan. Actual amounts earned are reflected in the non-equity incentive plan compensation column of the summary compensation table.

Employment Agreements

Rardin Employment Agreement. On September 6, 2006, our Board approved, and our Company entered into, an employment agreement with Kenneth D. Rardin, pursuant to which we agreed to employ Mr. Rardin as our Company s President and Chief Executive Officer and also to appoint Mr. Rardin as a director of our Company. Mr. Rardin s employment agreement was subsequently amended on December 27, 2007 to make the benefits available to Mr. Rardin in connection with disability consistent with the other executive officers and to also change the location of his job responsibilities to the Company s Global Administrative Offices in Alpharetta, Georgia. The employment agreement obligates our Company to pay Mr. Rardin a salary at a rate of no less than $425,000 per year. Options to purchase 450,000 of our Common Shares were granted to Mr. Rardin under our Company s 2005 Equity Incentive Plan on September 6, 2006. In addition, the employment agreement provides that Mr. Rardin will be eligible for annual performance bonuses with a target of seventy percent (70%) of base salary. Our Board, in its discretion, may award an additional bonus above the seventy percent (70%) target. In the first twelve months of the employment agreement, 50% of the bonus target was guaranteed to Mr. Rardin, while the remaining fifty percent

(50%) was dependent on achievement of defined Company and individual performance targets. For the period from the end of the initial twelve months to year-end 2007, our Board and Mr. Rardin mutually agreed to determine his bonus consistent with the terms of the 2007 performance based cash bonus plan in place for the other Named Executive Officers. Mr. Rardin is also entitled to receive all non wage benefits our Company provides generally for its executive employees. The agreement will remain in effect until terminated and will be reviewed by the Company no less frequently than every three years.

Norton, Bowers, Cornet and Sartor Employment Agreements. On January 8, 2007, we entered into an employment agreement with Steven R. Norton, our Executive Vice President and Chief Financial Officer. On February 5, 2007, we entered into an employment agreement with Gary D. Bowers, pursuant to which we agreed to employ Mr. Bowers as the President of Merge Healthcare North American. On March 31, 2007, we entered into an employment agreement with each of Jacques Cornet and Loris Sartor, pursuant to which we agreed to employ Mr. Cornet as the President of Merge Healthcare Europe, Middle-East, and Africa and Mr. Sartor as the President of Cedara Software Corp. The agreements will remain in effect until terminated and will be reviewed by the Company no less frequently than every three years.

The employment agreements obligate our Company to pay no less than the following annual base salaries: Mr. Norton U.S. $300,000; Mr. Bowers U.S. $235,000; and Messrs. Cornet and Sartor- Canadian $267,650. In addition, the employment agreements provide that each executive will be eligible for annual performance bonuses with a target of the following percentages of base salary: Mr. Norton 60% and Messrs. Bowers, Cornet and Sartor 40%. Finally, the agreements provide that each executive will be eligible for stock option grants and all non-wage benefits the Company provides generally for its executive employees.

Oreskovich Letter Agreement. On July 2, 2006, we entered into a letter agreement (the Oreskovich Agreement) with Steven M. Oreskovich, our Chief Accounting Officer and Interim Treasurer and Interim Secretary. Under the Oreskovich Agreement, we agreed to increase Mr. Oreskovich s base salary to $175,000 per year, effective July 1, 2006, and pay Mr. Oreskovich a cash retention bonus in an amount equal to sixty percent (60%) of his base salary at the time of payout within thirty (30) days of June 30, 2007.

Option Awards

All of the stock options that we granted in 2007 were non-qualified stock options granted pursuant to the terms of our 2005 Equity Incentive Plan. All of the options have an exercise price equal to the closing price of our Common Stock on the date on which they were granted. The options vest in 25% increments on each of the first four anniversary dates of the grant date with the exception of Mr. Norton s options which vest equally over a period of 48 months, subject to the employee s continued employment with us. Following a termination of service for any reason other than gross negligence, commission of a felony or a material violation of any of our established policies, vested options remain exercisable for six months, unless the Committee determines to extend this period.. Each of the employment agreements of our Named Executive Officers provides that all unvested stock options immediately vest upon a change of control of our Company. In addition, our Board may accelerate the vesting of the options of any other employees on a change of control of our Company, at the Committee s discretion.

Stock Awards

The restrictions on the sale of the shares of restricted stock that were awarded during 2007 lapse on the 3 year anniversary of the grant date. If certain performance criteria, as established by the Compensation Committee, are achieved during 2008, the restrictions on one third of the restricted shares will lapse on the first anniversary of the grant date. Also, if certain performance criteria, as established by the Compensation Committee, are achieved during 2009, the restrictions on one third of the restricted shares will lapse on the second anniversary of the grant date. Any shares where the restrictions have not lapsed on the third anniversary of the grant date will lapse at that time. The restrictions will lapse upon certain events resulting in the separation of service of the executives or upon a change in control of the Company. Such provisions are discussed below under Potential Payments Upon Termination or Change-In-Control.

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OUTSTANDING EQUITY AWARDS AT 2007 FISCAL YEAR-END

The following table contains information concerning equity awards held by our Named Executive Officers that were outstanding as of December 31, 2007.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(11)
Kenneth D. Rardin	225,000	225,000(1)	8.05	09/05/2012	300,000(10)	357,000
Steven R. Norton	51,563	173,437(2)	6.02	01/08/2013	200,000(10)	238,000
Gary D. Bowers	50,000	50,000(1)	8.05	09/05/2012	200,000(10)	238,000
	6,250	18,750(3)	6.34	11/16/2012		
Jacques F. Cornet	18,750	6,250(4)	17.50	05/31/2011		
	26,656	0	2.75	05/11/2008		
	5,000	5,000(5)	17.82	10/19/2011		
	12,500	37,500(6)	6.34	11/16/2012		
	0	35,000(7)	4.99	04/02/2013		
Steven M. Oreskovich	15,000	5,000(8)	15.00	03/31/2010	53,333(10)	63,466
	3,750	1,250(9)	12.96	07/15/2010		
	17,500	17,500(4)	17.50	05/31/2011		
	50,000	50,000(1)	8.05	09/05/2012		
	0	60,000(7)	4.99	04/02/2013		
Loris Sartor	18,750	6,250(4)	17.50	05/31/2011	200,000(10)	238,000
	24,458	0	2.75	05/11/2008		
	10,000	10,000(5)	17.82	10/19/2011		
	12,500	37,500(6)	6.34	11/16/2012		
	0	45,000(7)	4.99	04/02/2013		

(1) Fifty percent (50%) of the options will vest on each of September 6, 2008 and September 6, 2009.

(2) 4,687.50 options will vest on a monthly basis through January 9, 2011.

(3) 6,250 options will vest on each of November 17, 2008, November 17, 2009 and November 17, 2010.

(4) One hundred percent (100%) of the options will vest on June 1, 2008.

(5) Fifty percent (50%) of the options will vest on each of October 20, 2008 and October 20, 2009.

(6) 12,500 options will vest on each of November 17, 2008, November 17, 2009 and November 17, 2010.

(7) Twenty five percent (25%) of the options will vest on each of April 3, 2008, April 3, 2009, April 3, 2010 and April 3, 2011.

(8) One hundred percent (100%) of the options will vest on April 1, 2008.

(9) One hundred percent (100%) of the options will vest on July 16, 2008.

(10) One hundred percent (100%) of the restricted stock will vest on November 24, 2010, or earlier upon each of November 24, 2008 and November 24, 2009 if certain performance targets are achieved.

(11) Reflects the value as calculated using the closing market price of our Common Stock as of the last trading day in fiscal year 2007, December 31, 2007 ($1.19).

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Description of Agreements Providing for Potential Payments

We have entered into certain agreements that will require us to provide compensation to certain of our Named Executive Officers in the event of a termination of employment. These agreements generally call for increased payments if the termination of employment occurs in connection with a change of control. A summary of these agreements follows this section.

Pursuant to the Named Executive Officers restricted stock award agreements, the restrictions will lapse and the restricted stock will become fully vested upon the Named Executive Officer s: (a) termination of employment due to disability; (b) resignation for good reason (as defined in the agreement); or (c) termination of employment by the Company without cause. Additionally, the share restrictions will lapse and the restricted stock will become fully vested upon (i) the Named Executive Officer s involuntary termination of employment within 365 days after a change in control; (b) the Named Executive Officer s resignation for good reason within 365 days of a change in control; or (c) upon the sale by the Company of the business unit with respect to which the Named Executive Officer primarily performs services.

Rardin Employment Agreement

Mr. Rardin s employment agreement provides for payments and benefits on certain terminations and changes of control of our Company.

Termination for Cause; Resignation without Good Reason. If we terminate Mr. Rardin s employment for cause or he resigns without good reason"(as such terms are defined in his agreement), then he will receive only the salary that is accrued through the date of termination. Cause is defined in the agreement as a termination for gross negligence related to the performance of Mr. Rardin s duties, Mr. Rardin s commission of a felony or his material violation of a significant corporate policy that has not been substantially mitigated after three (3) days notice. Good reason is defined in the agreement as: (i) a constructive termination, (ii) our failure to comply with our director and officer liability insurance coverage obligations under the agreement, (iii) a material reduction in Mr. Rardin s base salary, incentive compensation opportunity, or responsibility or (iv) if he is no longer a member of the Board of Directors.

Termination due to Disability or without Cause; Resignation for Good Reason. If we terminate Mr. Rardin s employment as a result of the onset of his disability or without cause, or if he terminates his employment for good reason, then Mr. Rardin will be entitled to receive:

twenty four (24) months then current salary, to be paid in equal installments over the twenty four (24) month period,

an amount equal to two (2) times the maximum amount of his then current annual bonus that could be earned assuming the achievement of the highest performance targets for each month of the current plan year during which he was employed, to be paid in equal installments over the twenty four (24) month period,

continuation of healthcare, life and accidental death and dismemberment and disability insurance benefits for twenty four (24) months after the date of termination, and

accelerated vesting of his outstanding stock options.

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Change in Control. Mr. Rardin s employment agreement provides that, in the event of a change in control of our Company, as defined in the agreement, all options then held by Mr. Rardin will immediately vest and become exercisable.

In addition, Mr. Rardin will be entitled to additional payments in the event of a change in control, if:

- Mr. Rardin s employment is involuntarily terminated within 120 days prior to or 365 days following the change in control, or
- Mr. Rardin voluntarily terminates his employment with us within 365 days following the change in control, following:
  - a reduction in his responsibilities or authority with respect to the business,
  - any reduction in his compensation package, including then current salary, in effect immediately prior to the change in control, or
  - the relocation of our principal place of business by more than thirty (30) miles.

Under this scenario, Mr. Rardin will be entitled to the following benefits:

- twenty four (24) months of then current salary, to be paid in a single payment,
- an amount equal to two (2) times the maximum amount of then current bonus (assuming achievement of the highest performance targets), to be paid in a single payment, and
- continuation of healthcare, life and accidental death and dismemberment and disability insurance benefits for twenty four (24) months following termination.

In addition, upon a change of control, we will deposit $300,000 into an interest-bearing escrow account as a stay bonus for Mr. Rardin to help assure a smooth transition, but only if the acquiror requests Mr. Rardin s continued employment. The amount in the escrow will be paid to Mr. Rardin twelve (12) months after the change in control if Mr. Rardin has substantially performed the services requested by the acquiror. If the acquiror does not request Mr. Rardin s service after the change in control, he will not receive the escrowed amount. If the acquiror requests less than a full year of service, Mr. Rardin will receive a pro rata amount of the escrowed amount based on the number of months worked. At the end of the stay bonus performance period, Mr. Rardin will have a 30-day period following termination of such services or 365 days following the change of control, whichever is later, to terminate his services with the Company and be entitled to receive the change of control payments described above in addition to the stay bonus.

A change in control is defined in the agreement as a change in the ownership of fifty percent (50%) or more of our outstanding Common Stock in a transaction or series of transactions effected by a third party or group, a change of at least fifty percent (50%) of our Board in a transaction or series of transactions effected by a third party or group (other than pursuant to a nomination of a new slate of directors where there has been no material change in beneficial ownership of our Common Stock within the year preceding such nomination) or a sale of substantially all of our assets.

Excise Tax Gross Ups. Mr. Rardin s employment agreement requires us to make him whole with respect to any payments or benefits from us if any excise taxes are imposed on such payments or benefits under Section 4999 of the Internal Revenue Code of 1986, as amended.

Restrictive Covenants. Mr. Rardin s employment agreement includes customary provisions with regard to non competition and non solicitation (including during the 24 month period following termination of employment), as well as confidentiality.

Oreskovich Key Officer and Letter Agreements

Our Key Officer and Letter Agreements with Mr. Oreskovich provide for payments and benefits on certain terminations and changes of control of our Company.

Termination for Cause; Resignation without Good Reason. If we terminate Mr. Oreskovich s employment for cause or he resigns without good reason (as such terms are defined in the Key Officer Agreement), he will receive only the salary that is accrued through the date of termination. Cause is defined in the Key Officer Agreement as a termination for gross negligence, commission of a felony or material violation of a corporate policy. Good reason is defined in the Key Officer Agreement as constructive termination or a material reduction in Mr. Oreskovich s base salary or responsibility.

Termination without Cause or Due to Disability; Resignation for Good Reason. If we terminate Mr. Oreskovich s employment without cause or due to his disability, or he terminates his employment for good reason, then under the Key Officer Agreement, if Mr. Oreskovich executes a release, we will pay to him an amount equal to:

- twelve (12) months of then current salary, to be paid in equal installments over the twelve (12) month period,

- one-twelfth of his then current calculated bonus, determined by taking the maximum amount of bonus in effect for the then-current year during which he was employed, plus an additional 12 months, to be paid in equal installments over the twelve (12) month period, and

- continuation of healthcare, life and accidental death and dismemberment and disability insurance benefits for twelve (12) months after the date of termination.

Change in Control. Mr. Oreskovich s Key Officer Agreement provides that, in the event of a change in control of our Company, as defined in the Key Officer Agreement, all options then held by Mr. Oreskovich will immediately vest and become exercisable.

In addition, under the Key Officer Agreement, Mr. Oreskovich will be entitled to additional payments in the event of a change in control, if:

- Mr. Oreskovich s employment is involuntarily terminated within 365 days following the change in control, or

- Mr. Oreskovich voluntarily terminates his employment with us within 365 days following the change in control, following:
  - a reduction in his responsibilities or authority with respect to the business,

  - any reduction in his compensation package, including then current salary, in effect immediately prior to the change in control, or

  - the relocation of our principal place of business by more than thirty (30) miles.

Under this scenario, Mr. Oreskovich will be entitled to the following additional benefits:

- twelve (12) months of his then current salary, to be paid in a single payment within thirty (30) days of termination of his employment, and

- an amount equal to one twelfth (1/12th) of the maximum amount of his then current annual bonus determined without regard to achievement of performance targets for each month of the current plan year during which he was employed, plus an additional twelve

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(12) months, to be paid in a single payment within thirty (30) days of the termination of his employment, and

continuation of health care, life and accidental death and dismemberment, and disability insurance benefits for twelve (12) months after the termination.

Further, upon a change in control, we will deposit $50,000 into an interest bearing escrow account as a stay bonus to help assure a smooth transition if the acquiror requests that Mr. Oreskovich continue his employment with us. The amount held in escrow will be paid to Mr. Oreskovich twelve (12) months after the change in control if he has substantially performed the services requested by the acquiror. If the acquiror does not request Mr. Oreskovich s service after the change in control, he will not receive the escrowed amount. If the acquiror requests less than a full year of service, Mr. Oreskovich will receive a pro rata amount of the escrowed amount based on the number of months worked. At the end of the stay bonus performance period, Mr. Oreskovich will have a 30-day period following termination of such services or 365 days following the change of control, whichever is later, to terminate his services with the Company and be entitled to receive the change of control payments in addition to the stay bonus.

A change in control is defined in the Key Officer Agreement as a change in the ownership of fifty percent (50%) or more of our outstanding Common Stock in a transaction or series of transactions effected by a third party or group, a change of at least fifty percent (50%) of our Board in a transaction or series of transactions effected by a third party or group (other than pursuant to a nomination of a new slate of directors where there has been no material change in beneficial ownership of our Common Stock within the year preceding such nomination) or a sale of substantially all of our assets.

Restrictive Covenants. The Key Officer Agreement contains customary provisions with regard to non competition and non solicitation (including during the twelve (12) month period following termination of employment), as well as confidentiality.

Norton and Bowers Employment Agreement

The employment agreements with each of Mr. Norton and Mr. Bowers provide for payments and benefits on certain terminations and changes of control of our Company.

Termination for Cause; Resignation without Good Reason. If we terminate the executive s employment for cause or he resigns without good reason (as such terms are defined in his employment agreement), he will receive only the salary that is accrued through the date of termination. Cause is defined in the agreements as a termination for gross negligence, commission of a felony or material violation of a corporate policy. Good reason is defined in the agreements as constructive termination, a material reduction in the executive s base salary, target bonus percentage or responsibility, or a requirement that he change his principal place of employment to more than twenty (20) miles from his current residence.

Termination without Cause or Due to Disability; Resignation for Good Reason. If we terminate the executive s employment without cause or due to his disability, or he terminates his employment for good reason, then we will pay to him an amount equal to the greater of:

any minimum severance payments required under applicable federal, state and local common law, or

all of the following:

twelve (12) months of then current salary, to be paid in equal installments over the twelve (12) month period,

an amount equal to the product of (i) one twelfth (1/12th) of the maximum bonus amount for the then-current year multiplied by (ii) the sum of the number of months of the current

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plan year during which he was employed, plus an additional twelve (12) months, to be paid in equal installments over the twelve (12) month period, and

continuation of healthcare, life and accidental death and dismemberment and disability insurance benefits for twelve (12) months after the date of termination.

Change in Control. The employment agreements provide that, in the event of a change in control of our Company, as defined in the employment agreements, all options then held by the executive will immediately vest and become exercisable.

In addition, the executive will be entitled to additional payments in the event of a change in control if:

the executive s employment is involuntarily terminated within 365 days following the change in control, or

the executive voluntarily terminates his employment with us within 365 days following the change in control, following any of:

a substantial reduction in his responsibilities or authority with respect to the business,

any reduction in his compensation package, including then current salary, in effect immediately prior to the change in control, or

the relocation of his principal place of employment by more than twenty (20) miles from his current residence.

Under this scenario, the executive will be entitled to the greater of:

any minimum severance required by law, and

all of the following:

twelve (12) months of his then current salary, to be paid according to normal payroll practices, plus

an amount equal to the product of (i) one twelfth (1/12th) of the maximum amount of his then current annual bonus determined without regard to achievement of performance targets, multiplied by (ii) the sum of 12 plus the number of months of the current plan year during which he was employed, to be paid in a single payment at the same time as the last salary equivalent payment, and

healthcare, life and accidental death and dismemberment and disability insurance benefits continuation for twelve (12) months after the termination.

A change in control is defined in the employment agreements as a change in the ownership of fifty percent (50%) or more of our outstanding Common Stock in a transaction or series of transactions effected by a third party or group, a change of at least fifty percent (50%) of our Board in a transaction or series of transactions effected by a third party or group (other than pursuant to a nomination of a new slate of directors where there has been no material change in beneficial ownership of our Common Stock within the year preceding such nomination) or a sale of substantially all of our assets.

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Restrictive Covenants. The employment agreements require the executives to preserve confidential information and not to compete with our Company or solicit customers or employees of our Company for the twelve (12) months following any termination of employment.

Cornet and Sartor Employment Agreements

In March 2007, we entered into employment agreements with each of Mr. Cornet and Mr. Sartor. The agreements provide for payments and benefits on certain terminations and changes of control of our Company, as described below.

Termination for Cause; Resignation without Good Reason. Under the agreements of Messrs. Cornet and Sartor, if we terminate the executive s employment for cause or he resigns without good reason (as such terms are defined in his employment agreement), he will be entitled only to payments or benefits required by law, if any. Cause is defined in the agreements as a termination for gross negligence, commission of a felony or material violation of a corporate policy. Good reason is defined in the agreements as constructive termination, a material reduction in the executive s base salary, target bonus percentage or responsibility, or a requirement that he change his principal place of employment to more than twenty (20) miles from the Toronto, Canada area.

Termination without Cause or Due to Disability; Resignation for Good Reason. If we terminate the executive s employment without cause or due to his disability, or he terminates his employment for good reason, then we will pay to him an amount equal to the greater of:

- any minimum severance required by law, and
- all of the following:
  - twelve (12) months of then current salary, to be paid in equal installments over the twelve (12) month period,
  - an amount, to be paid in equal installments over the twelve (12) month period, equal to the product of (i) one twelfth (1/12th) of the target bonus for the then-current year, multiplied by (ii) the sum of the number of months of the current plan year during which he was employed, plus an additional twelve (12) months, multiplied by (iii) a factor representing the previous year s performance, and
  - continuation of healthcare, life and accidental death and dismemberment and disability insurance benefits for twelve (12) months after the date of termination.

Change in Control. The agreements of Messrs. Cornet and Sartor provide that, in the event of a change in control of our Company, as defined in the employment agreement, all options then held by the executives will immediately vest and become exercisable.

In addition, each of the executives will be entitled to additional payments in the event of a change in control if:

- his employment is involuntarily terminated within 365 days following the change in control, or
- he voluntarily terminates his employment with us within 365 days following the change in control, following any of:
  - a substantial reduction in his responsibilities or authority with respect to the business,

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- any reduction in his compensation package, including then current salary, in effect immediately prior to the change in control, or

- the relocation of the executive s principal place of employment to other than the Toronto, Canada area.

Under this scenario, the terminated executive will be entitled to the greater of:

- any minimum severance required by law, and

- all of the following:
  - twelve (12) months of his then current salary, to be paid according to normal payroll practices, plus

  - an amount equal to the product of (i) one twelfth (1/12th) of the maximum amount of his then current annual bonus determined without regard to achievement of performance targets, multiplied by (ii) the sum of 12 plus the number of months of the current plan year during which he was employed, to be paid in a single payment at the same time as the last salary equivalent payment, and

  - healthcare, life and accidental death and dismemberment and disability insurance benefits continuation for twelve (12) months after the termination.

A change in control is defined in the agreements as a change in the ownership of fifty percent (50%) or more of our outstanding Common Stock in a transaction or series of transactions effected by a third party or group, a change of at least fifty percent (50%) of our Board in a transaction or series of transactions effected by a third party or group (other than pursuant to a nomination of a new slate of directors where there has been no material change in beneficial ownership of our Common Stock within the year preceding such nomination) or a sale of substantially all of our assets.

Restrictive Covenants. The agreements of Messrs. Cornet and Sartor require each of them to preserve confidential information and not to compete with us or solicit our customers or employees for the twelve (12) months following any termination of employment.

Mr. Cornet s Resignation. Effective March 31, 2008, Mr. Cornet resigned from the Company. The Company entered into a separation agreement with Mr. Cornet, pursuant to which Mr. Cornet will be entitled to receive severance benefits in accordance with his employment contract. The summary of benefits he received in connection with his resignation is described below.

Summary of Termination Payments and Benefits

The following tables summarize the value of the termination and change in control payments and benefits to which each of our Named Executive Officers would have been entitled if he had terminated employment on December 31, 2007 under the circumstances indicated. The amounts shown in the tables do not include accrued but unpaid salary, earned annual bonus for 2007, or payments and benefits to the extent they are provided on a non discriminatory basis to salaried employees generally upon termination of employment or change in control.

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KENNETH D. RARDIN

Type of Payment	Termination for Cause or Resignation without Good Reason	Termination without Cause or as a Result of Disability, or Resignation For Good Reason	Change in Control with no Qualifying Termination	Change in Control with a Qualifying Termination
Cash	$0	$ 1,742,500	$ 300,000(1)	$ 2,721,900(2)
Benefits Continuation	$0	$ 22,508	$ 0	$ 22,508
Accelerated Equity Vesting(3)	$0	$ 357,000	$ 357,000	$ 357,000
TOTAL	$0	$ 2,122,008	$ 657,000	$ 3,101,408

(1) Reflects stay bonus payable twelve (12) months after the change in control contingent on Mr. Rardin s substantial performance of services requested by the acquiror.

(2) Includes $679,400 as an excise tax gross up payment. For purposes of determining whether any excise tax was triggered, we assumed we would be able to overcome any presumption that stock option grants in 2006

were made in contemplation of a change in control pursuant to regulations promulgated under Internal Revenue Code.

(3) Reflects the value of unexercised and unvested equity awards that would be realized in each case due to the accelerated vesting of such awards. Awards are valued based on the closing market price of our Common Stock as of the last trading day in fiscal year 2007, December 31, 2007 ($1.19). For purposes of this calculation, outstanding options having an exercise price more than the closing price of our common stock on such date have a value of $0.

STEVEN R. NORTON

	Termination for Cause or	Termination without Cause or as a Result of Disability, or Resignation For	Change in Control	Change in Control

Type of Payment	Resignation without Good Reason	Good Reason	with no Qualifying Termination	with a Qualifying Termination
Cash	$0	$ 819,250	$ 0	$ 819,250
Benefits Continuation	$0	$ 9,478	$ 0	$ 9,478
Accelerated Equity Vesting[1]	$0	$ 238,000	$ 238,000	$ 238,000
TOTAL	$0	$ 1,066,728	$ 238,000	$ 1,066,728

(1) Reflects the value of unexercised and unvested equity awards that would be realized in each case due to the accelerated vesting of such awards. Awards are valued based on the closing market price of our Common Stock as of the last trading day in fiscal year 2007, December 31, 2007 ($1.19). For purposes of this calculation, outstanding options having an exercise price more than the closing price of our common stock on such date have a value of $0.

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GARY D. BOWERS

Type of Payment	Termination for Cause or Resignation without Good Reason	Termination without Cause or as a Result of Disability, or Resignation For Good Reason	Change in Control with no Qualifying Termination	Change in Control with a Qualifying Termination
Cash	$0	$ 505,250	$ 0	$ 505,250
Benefits Continuation	$0	$ 8,852	$ 0	$ 8,852
Accelerated Equity Vesting[1]	$0	$ 238,000	$ 238,000	$ 238,000
TOTAL	$0	$ 752,102	$ 238,000	$ 752,102

(1) Reflects the value of unexercised and unvested equity awards that would be realized in each case due to the accelerated vesting of such awards. Awards are valued based on the closing market price of our Common Stock as of the last trading day in fiscal year 2007, December 31, 2007 ($1.19). For purposes of this calculation, outstanding options having an exercise price more than the closing price of our common

stock on such
date have a
value of $0.

JACQUES CORNET

As noted above, effective March 31, 2008, Mr. Cornet resigned from the Company. He will receive the following severance in accordance with his Separation Agreement, which we entered on April 16, 2008:

continuation of his annual salary at the time of his termination of CDN $267,650;

CDN $33,456.25 for his 2008 pro rata bonus;

continuation of certain health, dental and life insurance benefits through March 31, 2009 or until Mr. Cornet commences employment with another employer;

CDN $37,059.23 for Mr. Cornet s accrued vacation days at the time of his termination; and

CDN $25,000 for Mr. Cornet s contribution to the successful spin-off of Cedara Software SARL.

The sum of the cash payments to Mr. Cornet is equal to CDN $363,165.48, in each case less applicable income and employment tax withholding. The cash payments under will be paid over a 12 month period. In addition, Mr. Cornet will be entitled to exercise his stock options that have vested on or before March 31, 2008 on or before September 27, 2008, with the exception of one option grant which expires earlier by its terms. Mr. Cornet s employment agreement will be terminated as of March 31, 2008, however, Mr. Cornet will continue to be bound by the confidentiality, non-competition and other obligations under sections 15-18 of the employment contract.

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LORIS SARTOR

Type of Payment	Termination for Cause or Resignation without Good Reason	Termination without Cause or as a Result of Disability, or Resignation For Good Reason(	Change in Control with no Qualifying Termination	Change in Control with a Qualifying Termination
Cash	$0	$ 480,983	$ 0	$ 480,983
Benefits Continuation	$0	$ 3,933	$ 0	$ 3,933
Accelerated Equity Vesting (1)	$0	$ 238,000	$ 238,000	$ 238,000
TOTAL	$0	$ 722,916	$ 238,000	$ 722,916

(1) Reflects the value of unexercised and unvested equity awards that would be realized in each case due to the accelerated vesting of such awards. Awards are valued based on the closing market price of our Common Stock as of the last trading day in fiscal year 2007, December 31, 2007 ($1.19). For purposes of this calculation,

outstanding options having an exercise price more than the closing price of our common stock on such date have a value of $0.

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STEVEN M. ORESKOVICH

Type of Payment	Termination for Cause or Resignation without Good Reason	Termination without Cause or as a Result of Disability, or Resignation For Good Reason/Constructive Termination	Change in Control with no Qualifying Termination	Change in Control with a Qualifying Termination
Cash	$0	$ 213,281	$ 50,000(2)	$263,281
Benefits Continuation	$0	$ 4,264	$ 0	$ 4,264
Accelerated Equity Vesting[1]	$0	$ 63,466	$ 63,466	$ 63,466
TOTAL	$0	$ 281,011	$113,466	$331,011

(1) Reflects the value of unexercised and unvested equity awards that would be realized in each case due to the accelerated vesting of such awards. Awards are valued based on the closing market price of our Common Stock as of the last trading day in fiscal year 2007, December 31, 2007 ($1.19). For purposes of

this calculation, outstanding options having an exercise price more than the closing price of our common stock on such date have a value of $0.

DIRECTOR COMPENSATION FOR FISCAL YEAR 2007

The following tables provide information about the compensation earned by our directors during 2007 regardless of when paid and their equity holdings as of December 31, 2007. The tables do not include Mr. Rardin, who received no additional compensation for his services as a director.

Name	Fees Earned or Paid in Cash ($)	Option Awards[1] ($)	Total ($)
Robert A. Barish, M.D.	59,625	33,932	93,557
Dennis Brown	69,375	61,775	131,150
Michael D. Dunham	58,500	33,932	92,432
Robert T. Geras	62,250	33,932	96,182
Anna Marie Hajek	66,375	33,932	100,307
R. Ian Lennox	57,750	33,932	91,682
Kevin E. Moley	60,000	33,932	93,932
Kevin G. Quinn	62,250	33,932	96,182
Ramamritham Ramkumar	62,250	33,932	96,182
Richard A. Reck	76,875	33,932	110,807

(1) Amounts reflect that portion of the dollar amount of options that we recognized for financial statement reporting purposes in accordance with FAS 123R for the fiscal year ended December 31, 2007 (disregarding the estimate of forfeitures related to service based vesting). Assumptions used in the calculation of these amounts are included in note 6 to our

audited financial statements for the fiscal year ended December 31, 2007 included in our Annual Report on Form 10 K filed with the Commission on April 1, 2008. During 2007, options for 15,000 shares were granted to each board member in accordance with the Board compensation plan in effect on the date of our 2007 annual meeting of Shareholders with a grant date fair value of $3.02 per share or $45,300 in total for each director. Please refer to the following table entitled *Outstanding Equity Awards of Directors at Fiscal Year End* for the aggregate number of option awards outstanding as of December 31, 2007. Our directors do not hold any stock awards.

Annual Board / Committee Retainer Fees. Non employee Directors each receive an annual participation award of $40,000 per year, such amount to be earned and payable in increments of $10,000 per quarter. The non employee

Directors who serve as the Chair of the Board of Directors and Chair of the Audit Committee receive an additional $15,000 annual participation award, such amount to be earned and payable in increments of $3,750 per quarter. The non employee Director who serves as the Chair of the Compensation Committee receives an additional $7,500 annual participation award, such amount to be earned and payable in increments of $1,875 per quarter. The non employee Director who serves as the Chair of the Nominating and Governance Committee receives an additional $3,500 annual participation award, such amount to be earned and payable in increments of $875 per quarter.

Meeting Fees. Non employee Directors also received a fee of $1,500 for each Board of Directors meeting or Board Committee meeting attended in person, and a fee of $750 for each Board of Directors or Board Committee meeting attended via teleconference. Directors are also reimbursed for certain expenses incurred in connection with attendance at Board of Directors and Board Committee meetings.

Stock Option Grants. On the date of our Annual Meeting of Shareholders, Directors who are not employees of Merge Healthcare receive nonqualified stock options to purchase 15,000 shares of Common Stock of Merge Healthcare under Merge Healthcare s 2005 Equity Incentive Plan (Equity Incentive Plan), with an exercise price equal to the closing price of Merge Healthcare s shares of Common Stock on such date. The nonqualified stock options vest in four (4) equal quarterly increments following the grant date. Stock options granted to the non employee Directors under the Equity Incentive Plan expire at the earliest to occur of: (i) the expiration of the option term (no more than ten (10) years), or (ii) the expiration

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of six (6) months from the date the Director ceases to serve on our Board. Options granted to non employee Directors under the Equity Incentive Plan may be exercised, once vested, in whole or in part until termination of the exercise period. If a Director is elected or appointed after the date of the Annual Meeting, the amount of options issued will be prorated to coincide with the time Directors are elected or appointed for the following annual term, and that Director s stock option exercise price will be equal to the closing price of Merge Healthcare s shares of Common Stock as of the date of such new Director s election or appointment to the Board of Directors. Each option granted to Directors under the Equity Incentive Plan is evidenced by a written agreement between Merge Healthcare and the Director.

The Compensation Committee of the Board of Directors has not yet determined whether any changes to this compensation structure will be recommended with respect to the term beginning after the Merge Healthcare Annual Meeting.

OUTSTANDING EQUITY AWARDS OF DIRECTORS AT FISCAL YEAR END

The following table contains information concerning equity awards held by our directors that were outstanding as of December 31, 2007.

	Option Awards[1]			
Name	**Number of Securities Underlying Options (#)**	**Exercise Price of Option Awards ($/Sh)**	**Expiration Date**	**Aggregate Number of Securities Underlying Options (#)**
Robert A. Barish, M.D.	15,000	6.59	12/27/2016	30,000
	15,000	6.01	05/10/2017	
Dennis Brown	5,000	9.78	05/21/2013	70,000
	10,000	16.19	05/20/2014	
	15,000	17.50	06/01/2015	
	15,000	6.59	12/27/2016	
	10,000	5.52	01/30/2017	
	15,000	6.01	05/10/2017	
Michael D. Dunham	10,000	6.00	01/29/2008	137,500
	2,500	1.03	08/23/2009	
	2,500	2.13	02/08/2010	
	2,500	2.75	04/10/2010	
	5,000	1.40	05/23/2011	
	5,000	8.19	05/23/2012	
	50,000(2)	8.05	09/05/2012	
	5,000	9.78	05/21/2013	
	10,000	16.19	05/20/2014	
	15,000	17.50	06/01/2015	
	15,000	6.59	12/27/2016	
	15,000	6.01	05/10/2017	
Robert T. Geras	10,000	6.00	01/29/2008	82,500
	2,500	1.03	08/23/2009	
	5,000	1.40	05/23/2011	

5,000	8.19	05/23/2012
5,000	9.78	05/21/2013
10,000	16.19	05/20/2014
15,000	17.50	06/01/2015
15,000	6.59	12/27/2016

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	Option Awards[1]			
Name	Number of Securities Underlying Options (#)	Exercise Price of Option Awards ($/Sh)	Expiration Date	Aggregate Number of Securities Underlying Options (#)
	15,000	6.01	05/10/2017	
Anna Marie Hajek	5,000	8.19	05/23/2012	65,000
	5,000	9.78	05/21/2013	
	10,000	16.19	05/20/2014	
	15,000	17.50	06/01/2015	
	15,000	6.59	12/27/2016	
	15,000	6.01	05/10/2017	
R. Ian Lennox[3]	11,740	12.49	05/31/2008	56,740
	15,000	17.50	06/01/2015	
	15,000	6.59	12/27/2016	
	15,000	6.01	05/10/2017	
Kevin E. Moley	15,000	6.59	12/27/2016	30,000
	15,000	6.01	05/10/2017	
Kevin G. Quinn	15,000	6.59	12/27/2016	30,000
	15,000	6.01	05/10/2017	
Ramamritham Ramkumar	11,178	19.38	08/24/2015	41,178
	15,000	6.59	12/27/2016	
	15,000	6.01	05/10/2017	
Richard A. Reck	411	7.46	04/23/2013	60,411
	5,000	9.78	05/21/2013	
	10,000	16.19	05/20/2014	
	15,000	17.50	06/01/2015	
	15,000	6.59	12/27/2016	
	15,000	6.01	05/10/2017	

(1) All options are fully vested and exercisable, with the exception of the options granted on May 11, 2007 with a May 10, 2017

expiration date, which options were 75% vested and exercisable at December 31, 2007.

(2) Reflects a one time option award to Mr. Dunham in consideration of his agreement to serve as principal executive officer from July 2, 2006 until September 6, 2006, as an executive officer and not in consideration of his services as a director.

(3) Includes a replacement option to purchase 11,740 shares issued on June 1, 2005 to Mr. Lennox as a former director of Cedara in accordance with the Merger Agreement, dated as of January 17, 2005, by and among Merge Technologies Incorporated, Cedara Software Corp. and Corrida, Ltd.

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Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information as of December 31, 2007, with respect to shares of our Common Stock that may be issued under our existing equity compensation plans. The table does not include employee benefit plans intended to meet the qualification requirements of Section 401(a) of the Internal Revenue Code. All equity compensation plans are described more fully in Note 4 to our consolidated financial statements.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (a)	Weighted-Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans Excluding Securities Reflected in Column (a) (c)
Equity compensation plans approved by security holders	4,056,310	$ 8.48	743,129
Equity compensation plans not approved by security holders	24,750	$ 15.03	
	4,081,060	$ 8.52	743,129

Security Ownership of Certain Beneficial Owners and Management

The following table shows, as of April 15, 2008, the beneficial ownership of shares of the Common Stock, by: (i) each person that is known to us to beneficially own or exercise the voting or dispositive control of five percent (5%) or more of the outstanding Common Stock; (ii) each of our Directors and Named Executive Officers, including Mr. Oreskovich, a former Named Executive Officer; and (iii) all of our Directors and executive officers as a group. Except as otherwise indicated in the footnotes to the table, the persons named below have sole voting and investment power with respect to the shares beneficially owned by such persons. In general, a person is deemed to be a beneficial owner of a security if that person has or shares the power to vote or direct the voting of such security, or the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which the person has the right to acquire the beneficial ownership within sixty (60) days.

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Name and Address of Beneficial Owner [1]	Shares Beneficially Owned [2] [3]	Percentage of Total Outstanding
Prescott Group Capital Management, LLC [4]	4,932,822	13.81%
Glenhill Advisors, LLC [5]	2,800,000	7.84%
BlackRock, Inc. [6]	1,908,513	5.34%
Robert A. Barish, M. D.	92,781	(*)
Gary D. Bowers [7]	257,810	(*)
Dennis Brown	70,284	(*)
Jacques F. Cornet [7]	79,549	(*)
Michael D. Dunham	156,912	(*)
Robert T. Geras	325,591	(*)
Anna Marie Hajek	72,983	(*)
R. Ian Lennox [8]	59,675	(*)
Kevin E. Moley	36,249	(*)
Steven R. Norton [7]	284,797	(*)
Steven M. Oreskovich [7]	180,631	(*)
Kevin G. Quinn	30,000	(*)
Ramamritham Ramkumar	51,178	(*)
Kenneth D. Rardin [7]	543,000	1.52%
Richard A. Reck	88,439	(*)
Loris Sartor [7][9]	308,308	(*)
All Directors and Executive Officers as a Group (16 persons).	2,638,187	7.39%

(*) Less than 1% of outstanding Common Stock.

(1) The business address of each beneficial owner who is also a Director or Named Executive Officer of Merge Healthcare Incorporated is c/o Merge Healthcare Incorporated, 6737 West Washington Street, Suite 2250, Milwaukee, Wisconsin

53214 5650. The business address for Prescott Group Capital Management, L.L.C. is 1924 South Utica, Suite 1120, Tulsa, Oklahoma 74104 6529. The business address of Glenhill Advisors, LLC is 598 Madison Avenue, 12th Floor, New York, New York 10022. The business address of BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.

(2) Except pursuant to applicable marital property laws or as indicated in the footnotes to this table, to our knowledge, each shareholder identified in the table possesses sole voting and investment power with respect to all Common Stock shown as beneficially owned by such beneficial owner.

(3) Includes the following number of shares of Common Stock which may be acquired upon the

exercise of stock options which are currently exercisable or exercisable within 60 days of April 15, 2008: 30,000 for Dr. Barish; 56,250 for Mr. Bowers; 70,000 for Mr. Brown; 77,906 for Mr. Cornet; 127,500 for Mr. Dunham; 72,500 for Mr. Geras; 65,000 for Ms. Hajek, 56,740 for Mr. Lennox; 30,000 for Mr. Moley; 79,688 for Mr. Norton; 123,750 for Mr. Oreskovich; 30,000 for Mr. Quinn; 41,178 for Mr. Ramkumar; 225,000 for Mr. Rardin; 60,411 for Mr. Reck; and 83,208 for Mr. Sartor.

(4) As reported on a Form 4 filed with the Commission on February 5, 2008 jointly by Prescott Group Capital Management LLC., an Oklahoma limited liability company

(Prescott Capital), and Mr. Phil Frohlich, manager of Prescott Capital, with respect to the number of shares owned 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. (the Small Cap Funds), the beneficial ownership of which both Prescott Capital and Mr. Frohlich disclaim.

(5) As reported on a Schedule 13G/A filed with the Commission on February 14, 2008 jointly by Glenhill Advisors, LLC, Glenn J. Krevlin, Glenhill Capital Management, LLC and Glenhill Capital L P. Mr. Krevlin is the managing member and control person of Glenhill Advisors, LLC. According to the Schedule 13G/A, each of Glenhill

Advisors, LLC and Mr. Krevlin have sole voting and dispositive power with respect to 2,800,000 shares of our Common Stock.

(6) As reported on a Schedule 13G filed with the Commission on February 8, 2008 by BlackRock, Inc., on behalf of its investment advisory subsidiaries, BlackRock Advisors LLC, BlackRock Investment Management LLC and BlackRock (Channel Islands) Ltd., as having shared voting and dispositive

power with respect to 1,908,513 shares of our Common Stock, the beneficial ownership of which BlackRock, Inc. disclaims.

(7) Includes the following number of shares of Restricted Common Stock granted on November 24, 2007, which shares shall become vested and non forfeitable in increments of 33%, 33% and 34% on the first, second and third anniversaries of the grant date, respectfully, subject to certain restrictions and conditions as set by the Compensation Committee of our Board of Directors: 200,000 for Mr. Bowers; 200,000 for Mr. Norton; 53,333 for Mr. Oreskovich; 300,000 for Mr. Rardin; and 200,000 for Mr. Sartor.

(8) Reflects 2,935 non voting exchangeable shares of Merge Cedara ExchangeCo Limited, which exchangeable shares may be exchanged on a one to one basis for shares of Merge Healthcare s Common Stock.

(9) Reflects 100 non voting exchangeable shares of Merge Cedara ExchangeCo Limited, which exchangeable shares may be exchanged on a one to one basis for shares of Merge Healthcare s Common Stock.

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Item 13. POLICIES AND PROCEDURES GOVERNING RELATED PERSON TRANSACTIONS

In March 2007, our Board adopted written policies and procedures regarding related person transactions. For purposes of these policies and procedures:

a related person means any of our directors, executive officers, nominees for director, holder of five percent (5%) or more of our Common Stock or any of their immediate family members; and

a related person transaction generally is a transaction (including any indebtedness or a guarantee of indebtedness) in which we were or are to be a participant and the amount involved exceeds $50,000, and in which a related person had or will have a direct or indirect material interest.

Each of our executive officers, directors or nominees for director is required to disclose to our Audit Committee certain information relating to related person transactions for review, approval or ratification by our Audit Committee. Disclosure to our Audit Committee should occur before, if possible, or as soon as practicable after the related person transaction is effected, but in any event as soon as practicable after the executive officer, director or nominee for director becomes aware of the related person transaction. Our Audit Committee s decision whether or not to approve or ratify a related person transaction is to be made in light of our Audit Committee s determination that consummation of the transaction is not or was not contrary to our best interests. Any related person transaction must be disclosed to our full Board.

Related Person Transactions

None

Item 14. INDEPENDENT AUDITORS

KPMG LLP is our independent registered public accounting firm and has audited our consolidated balance sheets as of December 31, 2007, and December 31, 2006, and the consolidated statements of operations, Shareholders equity, comprehensive income (loss) and cash flows for each of the years in the three-year period ended December 31, 2007, and our internal control as of December 31, 2007 as stated in their reports appearing in our Annual Report on Form 10 K.

The following table presents fees billed for professional services rendered for the audit of our annual financial statements for 2007 and 2006 and fees billed for other services rendered during 2007 and 2006 by KPMG LLP:

	2007	2006
Audit fees [(1)]	$ 1,450,000	$ 1,085,000
Audit-related fees[(2)]	63,500	0
Tax fees [(3)]	0	6,000
All other fees [(4)]	1,500	1,500
Total fees	$ 1,515,000	$ 1,092,500

(1) Audit fees include fees for the annual financial statement audit, quarterly reviews, audit of internal control over financial reporting, consents, review of registration statements and review of, and assistance with, Current Reports on Form 8 K. In 2007, audit fees also included $439,662 for the audit of restated financial statements in our 2006 Annual Report on Form 10-K/A.

(2) Audit-related fees consist of

professional services related to accounting consultation.

(3) Tax fees consist of fees for tax compliance and tax consulting in Canada.

(4) All other fees consist of access to an accounting research application.

The Audit Committee of our Board has considered whether the provision of these services not related to the audit of the financial statements acknowledged above is compatible with maintaining the independence of KPMG LLP and is of the opinion that the provision of these services does not compromise KPMG LLP s independence.

The Audit Committee, in accordance with its charter, must pre approve all non audit services provided by our independent registered public accountants. The Audit Committee generally pre approves specified services in the defined categories of audit services, audit related services and tax services up to specified amounts. Pre approval may also be given as part of our Audit Committee s approval of the scope of the engagement of the independent registered public accountants or on an individual, explicit case by case basis before the independent auditor is engaged to provide each service.

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

(a) The following documents are filed as part of this annual report:

(b) See Exhibit Index that follows.

Exhibit Index

31.1	Certification of Chief Executive Officer (principal executive officer) Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer (principal accounting officer) Pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934.
32	Certification of Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal accounting officer) Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Merge Healthcare Incorporated
Date: April 28, 2008	By: /s/ Kenneth D. Rardin Kenneth D. Rardin *President and Chief Executive Officer* *(principal executive officer)*
Date: April 28, 2008	By: /s/ Steven R. Norton Steven R. Norton *Executive Vice President & Chief Financial Officer* *(principal financial officer and principal accounting officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: April 28, 2008	By: * Michael D. Dunham *Chairman of the Board*
Date: April 28, 2008	By: * Robert A. Barish, M. D. *Director*
Date: April 28, 2008	By: * Dennis Brown *Director*
Date: April 28, 2008	By: * Robert T. Geras *Director*
Date: April 28, 2008	By: * Anna Marie Hajek *Director*
Date: April 28, 2008	By: *

		R. Ian Lennox *Director*
Date: April 28, 2008	By:	* Kevin E. Moley *Director*
Date: April 28, 2008	By:	* Kevin G. Quinn *Director*

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Date: April 28, 2008	By: * Ramamritham Ramkumar *Director*
Date: April 28, 2008	By: * Kenneth D. Rardin *Director*
Date: April 28, 2008	By: * Richard A. Reck *Director*
Date: April 28, 2008	By: /s/ Kenneth D. Rardin (Attorney-in-Fact)

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r="#cceeff"> $ 3,421,875 Term Loan, 7.75%, Maturing August 13, 2010 $ 3,430,430 Chiquita Brands, LLC 763,088 Term Loan, 6.20%, Maturing June 28, 2012 769,288 Del Monte Corp. 975,100 Term Loan, 5.73%, Maturing February 8, 2012 988,386 Doane Pet Care Co. 600,000 Term Loan, 6.49%, Maturing October 21, 2012 608,250 Dole Food Company, Inc. 1,213,464 Term Loan, 5.73%, Maturing April 18, 2012 1,225,220 Herbalife International, Inc. 281,250 Term Loan, 5.95%, Maturing December 21, 2010 283,447 Michael Foods, Inc. 600,000 Term Loan, 6.17%, Maturing November 21, 2010 600,000

See notes to financial statements

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount		Borrower/Tranche Description	Value
Food Products (continued)			
Pinnacle Foods Holdings Corp.			
$	1,906,371	Term Loan, 7.31%, Maturing November 25, 2010	$ 1,933,061
Reddy Ice Group, Inc.			
	2,190,000	Term Loan, 5.87%, Maturing August 9, 2012	2,211,217
			$ 12,049,299
Food Service 3.4%			
AFC Enterprises, Inc.			
$	907,725	Term Loan, 6.31%, Maturing May 11, 2011	$ 919,072
Buffets, Inc.			
	1,000,000	Term Loan, 6.78%, Maturing June 28, 2009	1,010,000
	1,285,225	Term Loan, 7.16%, Maturing June 28, 2009	1,298,077
Burger King Corp.			
	1,022,438	Term Loan, 5.83%, Maturing June 30, 2012	1,035,058
Carrols Corp.			
	583,963	Term Loan, 6.56%, Maturing December 31, 2010	593,178
CKE Restaurants, Inc.			
	2,178,450	Term Loan, 6.19%, Maturing May 1, 2010	2,202,958
Denny's, Inc.			
	2,530,892	Term Loan, 7.30%, Maturing September 21, 2009	2,576,238
Domino's, Inc.			
	6,821,059	Term Loan, 5.81%, Maturing June 25, 2010	6,910,585
Gate Gourmet Borrower, LLC			
	481,561	Term Loan, 11.59%, Maturing December 31, 2008	482,163
	1,053,222	Term Loan, 9.50%, Maturing December 31, 2009(4)	1,026,892
Jack in the Box, Inc.			
	984,962	Term Loan, 5.57%, Maturing January 8, 2011	995,427
Weight Watchers International, Inc.			
	4,455,000	Term Loan, 5.67%, Maturing March 31, 2010	4,506,976
			$ 23,556,624
Food / Drug Retailers 1.9%			
General Nutrition Centers, Inc.			
$	1,014,884	Term Loan, 7.31%, Maturing December 7, 2009	$ 1,028,839
Giant Eagle, Inc.			
	2,075,000	Term Loan, 5.77%, Maturing November 7, 2012	2,086,024
Roundy's Supermarkets, Inc.			

	3,825,000	Term Loan, 7.11%, Maturing November 3, 2011	3,813,047
The Jean Coutu Group (PJC), Inc.			
	5,907,492	Term Loan, 6.50%, Maturing July 30, 2011	5,952,720
The Pantry, Inc.			
	317,035	Term Loan, 6.47%, Maturing March 12, 2011	318,620
			$ 13,199,250

Principal Amount		Borrower/Tranche Description	Value
Forest Products 2.8%			
Appleton Papers, Inc.			
$	3,617,585	Term Loan, 6.58%, Maturing June 11, 2010	$ 3,656,586
Boise Cascade Holdings, LLC			
	3,515,269	Term Loan, 5.81%, Maturing October 29, 2011	3,562,138
Buckeye Technologies, Inc.			
	2,282,290	Term Loan, 6.08%, Maturing March 15, 2010	2,297,981
Koch Cellulose, LLC			
	1,088,377	Term Loan, 5.59%, Maturing May 7, 2011	1,094,953
	3,527,617	Term Loan, 5.77%, Maturing May 7, 2011	3,548,931
NewPage Corp.			
	2,892,750	Term Loan, 7.13%, Maturing May 2, 2011	2,925,293
RLC Industries Co.			
	1,242,642	Term Loan, 5.52%, Maturing February 24, 2010	1,248,855
Xerium Technologies, Inc.			
	1,492,512	Term Loan, 6.02%, Maturing May 18, 2012	1,505,572
			$ 19,840,309
Healthcare 8.9%			
Alliance Imaging, Inc.			
$	500,000	Term Loan, 6.49%, Maturing December 29, 2011	$ 504,922
AMN Healthcare, Inc.			
	600,000	Term Loan, 6.23%, Maturing November 2, 2011	605,250
AMR HoldCo, Inc.			
	858,513	Term Loan, 6.61%, Maturing February 10, 2012	867,366
Carl Zeiss Topco GMBH			
	410,000	Term Loan, 6.95%, Maturing February 28, 2013	412,563
	820,000	Term Loan, 7.45%, Maturing February 28, 2014	826,150
	375,000	Term Loan, 9.70%, Maturing August 31, 2014	382,031
Colgate Medical, Ltd.			
	504,785	Term Loan, 6.01%, Maturing December 30, 2008	509,833
Community Health Systems, Inc.			
	9,636,685	Term Loan, 6.16%, Maturing August 19, 2011	9,763,166
Concentra Operating Corp.			

	2,675,000	Term Loan, 6.05%, Maturing September 30, 2011	2,711,225
Davita Inc.			
	8,075,000	Term Loan, 6.41%, Maturing October 5, 2012	8,198,927
Encore Medical IHC, Inc.			
	1,647,891	Term Loan, 7.36%, Maturing October 4, 2010	1,666,430
Envision Worldwide, Inc.			
	1,384,444	Term Loan, 9.01%, Maturing September 30, 2010	1,391,367
FHC Health Systems, Inc.			
	2,000,000	Term Loan, 12.87%, Maturing February 7, 2011	2,030,000
Genoa Healthcare Group, LLC			
	480,000	Term Loan, 7.24%, Maturing August 12, 2012	483,750

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount		Borrower/Tranche Description	Value
Healthcare (continued)			
Hanger Orthopedic Group, Inc.			
$	2,468,511	Term Loan, 7.75%, Maturing September 30, 2009	$ 2,500,910
Healthcare Partners, LLC			
	443,625	Term Loan, 5.82%, Maturing March 2, 2011	447,368
Healthsouth Corp.			
	1,027,425	Term Loan, 6.53%, Maturing June 14, 2007	1,033,365
	285,000	Term Loan, 3.55%, Maturing March 21, 2010	286,648
Iasis Healthcare, LLC			
	3,950,000	Term Loan, 6.30%, Maturing June 16, 2011	4,007,603
Kinetic Concepts, Inc.			
	1,482,724	Term Loan, 5.78%, Maturing August 11, 2010	1,498,478
Leiner Health Products, Inc.			
	2,468,750	Term Loan, 7.70%, Maturing May 27, 2011	2,488,809
Lifecare Holdings, Inc.			
	975,000	Term Loan, 6.34%, Maturing August 11, 2012	931,430
Lifepoint Hospitals, Inc.			
	4,503,861	Term Loan, 6.19%, Maturing April 15, 2012	4,535,879
Magellan Health Services, Inc.			
	2,162,162	Term Loan, 3.76%, Maturing August 15, 2008	2,186,486
	2,945,946	Term Loan, 5.87%, Maturing August 15, 2008	2,979,088
Medcath Holdings Corp.			
	1,045,438	Term Loan, 6.77%, Maturing July 2, 2011	1,052,952
National Mentor, Inc.			
	906,561	Term Loan, 6.80%, Maturing September 30, 2011	918,460
Renal Advantage, Inc.			
	375,000	Term Loan, 6.61%, Maturing October 5, 2012	379,336
Select Medical Holding Corp.			
	2,351,950	Term Loan, 6.12%, Maturing February 24, 2012	2,355,871
Talecris Biotherapeutics, Inc.			
	1,119,375	Term Loan, 7.62%, Maturing March 31, 2010	1,113,778
Vanguard Health Holding Co., LLC			
	1,364,688	Term Loan, 6.21%, Maturing September 23, 2011	1,382,599
VWR International, Inc.			
	1,996,000	Term Loan, 6.69%, Maturing April 7, 2011	2,024,693

			$ 62,476,733
Home Furnishings 1.5%			
Knoll, Inc.			
$	2,085,000	Term Loan, 6.09%, Maturing October 3, 2012	$ 2,114,102
National Bedding Company, LLC			
	550,000	Term Loan, 9.10%, Maturing August 31, 2012	536,938
Sealy Mattress Co.			
	2,731,858	Term Loan, 5.90%, Maturing April 6, 2012	2,765,154
Simmons Co.			
	5,197,283	Term Loan, 5.97%, Maturing December 19, 2011	5,260,628
			$ 10,676,822

Principal Amount		Borrower/Tranche Description	Value
Industrial Equipment 1.2%			
Alliance Laundry Holdings, LLC			
$	551,650	Term Loan, 6.34%, Maturing January 27, 2012	$ 559,925
Douglas Dynamics Holdings, Inc.			
	1,009,487	Term Loan, 5.77%, Maturing December 16, 2010	1,017,058
Flowserve Corp.			
	2,400,000	Term Loan, 5.91%, Maturing August 10, 2012	2,433,751
Gleason Corp.			
	541,101	Term Loan, 6.70%, Maturing July 27, 2011	547,865
	1,990,000	Term Loan, 9.82%, Maturing January 31, 2012	2,024,825
Itron, Inc.			
	337,838	Term Loan, 6.02%, Maturing December 17, 2010	340,372
Mainline, L.P.			
	1,351,000	Term Loan, 6.30%, Maturing December 17, 2011	1,371,265
			$ 8,295,061
Insurance 1.2%			
CCC Information Services Group, Inc.			
$	2,690,540	Term Loan, 6.97%, Maturing August 20, 2010	$ 2,697,266
Conseco, Inc.			
	3,642,323	Term Loan, 6.14%, Maturing June 22, 2010	3,681,023
U.S.I. Holdings Corp.			
	970,113	Term Loan, 6.74%, Maturing August 11, 2008	974,358
	1,384,538	Term Loan, 6.74%, Maturing August 11, 2008	1,390,595
			$ 8,743,242
Leisure Goods / Activities / Movies 8.3%			
24 Hour Fitness Worldwide, Inc.			
$	1,865,000	Term Loan, 6.78%, Maturing June 8, 2012	$ 1,894,141
Alliance Atlantis Communications, Inc.			
	694,510		698,272

		Term Loan, 5.92%, Maturing December 31, 2011	
Cinemark, Inc.			
	4,929,937	Term Loan, 6.53%, Maturing March 31, 2011	4,990,945
Fender Musical Instruments Co.			
	785,000	Term Loan, 8.72%, Maturing March 30, 2012	790,888
Loews Cineplex Entertainment Corp.			
	8,472,987	Term Loan, 6.35%, Maturing July 30, 2011	8,527,265
Mega Blocks, Inc.			
	1,820,438	Term Loan, 6.54%, Maturing July 26, 2012	1,843,763
Metro-Goldwyn-Mayer Holdings, Inc.			
	11,220,000	Term Loan, 6.27%, Maturing April 8, 2012	11,303,510
Regal Cinemas Corp.			
	9,583,159	Term Loan, 6.02%, Maturing November 10, 2010	9,694,966
Riddell Bell Holdings, Inc.			
	990,000	Term Loan, 6.16%, Maturing September 30, 2011	1,006,293

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount		Borrower/Tranche Description	Value
Leisure Goods / Activities / Movies (continued)			
Six Flags Theme Parks, Inc.			
$	8,002,817	Term Loan, 6.67%, Maturing June 30, 2009	$ 8,102,852
Universal City Development Partners, Ltd.			
	2,064,400	Term Loan, 6.24%, Maturing June 9, 2011	2,094,505
WMG Acquisition Corp.			
	6,452,560	Term Loan, 6.41%, Maturing February 28, 2011	6,528,029
Yankees Holdings & YankeeNets, LLC			
	628,571	Term Loan, 6.59%, Maturing June 25, 2007	631,714
			$ 58,107,143
Lodging and Casinos 4.8%			
Alliance Gaming Corp.			
$	2,783,302	Term Loan, 8.77%, Maturing September 5, 2009	$ 2,788,087
Ameristar Casinos, Inc.			
	1,225,000	Term Loan, 5.87%, Maturing November 10, 2012	1,234,698
CCM Merger, Inc.			
	1,592,263	Term Loan, 6.05%, Maturing April 25, 2012	1,605,399
CNL Resort Hotel, L.P.			
	1,750,000	Term Loan, 7.00%, Maturing August 18, 2006	1,754,375
Columbia Entertainment			
	339,286	Term Loan, 6.66%, Maturing October 24, 2011	342,467
Globalcash Access, LLC			
	725,132	Term Loan, 6.47%, Maturing March 10, 2010	736,009
Isle of Capri Casinos, Inc.			
	2,511,025	Term Loan, 5.94%, Maturing February 4, 2012	2,538,332
Marina District Finance Co., Inc.			
	4,540,688	Term Loan, 5.91%, Maturing October 14, 2011	4,583,256
Penn National Gaming, Inc.			
	7,275,000	Term Loan, 6.04%, Maturing October 3, 2012	7,377,876
Pinnacle Entertainment, Inc.			
	1,100,000	Term Loan, 7.22%, Maturing August 27, 2010	1,107,563
	1,233,440	Term Loan, 7.22%, Maturing August 27, 2010	1,243,462
Resorts International Holdings, LLC			
	1,194,783	Term Loan, 6.53%, Maturing April 26, 2012	1,202,848
	1,505,000	Term Loan, 10.27%, Maturing April 26, 2013	1,471,138

Venetian Casino Resort, LLC			
	3,770,887	Term Loan, 5.77%, Maturing June 15, 2011	3,806,239
	777,502	Term Loan, 5.77%, Maturing June 15, 2011	784,791
Wynn Las Vegas, LLC			
	1,370,000	Term Loan, 6.35%, Maturing December 14, 2011	1,386,840
			$ 33,963,380

Principal Amount		Borrower/Tranche Description	Value
Nonferrous Metals / Minerals 2.6%			
Alpha Natural Resources, LLC			
$	500,000	Term Loan, 6.32%, Maturing October 26, 2012	$ 504,167
Carmeuse Lime, Inc.			
	682,500	Term Loan, 6.00%, Maturing May 2, 2011	687,619
Foundation Coal Corp.			
	5,719,628	Term Loan, 5.85%, Maturing July 30, 2011	5,821,706
ICG, LLC			
	940,501	Term Loan, 6.88%, Maturing November 5, 2010	944,420
International Mill Service, Inc.			
	2,000,000	Term Loan, 10.22%, Maturing October 26, 2011	2,030,000
Magnequench International, Inc.			
	2,550,000	Term Loan, 7.75%, Maturing August 31, 2009	2,556,375
Murray Energy Corp.			
	972,650	Term Loan, 7.22%, Maturing January 28, 2010	978,121
Novelis, Inc.			
	1,091,077	Term Loan, 6.01%, Maturing January 6, 2012	1,103,522
	1,898,019	Term Loan, 6.01%, Maturing January 6, 2012	1,919,668
Stillwater Mining Co.			
	391,874	Term Loan, 7.50%, Maturing June 30, 2007	396,282
Trout Coal Holdings, LLC			
	1,600,000	Term Loan, 10.83%, Maturing March 23, 2012	1,588,000
			$ 18,529,880
Oil and Gas 4.5%			
Coffeyville Resources, LLC			
$	850,000	Term Loan, 10.81%, Maturing June 24, 2013	$ 880,813
Dresser, Inc.			
	2,873,171	Term Loan, 6.72%, Maturing March 31, 2007	2,901,006
El Paso Corp.			
	2,205,750	Term Loan, 5.27%, Maturing November 23, 2009	2,217,238
	3,617,430	Term Loan, 6.81%, Maturing November 23, 2009	3,641,294
Epco Holdings, Inc.			
	1,785,000		1,812,053

		Term Loan, 6.46%, Maturing August 18, 2010	
Key Energy Services, Inc.			
	1,335,000	Term Loan, 7.18%, Maturing June 30, 2012	1,355,582
LB Pacific, L.P.			
	1,629,325	Term Loan, 6.95%, Maturing March 3, 2012	1,654,783
Lyondell-Citgo Refining, L.P.			
	3,456,250	Term Loan, 6.19%, Maturing May 21, 2007	3,508,094
Targa Resources, Inc.			
	1,855,000	Term Loan, 6.83%, Maturing October 31, 2007	1,861,956
	1,410,000	Term Loan, 4.08%, Maturing October 31, 2012	1,419,341
	2,535,000	Term Loan, 6.63%, Maturing October 31, 2012	2,551,794

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount		Borrower/Tranche Description	Value
Oil and Gas (continued)			
Universal Compression, Inc.			
$	1,144,250	Term Loan, 5.59%, Maturing February 15, 2012	$ 1,157,838
Williams Production RMT Co.			
	6,415,873	Term Loan, 6.37%, Maturing May 30, 2008	6,484,042
			$ 31,445,834
Publishing 6.9%			
American Media Operations, Inc.			
$	994,792	Term Loan, 6.81%, Maturing April 1, 2008	$ 1,004,118
CBD Media, LLC			
	3,886,975	Term Loan, 6.62%, Maturing December 31, 2009	3,945,280
Dex Media East, LLC			
	4,133,963	Term Loan, 5.92%, Maturing May 8, 2009	4,158,511
Dex Media West, LLC			
	3,799,400	Term Loan, 5.96%, Maturing March 9, 2010	3,822,436
Freedom Communications			
	1,962,623	Term Loan, 5.38%, Maturing May 18, 2012	1,978,324
Herald Media, Inc.			
	1,000,000	Term Loan, 9.78%, Maturing January 22, 2012	1,013,125
Journal Register Co.			
	5,000,000	Term Loan, 5.69%, Maturing August 12, 2012	5,030,470
Liberty Group Operating, Inc.			
	1,483,669	Term Loan, 6.38%, Maturing February 28, 2012	1,497,347
Medianews Group, Inc.			
	559,190	Term Loan, 5.47%, Maturing August 25, 2010	560,821
Merrill Communications, LLC			
	5,481,926	Term Loan, 6.72%, Maturing July 30, 2009	5,550,450
Morris Publishing Group, LLC			
	2,927,875	Term Loan, 5.88%, Maturing March 31, 2011	2,942,514
Nebraska Book Co., Inc.			
	1,470,075	Term Loan, 6.70%, Maturing March 4, 2011	1,483,857
R.H. Donnelley Corp.			
	194,812	Term Loan, 5.81%, Maturing December 31, 2009	195,664
	9,826,928	Term Loan, 5.70%, Maturing June 30, 2011	9,882,676
Source Media, Inc.			
	480,500		487,407

		Term Loan, 6.27%, Maturing November 8, 2011	
	250,000	Term Loan, 9.29%, Maturing August 30, 2012	254,297
Xerox Corp.			
	2,000,000	Term Loan, 5.97%, Maturing September 30, 2008	2,020,000
Xsys US, Inc.			
	1,254,256	Term Loan, 6.77%, Maturing December 31, 2012	1,263,663
	1,281,126	Term Loan, 7.27%, Maturing December 31, 2013	1,297,140
			$ 48,388,100

Principal Amount		Borrower/Tranche Description	Value
Radio and Television 6.0%			
Adams Outdoor Advertising, L.P.			
$	3,626,624	Term Loan, 6.20%, Maturing November 18, 2012	$ 3,680,269
ALM Media Holdings, Inc.			
	1,194,000	Term Loan, 6.52%, Maturing March 5, 2010	1,194,995
DirecTV Holdings, LLC			
	3,993,333	Term Loan, 5.51%, Maturing April 13, 2013	4,034,932
Emmis Operating Co.			
	2,970,000	Term Loan, 5.89%, Maturing November 10, 2011	2,990,606
Entravision Communications Corp.			
	1,475,000	Term Loan, 5.55%, Maturing September 29, 2013	1,487,353
Gray Television, Inc.			
	1,566,075	Term Loan, 5.71%, Maturing November 22, 2015	1,571,948
HIT Entertainment, Inc.			
	1,325,000	Term Loan, 6.46%, Maturing March 20, 2012	1,331,459
NEP Supershooters, L.P.			
	1,898,008	Term Loan, 12.02%, Maturing August 3, 2011	1,888,518
Nexstar Broadcasting, Inc.			
	2,043,211	Term Loan, 5.77%, Maturing October 1, 2012	2,057,683
	2,079,887	Term Loan, 5.77%, Maturing October 1, 2012	2,094,619
NextMedia Operating, Inc.			
	138,462	Term Loan, 0.00%, Maturing November 15, 2012(2)	139,615
	311,538	Term Loan, 6.12%, Maturing November 15, 2012	314,135
PanAmSat Corp.			
	6,897,453	Term Loan, 5.86%, Maturing August 20, 2011	6,987,671
Patriot Media and Communications CNJ, LLC			
	600,000	Term Loan, 9.13%, Maturing October 6, 2013	611,719
Rainbow National Services, LLC			
	3,582,000	Term Loan, 7.19%, Maturing March 31, 2012	3,618,716
Raycom TV Broadcasting, Inc.			

		2,000,000	Term Loan, 5.88%, Maturing October 6, 2011	2,007,500
		4,000,000	Term Loan, 6.06%, Maturing February 24, 2012	4,015,000
Spanish Broadcasting System, Inc.				
		1,300,000	Term Loan, 8.02%, Maturing June 10, 2013	1,320,855
Young Broadcasting, Inc.				
		812,963	Term Loan, 6.42%, Maturing November 3, 2012	819,568
				$ 42,167,161
Rail Industries 0.8%				
Kansas City Southern Industries, Inc.				
	$	759,263	Term Loan, 5.76%, Maturing March 30, 2008	$ 764,403
Railamerica, Inc.				
		4,047,217	Term Loan, 6.69%, Maturing September 29, 2011	4,112,142
		478,420	Term Loan, 6.69%, Maturing September 29, 2011	486,095
				$ 5,362,640

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount		Borrower/Tranche Description	Value
Retailers (Except Food and Drug) 5.4%			
Advance Stores Company, Inc.			
$	163,924	Term Loan, 5.60%, Maturing September 30, 2010	$ 165,922
	97,199	Term Loan, 5.66%, Maturing September 30, 2010	98,384
Alimentation Couche-Tard, Inc.			
	3,627,087	Term Loan, 5.88%, Maturing December 17, 2010	3,672,425
American Achievement Corp.			
	2,243,736	Term Loan, 6.53%, Maturing March 25, 2011	2,277,392
Amscan Holdings, Inc.			
	987,500	Term Loan, 6.77%, Maturing April 30, 2012	993,672
FTD, Inc.			
	1,599,652	Term Loan, 6.47%, Maturing February 28, 2011	1,622,647
Harbor Freight Tools USA, Inc.			
	2,442,993	Term Loan, 6.62%, Maturing July 15, 2010	2,469,560
Home Interiors & Gifts, Inc.			
	2,858,268	Term Loan, 9.22%, Maturing March 31, 2011	2,633,179
Josten's Corp.			
	5,491,000	Term Loan, 5.94%, Maturing October 4, 2010	5,574,222
	900,000	Term Loan, 6.44%, Maturing October 4, 2010	905,063
Mapco Express, Inc.			
	675,308	Term Loan, 6.72%, Maturing April 28, 2011	684,382
Movie Gallery, Inc.			
	1,182,037	Term Loan, 7.83%, Maturing April 27, 2011	1,133,700
Neiman Marcus Group, Inc.			
	1,075,000	Term Loan, 6.48%, Maturing April 5, 2013	1,081,108
Oriental Trading Co., Inc.			
	2,194,147	Term Loan, 6.31%, Maturing August 4, 2010	2,207,861
Rent-A-Center, Inc.			
	3,959,900	Term Loan, 5.46%, Maturing June 30, 2010	4,006,429
Savers, Inc.			
	722,822	Term Loan, 7.40%, Maturing August 4, 2009	729,147
	1,500,000	Term Loan, 12.22%, Maturing August 4, 2010	1,518,750
School Specialty, Inc.			
	2,750,000	Term Loan, 6.32%, Maturing September 29, 2012	2,753,438
Travelcenters of America, Inc.			

	3,440,000	Term Loan, 5.71%, Maturing November 30, 2008	3,481,710
			$ 38,008,991
Surface Transport 0.8%			
Horizon Lines, LLC			
$	2,987,188	Term Loan, 6.27%, Maturing July 7, 2011	$ 3,027,640
Sirva Worldwide, Inc.			
	2,524,118	Term Loan, 8.09%, Maturing December 1, 2010	2,418,945
			$ 5,446,585

Principal Amount		Borrower/Tranche Description	Value
Telecommunications 5.5%			
AAT Communications Corp.			
$	1,370,000	Term Loan, 7.16%, Maturing July 29, 2013	$ 1,391,978
Alaska Communications Systems Holdings, Inc.			
	1,105,000	Term Loan, 6.02%, Maturing February 11, 2012	1,119,641
Cellular South, Inc.			
	1,329,135	Term Loan, 5.97%, Maturing May 4, 2011	1,344,919
Centennial Cellular Operating Co., LLC			
	4,924,812	Term Loan, 6.40%, Maturing February 9, 2011	4,952,130
Cincinnati Bell, Inc.			
	725,000	Term Loan, 5.48%, Maturing August 31, 2012	729,984
Consolidated Communications, Inc.			
	4,496,651	Term Loan, 5.92%, Maturing July 27, 2015	4,541,618
D&E Communications, Inc.			
	1,475,955	Term Loan, 6.27%, Maturing December 31, 2011	1,487,025
Fairpoint Communications, Inc.			
	3,235,000	Term Loan, 5.81%, Maturing February 8, 2012	3,249,962
Hawaiian Telcom Communications, Inc.			
	830,000	Term Loan, 6.28%, Maturing October 31, 2012	839,441
Intelsat, Ltd.			
	2,000,000	Term Loan, 5.81%, Maturing July 28, 2011	2,019,376
Iowa Telecommunications Services			
	688,000	Term Loan, 5.71%, Maturing November 23, 2011	695,525
IPC Acquisition Corp.			
	520,000	Term Loan, 6.85%, Maturing August 5, 2011	523,900
Madison River Capital, LLC			
	600,000	Term Loan, 6.59%, Maturing July 31, 2012	608,719
NTelos, Inc.			
	1,344,837	Term Loan, 6.53%, Maturing February 18, 2011	1,357,109
Qwest Corp.			
	4,000,000	Term Loan, 9.02%, Maturing June 4, 2007	4,108,332

Stratos Global Corp.			
	1,128,000	Term Loan, 6.27%, Maturing December 3, 2010	1,128,000
Triton PCS, Inc.			
	3,202,138	Term Loan, 7.47%, Maturing November 18, 2009	3,222,650
Valor Telecom Enterprise, LLC			
	3,148,667	Term Loan, 5.81%, Maturing February 14, 2012	3,186,548
Westcom Corp.			
	929,297	Term Loan, 6.99%, Maturing December 17, 2010	934,524
	1,000,000	Term Loan, 11.24%, Maturing May 17, 2011	1,019,375
			$ 38,460,756
Utilities 4.1%			
Allegheny Energy Supply Co., LLC			
$	4,490,900	Term Loan, 5.79%, Maturing March 8, 2011	$ 4,544,791

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount		Borrower/Tranche Description	Value
Utilities (continued)			
Cellnet Technology, Inc.			
$	653,363	Term Loan, 7.17%, Maturing April 26, 2012	$ 655,813
Cogentrix Delaware Holdings, Inc.			
	1,615,568	Term Loan, 5.78%, Maturing April 14, 2012	1,635,258
Covanta Energy Corp.			
	1,160,976	Term Loan, 3.86%, Maturing June 24, 2012	1,177,665
	936,677	Term Loan, 6.96%, Maturing June 24, 2012	950,142
	800,000	Term Loan, 9.58%, Maturing June 24, 2013	806,000
Energy Transfer Company, L.P.			
	1,795,000	Term Loan, 6.81%, Maturing June 16, 2012	1,804,537
KGen, LLC			
	995,000	Term Loan, 6.65%, Maturing August 5, 2011	993,756
La Paloma Generating Co., LLC			
	340,000	Term Loan, 5.77%, Maturing August 16, 2012	342,975
	27,079	Term Loan, 5.77%, Maturing August 16, 2012	27,316
	55,738	Term Loan, 5.91%, Maturing August 16, 2012	56,225
NRG Energy, Inc.			
	2,503,114	Term Loan, 3.92%, Maturing December 24, 2011	2,519,279
	3,191,781	Term Loan, 5.90%, Maturing December 24, 2011	3,212,393
Petrohawk Energy Corp.			
	1,450,000	Term Loan, 8.63%, Maturing July 28, 2010	1,460,875
Pike Electric, Inc.			
	2,311,847	Term Loan, 6.38%, Maturing July 1, 2012	2,340,745
	628,113	Term Loan, 6.44%, Maturing July 1, 2012	635,965
Plains Resources, Inc.			
	698,250	Term Loan, 6.40%, Maturing July 23, 2010	705,669
Reliant Energy, Inc.			
	1,764,536	Term Loan, 6.12%, Maturing December 22, 2010	1,767,294
Texas Genco, LLC			
	976,057	Term Loan, 5.89%, Maturing December 14, 2011	978,726
	2,357,147	Term Loan, 5.90%, Maturing December 14, 2011	2,363,591
			$ 28,979,015
		Total Senior, Floating Rate Interests (identified cost $968,422,990)	$ 972,682,314

Corporate Bonds & Notes 14.7%

Principal Amount (000's omitted)		Security	Value
Aerospace and Defense 0.3%			
Argo Tech Corp., Sr. Notes			
$	1,500	9.25%, 6/1/11	$ 1,556,250
BE Aerospace, Sr. Sub. Notes, Series B			
	65	8.00%, 3/1/08	65,406
Sequa Corp.			
	500	8.875%, 4/1/08	522,500
Standard Aero Holdings, Inc.			
	40	8.25%, 9/1/14	33,400
			$ 2,177,556
Automotive 0.7%			
Altra Industrial Motion, Inc.			
$	70	9.50%, 12/1/11(6)	$ 68,250
Commercial Vehicle Group, Inc., Sr. Notes			
	110	8.00%, 7/1/13(6)	108,625
Dana Credit Corp.			
	110	8.375%, 8/15/07(6)	105,325
Ford Motor Credit Co.			
	110	6.50%, 1/25/07	106,840
	795	7.375%, 10/28/09	731,389
	375	7.875%, 6/15/10	351,775
Ford Motor Credit Co., Variable Rate			
	990	7.26%, 11/2/07	970,430
General Motors Acceptance Corp.			
	270	6.125%, 9/15/06	260,518
	45	7.00%, 2/1/12	40,575
	1,100	8.00%, 11/1/31	1,081,595
Keystone Automotive Operations, Inc., Sr. Sub. Notes			
	455	9.75%, 11/1/13	427,700
Metaldyne Corp., Sr. Notes			
	395	10.00%, 11/1/13(6)	355,500
Tenneco Automotive, Inc.			
	280	8.625%, 11/15/14	262,850
Tenneco Automotive, Inc., Series B			
	45	10.25%, 7/15/13	49,387
Visteon Corp., Sr. Notes			
	200	8.25%, 8/1/10	175,000
			$ 5,095,759
Brokers / Dealers / Investment Houses 0.0%			
E*Trade Financial Corp., Sr. Notes			
$	15	8.00%, 6/15/11	$ 15,412
			$ 15,412

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount (000's omitted)		Security	Value
Building and Development 0.6%			
Coleman Cable, Inc.			
$	115	9.875%, 10/1/12	$ 98,325
Collins & Aikman Floor Cover			
	400	9.75%, 2/15/10	370,000
General Cable Corp., Sr. Notes			
	90	9.50%, 11/15/10	96,300
MAAX Corp., Sr. Sub. Notes			
	750	9.75%, 6/15/12	603,750
Mueller Group, Inc., Sr. Sub. Notes			
	600	10.00%, 5/1/12	636,000
Mueller Holdings, Inc., Disc. Notes			
	120	14.75%, (0.00% until 2009), 4/15/14	90,900
Nortek, Inc., Sr. Sub Notes			
	530	8.50%, 9/1/14	511,450
NTK Holdings, Inc., Sr. Disc. Notes			
	250	10.75%, (0.00% until 2009), 3/1/14	152,500
Panolam Industries International, Sr. Sub. Notes			
	220	10.75%, 10/1/13(6)	212,300
Ply Gem Industries, Inc., Sr. Sub. Notes			
	470	9.00%, 2/15/12	404,200
RMCC Acquisition Co., Sr. Sub. Notes			
	620	9.50%, 11/1/12(6)	626,200
Stanley-Martin Co.			
	90	9.75%, 8/15/15(6)	84,150
			$ 3,886,075
Business Equipment and Services 0.6%			
Hydrochem Industrial Services, Inc., Sr. Sub Notes			
$	80	9.25%, 2/15/13(6)	$ 77,200
Norcross Safety Products LLC/Norcross Capital Corp., Sr. Sub. Notes, Series B			
	1,040	9.875%, 8/15/11	1,097,200
NSP Holdings/NSP Holdings Capital Corp., Sr. Notes (PIK)			
	182	11.75%, 1/1/12(5)	180,185
Safety Products Holdings, Sr. Notes (PIK)			
	100	11.75%, 1/1/12(5)(6)	99,104
Sungard Data Systems, Inc., Sr. Notes			
	445	9.125%, 8/15/13(6)	462,800
Sungard Data Systems, Inc., Sr. Notes, Variable Rate			
	110	8.525%, 8/15/13(6)	114,537
Sungard Data Systems, Inc., Sr. Sub. Notes			
	380	10.25%, 8/15/15(6)	385,700
United Rentals North America, Inc.			
	80	6.50%, 2/15/12	77,400

Principal Amount (000's omitted)		Security	Value
Business Equipment and Services (continued)			
United Rentals North America, Inc., Sr. Sub. Notes			
$	1,000	7.75%, 11/15/13	$ 967,500
	670	7.00%, 2/15/14	623,100
			$ 4,084,726
Cable and Satellite Television 0.8%			
CCO Holdings LLC / Capital Corp., Sr. Notes			
$	785	8.75%, 11/15/13(6)	$ 757,525
CCO Holdings LLC / CCO Capital Corp., Sr. Notes			
	1,000	8.75%, 11/15/13	965,000
Charter Communications Holdings II, LLC, Sr. Notes			
	210	10.25%, 9/15/10	210,000
CSC Holdings, Inc., Sr. Notes			
	110	6.75%, 4/15/12(6)	105,050
CSC Holdings, Inc., Sr. Notes, Series B			
	115	7.625%, 4/1/11	115,000
Insight Communications, Sr. Disc. Notes			
	295	12.25%, (0.00% until 2006), 2/15/11	308,644
Kabel Deutschland GMBH			
	560	10.625%, 7/1/14(6)	604,800
Ono Finance PLC, Sr. Notes			
	95	14.00%, 2/15/11	103,312
UGS Corp.			
	2,140	10.00%, 6/1/12	2,343,300
			$ 5,512,631
Chemicals and Plastics 1.0%			
Avecia Group PLC			
$	57	11.00%, 7/1/09	$ 58,995
Aventine Renewable Energy Holdings, Inc., Variable Rate			
	110	9.87%, 12/15/11(6)	114,950
BCP Crystal Holdings Corp., Sr. Sub Notes			
	435	9.625%, 6/15/14	484,481
Borden U.S. Finance/Nova Scotia Finance, Sr. Notes			
	1,115	9.00%, 7/15/14(6)	1,106,637
Crystal US Holdings/US Holdings 3, LLC, Sr. Disc. Notes, Series B			
	1,004	10.50%, (0.00% until 2009), 10/1/14	707,820
Innophos, Inc., Sr. Sub. Notes			
	335	8.875%, 8/15/14(6)	338,350
Nova Chemicals Corp., Sr. Notes, Variable Rate			
	330	7.561%, 11/15/13(6)	338,250
OM Group, Inc.			
	2,010	9.25%, 12/15/11	1,979,850

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount (000's omitted)		Security	Value
Chemicals and Plastics (continued)			
Polyone Corp., Sr. Notes			
$	775	10.625%, 5/15/10	$ 802,125
Rhodia SA, Sr. Notes			
	155	10.25%, 6/1/10	170,887
Rockwood Specialties Group, Sr. Sub. Notes			
	328	10.625%, 5/15/11	356,700
Solo Cup Co., Sr. Sub. Notes			
	230	8.50%, 2/15/14	209,587
Tronox Worldwide/Finance, Sr. Notes			
	165	9.50%, 12/1/12(6)	170,775
			$ 6,839,407
Clothing / Textiles 0.4%			
Levi Strauss & Co., Sr. Notes			
$	740	12.25%, 12/15/12	$ 830,650
	480	9.75%, 1/15/15	499,200
Levi Strauss & Co., Sr. Notes, Variable Rate			
	210	8.804%, 4/1/12	213,675
Oxford Industries, Inc., Sr. Notes			
	1,110	8.875%, 6/1/11	1,137,750
Perry Ellis International, Inc., Sr. Sub. Notes			
	205	8.875%, 9/15/13	206,025
Phillips Van-Heusen, Sr. Notes			
	50	7.25%, 2/15/11	51,000
Quiksilver, Inc., Sr. Notes			
	155	6.875%, 4/15/15(6)	147,250
			$ 3,085,550
Conglomerates 0.2%			
Amsted Industries, Inc., Sr. Notes			
$	1,000	10.25%, 10/15/11(6)	$ 1,086,250
Goodman Global Holdings, Sr. Notes, Variable Rate			
	135	6.41%, 6/15/12(6)	134,325
			$ 1,220,575
Containers and Glass Products 0.1%			
Intertape Polymer US, Inc., Sr. Sub. Notes			
$	950	8.50%, 8/1/14	$ 893,565
			$ 893,565
Ecological Services and Equipment 0.2%			
Allied Waste North America, Series B			
$	395	8.875%, 4/1/08	$ 417,712

Principal Amount (000's omitted)	Security	Value

Ecological Services and Equipment (continued)			
Allied Waste North America, Sr. Notes, Series B			
$	145	8.50%, 12/1/08	$ 153,337
Waste Services, Inc., Sr. Sub Notes			
	515	9.50%, 4/15/14	517,575
			$ 1,088,624
Electronic / Electric 0.2%			
Advanced Micro Devices, Inc., Sr. Notes			
$	550	7.75%, 11/1/12	$ 556,875
Amkor Technologies, Inc., Sr. Notes			
	120	7.125%, 3/15/11	105,600
	800	7.75%, 5/15/13	692,000
CPI Holdco, Inc., Sr. Notes, Variable Rate			
	110	9.672%, 2/1/15	107,694
			$ 1,462,169
Financial Intermediaries 1.1%			
Alzette, Variable Rate			
$	750	8.691%, 12/15/20(6)	$ 770,400
Avalon Capital Ltd. 3, Series 1A, Class D, Variable Rate			
	760	6.34%, 2/24/19(6)	762,508
Babson Ltd., Series 2005-1A, Class C1, Variable Rate			
	1,000	6.10%, 4/15/19(6)	1,000,000
Bryant Park CDO Ltd., Series 2005-1A, Class C, Variable Rate			
	1,000	6.20%, 1/15/19(6)	1,000,000
Centurion CDO 8 Ltd., Series 2005 8A, Class D, Variable Rate			
	1,000	9.29%, 3/8/17	1,000,000
Centurion CDO 9 Ltd., Series 2005-9A			
	750	8.26%, 7/17/19	750,000
First CLO, Ltd., Sr. Sub. Notes, Variable Rate			
	1,000	6.52%, 7/27/16(6)	1,000,000
Residential Capital Corp.			
	175	6.875%, 6/30/15	183,483
Stanfield Vantage Ltd., Series 2005-1A, Class D, Variable Rate			
	1,000	5.97%, 3/21/17(6)	1,006,400
			$ 7,472,791
Food Products 0.1%			
American Seafood Group, LLC			
$	35	10.125%, 4/15/10	$ 37,187
ASG Consolidated, LLC/ASG Finance, Inc., Sr. Disc. Notes			
	440	11.50%, (0.00% until 2008), 11/1/11	345,400
Pierre Foods, Inc., Sr. Sub. Notes			
	40	9.875%, 7/15/12	40,400

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount (000's omitted)		Security	Value
Food Products (continued)			
Pinnacle Foods Holdings Corp., Sr. Sub. Notes			
$	80	8.25%, 12/1/13	$ 77,600
WH Holdings Ltd./WH Capital Corp., Sr. Notes			
	300	9.50%, 4/1/11	324,000
			$ 824,587
Food Service 0.0%			
EPL Finance Corp.			
$	210	11.75%, 11/15/13(6)	$ 208,950
			$ 208,950
Food / Drug Retailers 0.1%			
Rite Aid Corp.			
$	210	7.125%, 1/15/07	$ 210,525
	215	8.125%, 5/1/10	216,075
			$ 426,600
Forest Products 0.5%			
Caraustar Industries, Inc.			
$	75	7.375%, 6/1/09	$ 72,562
Caraustar Industries, Inc., Sr. Sub. Notes			
	995	9.875%, 4/1/11	1,004,950
Domtar, Inc.			
	320	7.125%, 8/1/15	284,800
JSG Funding PLC, Sr. Notes			
	205	9.625%, 10/1/12	203,975
Newark Group, Inc., Sr. Sub. Notes			
	300	9.75%, 3/15/14	262,500
NewPage Corp.			
	580	10.00%, 5/1/12	574,200
Stone Container Corp., Sr. Notes			
	915	9.25%, 2/1/08	947,025
Stone Container Finance Canada			
	310	7.375%, 7/15/14	284,425
			$ 3,634,437
Healthcare 1.0%			
Accellent Inc.			
$	395	10.50%, 12/1/13(6)	$ 400,925
AMR HoldCo, Inc./EmCare HoldCo, Inc., Sr. Sub. Notes			
	275	10.00%, 2/15/15(6)	291,500
Healthsouth Corp., Sr. Notes			
	315	7.375%, 10/1/06	316,575

Principal Amount (000's omitted)	Security	Value

Healthcare (continued)			
Inverness Medical Innovations, Inc., Sr. Sub. Notes			
$	550	8.75%, 2/15/12	$ 566,500
Knowledge Learning Center, Sr. Sub. Notes			
	180	7.75%, 2/1/15(6)	171,000
National Mentor, Inc., Sr. Sub. Notes			
	250	9.625%, 12/1/12(6)	258,750
Res-Care, Inc., Sr. Notes			
	220	7.75%, 10/15/13(6)	222,750
Service Corp. International, Sr. Notes			
	440	7.00%, 6/15/17(6)	437,250
US Oncology, Inc.			
	390	9.00%, 8/15/12	418,275
	1,840	10.75%, 8/15/14	2,047,000
Vanguard Health Holding Co. II LLC, Sr. Sub. Notes			
	1,520	9.00%, 10/1/14	1,611,200
Ventas Realty L.P. / Capital Corp., Sr. Notes			
	155	7.125%, 6/1/15	161,975
VWR International, Inc., Sr. Sub. Notes			
	90	8.00%, 4/15/14	89,550
			$ 6,993,250
Home Furnishings 0.0%			
Fedders North America, Inc.			
$	15	9.875%, 3/1/14	$ 11,025
			$ 11,025
Industrial Equipment 0.1%			
Case New Holland, Inc., Sr. Notes			
$	45	9.25%, 8/1/11	$ 47,925
Chart Industries, Inc., Sr. Sub. Notes			
	215	9.125%, 10/15/15(6)	218,225
Milacron Escrow Corp.			
	90	11.50%, 5/15/11	77,850
Thermadyne Holdings Corp., Sr. Sub. Notes			
	465	9.25%, 2/1/14	411,525
			$ 755,525
Leisure Goods / Activities / Movies 0.7%			
AMC Entertainment, Inc., Sr. Sub. Notes			
$	215	9.875%, 2/1/12	$ 212,313
Loews Cineplex Entertainment Corp.			
	2,220	9.00%, 8/1/14	2,233,875
Marquee Holdings, Inc., Sr. Disc. Notes			
	385	12.00%, (0.00% until 2009), 8/15/14	240,625

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount (000's omitted)		Security	Value
Leisure Goods / Activities / Movies (continued)			
Samsonite Corp., Sr. Sub. Notes			
$	1,035	8.875%, 6/1/11	$ 1,063,462
Six Flags Theme Parks, Inc., Sr. Notes			
	600	8.875%, 2/1/10	595,500
Universal City Development Partners, Sr. Notes			
	280	11.75%, 4/1/10	315,000
Universal City Florida, Sr. Notes, Variable Rate			
	375	9.00%, 5/1/10	381,562
			$ 5,042,337
Lodging and Casinos 0.8%			
CCM Merger, Inc.			
$	135	8.00%, 8/1/13(6)	$ 131,287
Chukchansi EDA, Sr. Notes, Variable Rate			
	310	8.06%, 11/15/12(6)	314,650
Greektown Holdings			
	225	10.75%, 12/1/13(6)	227,531
Host Marriot L.P., Series O			
	35	6.375%, 3/15/15	34,912
Inn of the Mountain Gods, Sr. Notes			
	585	12.00%, 11/15/10	611,325
Kerzner International, Sr. Sub Note			
	1,200	6.75%, 10/1/15(6)	1,167,000
Majestic Star Casino LLC			
	395	9.50%, 10/15/10	389,569
Meristar Hospitality Operations/Finance			
	300	10.50%, 6/15/09	317,250
Mohegan Tribal Gaming Authority, Sr. Sub. Notes			
	110	8.00%, 4/1/12	116,600
San Pasqual Casino			
	345	8.00%, 9/15/13(6)	343,706
Station Casinos, Sr. Sub. Notes			
	240	6.875%, 3/1/16	244,800
Trump Entertainment Resorts, Inc.			
	1,105	8.50%, 6/1/15	1,077,375
Tunica-Biloxi Gaming Authority, Sr. Notes			
	265	9.00%, 11/15/15(5)(6)	266,325
Waterford Gaming LLC, Sr. Notes			
	376	8.625%, 9/15/12(6)	406,080
Wynn Las Vegas, LLC			
	120	6.625%, 12/1/14	116,550
			$ 5,764,960

Principal Amount (000's omitted)		Security	Value
Nonferrous Metals / Minerals 0.1%			
Aleris International, Inc.			
$	265	10.375%, 10/15/10	$ 291,169
	183	9.00%, 11/15/14	191,693
Alpha Natural Resources, Sr. Notes			
	90	10.25%, 6/1/12	97,650
			$ 580,512
Oil and Gas 0.5%			
Clayton William Energy, Inc.			
$	110	7.75%, 8/1/13	$ 105,050
Coastal Corp., Sr. Debs.			
	245	9.625%, 5/15/12	267,663
El Paso Corp.			
	155	6.95%, 12/15/07	157,325
El Paso Corp., Sr. Notes			
	170	7.625%, 8/16/07	172,763
El Paso Production Holding Co.			
	280	7.75%, 6/1/13	288,400
Encore Acquisition Co.			
	265	7.25%, 12/1/17	263,013
Giant Industries			
	90	8.00%, 5/15/14	93,150
Hanover Compressor Co., Sr. Sub. Notes			
	155	0.00%, 3/31/07	138,725
Hanover Equipment Trust, Series B			
	55	8.75%, 9/1/11	58,300
Ocean Rig Norway AS, Sr. Notes			
	110	8.375%, 7/1/13[(6)]	116,875
Parker Drilling Co., Sr. Notes			
	110	9.625%, 10/1/13	123,475
Petrobras International Finance Co.			
	60	7.75%, 9/15/14	64,350
Semgroup L.P.			
	290	8.75%, 11/15/15[(6)]	294,350
Transmontaigne, Inc., Sr. Sub. Notes			
	625	9.125%, 6/1/10	612,500
United Refining Co., Sr. Notes			
	460	10.50%, 8/15/12	492,200
Williams Cos., Inc. (The)			
	90	8.75%, 3/15/32	102,600
			$ 3,350,739

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount (000's omitted)		Security	Value
Publishing 0.4%			
Advanstar Communications, Inc.			
$	1,000	10.75%, 8/15/10	$ 1,107,500
American Media Operations, Inc., Series B			
	830	10.25%, 5/1/09	765,675
CBD Media, Inc., Sr. Sub. Notes			
	135	8.625%, 6/1/11	138,375
Houghton Mifflin Co., Sr. Sub. Notes			
	670	9.875%, 2/1/13	715,225
			$ 2,726,775
Radio and Television 1.5%			
CanWest Media, Inc.			
$	290	8.00%, 9/15/12	$ 298,700
Emmis Communications Corp., Sr. Notes, Variable Rate			
	3,000	9.745%, 6/15/12	3,018,750
LBI Media, Inc.			
	180	10.125%, 7/15/12	191,250
Paxson Communications Corp.			
	105	10.75%, 7/15/08	107,888
	125	12.25%, (0.00% until 2006), 1/15/09	129,219
Paxson Communications Corp., Variable Rate			
	4,500	6.90%, 1/15/10(6)	4,533,750
Rainbow National Services, LLC, Sr. Notes			
	115	8.75%, 9/1/12(6)	121,900
Rainbow National Services, LLC, Sr. Sub. Debs.			
	1,470	10.375%, 9/1/14(6)	1,609,650
Sirius Satellite Radio, Sr. Notes			
	655	9.625%, 8/1/13(6)	643,538
			$ 10,654,645
Rail Industries 0.0%			
TFM SA de C.V., Sr. Notes			
$	95	12.50%, 6/15/12	$ 108,775
			$ 108,775
Retailers (Except Food and Drug) 0.4%			
Affinity Group, Inc., Sr. Sub. Notes			
$	710	9.00%, 2/15/12	$ 711,775
GSC Holdings Corp.			
	910	8.00%, 10/1/12(6)	882,700
GSC Holdings Corp., Variable Rate			
	540	7.875%, 10/1/11(6)	545,400
Neiman Marcus Group, Inc.			
	765	10.375%, 10/15/15(6)	777,431

Principal Amount (000's omitted)		Security	Value
Retailers (Except Food and Drug) (continued)			
Neiman Marcus Group, Inc., Sr. Notes			
$	230	9.00%, 10/15/15(6)	$ 235,175
			$ 3,152,481
Surface Transport 0.3%			
Horizon Lines, LLC			
$	1,808	9.00%, 11/1/12	$ 1,914,220
			$ 1,914,220
Telecommunications 1.9%			
AirGate PCS, Inc., Variable Rate			
$	120	7.90%, 10/15/11	$ 125,100
Alamosa Delaware, Inc., Sr. Disc. Notes			
	180	12.00%, 7/31/09	198,450
Alamosa Delaware, Inc., Sr. Notes			
	560	11.00%, 7/31/10	638,400
Centennial Cellular Operating Co./Centennial Communication Corp., Sr. Notes			
	495	10.125%, 6/15/13	554,400
Digicel Ltd., Sr. Notes			
	100	9.25%, 9/1/12(6)	103,500
Inmarsat Finance PLC			
	731	7.625%, 6/30/12	747,448
Intelsat Bermuda Ltd., Sr. Notes, Variable Rate			
	485	8.695%, 1/15/12(6)	494,700
Intelsat Ltd., Sr. Notes			
	1,210	5.25%, 11/1/08	1,104,125
IWO Holdings, Inc.			
	220	10.75%, (0.00% until 2010), 1/15/15	158,950
LCI International, Inc., Sr. Notes			
	125	7.25%, 6/15/07	125,313
New Skies Satellites NV, Sr. Notes, Variable Rate			
	215	9.573%, 11/1/11	221,988
New Skies Satellites NV, Sr. Sub. Notes			
	435	9.125%, 11/1/12	449,138
Qwest Capital Funding, Inc.			
	395	7.75%, 8/15/06	402,406
	90	6.375%, 7/15/08	89,100
Qwest Communications International, Inc.			
	110	7.25%, 2/15/11	112,063
Qwest Communications International, Inc., Sr. Notes			
	1,990	7.50%, 2/15/14(6)	2,019,850
Qwest Corp., Sr. Notes			
	505	7.625%, 6/15/15(6)	539,719

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Principal Amount (000's omitted)		Security	Value
Telecommunications (continued)			
Qwest Corp., Sr. Notes, Variable Rate			
$	1,025	7.12%, 6/15/13[6]	$ 1,109,563
Rogers Wireless, Inc.			
	335	7.50%, 3/15/15	360,125
Rogers Wireless, Inc., Sr. Sub. Notes			
	185	8.00%, 12/15/12	196,794
Rogers Wireless, Inc., Variable Rate			
	1,617	6.995%, 12/15/10	1,677,638
Rural Cellular Corp., Variable Rate			
	1,000	8.99%, 3/15/10	1,032,500
UbiquiTel Operating Co., Sr. Notes			
	1,110	9.875%, 3/1/11	1,233,488
			$ 13,694,758
Utilities 0.1%			
Dynegy Holdings, Inc., Debs.			
$	430	7.625%, 10/15/26	$ 384,850
NRG Energy, Inc.			
	322	8.00%, 12/15/13	355,005
			$ 739,855
		Total Corporate Bonds & Notes (identified cost $103,123,928)	$ 103,419,271

Convertible Bonds 0.1%

Principal Amount (000's omitted)		Security	Value
$	40	Amkor Technologies, Inc.	$ 39,550
	345	L-3 Communications Corp.[6]	337,237
	105	Nortel Networks Ltd.	98,963
		Total Convertible Bonds (identified cost, $489,457)	$ 475,750

Common Stocks 0.1%

Shares		Security	Value
	107	Crown Castle International Corp.[3]	$ 2,932
	36,116	Trump Entertainment Resorts, Inc.[3]	658,575
		Total Common Stocks (identified cost, $448,619)	$ 661,507

Preferred Stocks 0.0%

Shares		Security	Value
	1,029	Crown Castle International Corp., (PIK)	$ 56,080
		Total Preferred Stocks (identified cost, $49,123)	$ 56,080

Warrants 0.0%

Shares/Rights		Security	Value

	101	Gate Gourmet Borrower, LLC, Exp. 12/19/12[3]	$ 0
		Total Warrants (identified cost, $0)	$

Closed-End Investment Companies 3.1%

Shares		Security	Value
	162,500	Citigroup Investments Corporate Loan Fund, Inc.	$ 2,024,750
	343,600	First Trust/Four Corners Senior Floating Rate Income Fund II	5,748,428
	150,400	Floating Rate Income Strategies Fund II, Inc.	2,577,856
	52,200	Floating Rate Income Strategies Fund, Inc.	874,872
	505,500	ING Prime Rate Trust	3,311,025
	147,040	Pioneer Floating Rate Trust	2,520,266
	600,000	Van Kampen Senior Income Trust	4,632,000
		Total Closed-End Investment Companies (identified cost, $23,165,046)	$ 21,689,197

Miscellaneous 0.0%

Shares		Security	Value
	590,000	Trump Atlantic City[3][5]	$ 22,715
		Total Miscellaneous (identified cost, $0)	$ 22,715

Commercial Paper 3.8%

Principal Amount		Maturity Date	Borrower	Rate	Amount
$	15,951,000	12/01/05	General Electric Co.	4.03%	$ 15,951,000
	10,782,000	12/05/05	Yorktown Capital, LLC	4.05%	10,777,148

Total Commercial Paper
(at amortized cost) $ 26,728,148

See notes to financial statements

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

Short-Term Investments 0.3%				
Principal Amount	Maturity Date	Borrower	Rate	Amount
$ 2,000,000	12/01/05	Investors Bank and Trust Company, Time Deposit	4.04%	$ 2,000,000
			Total Short-Term Investments (at amortized cost)	$ 2,000,000
			Gross Investments 160.5% (identified cost $1,124,427,311)	$ 1,127,734,982
			Less Unfunded Loan Commitments (0.6)%	$ (4,408,812)
			Net Investments 159.9% (identified cost $1,120,018,500)	$ 1,123,326,170
			Other Assets, Less Liabilities 2.1%	$ 14,747,625
			Auction Preferred Shares Plus Cumulative Unpaid Dividends (62.0)%	$ (435,428,055)
			Net Assets Applicable to Common Shares 100.0%	$ 702,645,740

PIK - Payment In Kind.

(1) Senior floating-rate interests often require prepayments from excess cash flows or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, it is anticipated that the senior floating-rate interests will have an expected average life of approximately two to three years. The stated interest rate represents the weighted average interest rate of all contracts within the senior loan facility. Senior Loans typically have rates of interest which are redetermined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily the London-Interbank Offered Rate ("LIBOR"), and secondarily the prime rate offered by one or more major United States banks (the "Prime Rate") and the certificate of deposit ("CD") rate or other base lending rates used by commercial lenders.

(2) Unfunded loan commitments. See Note 1E for description.

(3) Non-income producing security.

(4) Defaulted security. Currently the issuer is in default with respect to interest payments.

(5) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees of the Trust.

(6) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At November 30, 2005, the aggregate value of the securities is $32,574,428 or 4.6% of the Trust's net assets.

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

FINANCIAL STATEMENTS (Unaudited)

Statement of Assets and Liabilities

As of November 30, 2005

Assets	
Investments, at value (identified cost, $1,120,018,500)	$ 1,123,326,170
Cash	6,196,845
Receivable for investments sold	192,291
Receivable for open swap contracts	27,251
Dividends and interest receivable	9,852,934
Prepaid expenses	88,089
Total assets	$ 1,139,683,580
Liabilities	
Payable for investments purchased	$ 856,631
Payable to affiliate for investment advisory fees	514,886
Payable to affiliate for Trustees' fees	3,958
Accrued expenses	234,310
Total liabilities	$ 1,609,785
Auction preferred shares (17,400 shares outstanding) at liquidation value plus cumulative unpaid dividends	435,428,055
Net assets applicable to common shares	$ 702,645,740
Sources of Net Assets	
Common Shares, $0.01 par value, unlimited number of shares authorized, 37,294,271 shares issued and outstanding	$ 372,943
Additional paid-in capital	706,620,385
Accumulated net realized loss (computed on the basis of identified cost)	(7,802,584)
Accumulated undistributed net investment income	145,845
Net unrealized appreciation (computed on the basis of identified cost)	3,309,151
Net assets applicable to common shares	$ 702,645,740
Net Asset Value Per Common Share	
($702,645,740 ÷ 37,294,271 common shares issued and outstanding)	$ 18.84

Statement of Operations

For the Six Months Ended
November 30, 2005

Investment Income	
Interest	$ 35,124,700
Dividends	592,572
Total investment income	$ 35,717,272
Expenses	
Investment adviser fee	$ 4,294,900

Trustees' fees and expenses	12,942
Preferred shares remarketing agent fee	545,239
Custodian fee	172,867
Legal and accounting services	60,934
Printing and postage	43,991
Transfer and dividend disbursing agent fees	38,602
Miscellaneous	79,339
Total expenses	$ 5,248,814
Deduct Reduction of custodian fee	$ 9,449
Reduction of investment adviser fee	1,145,309
Total expense reductions	$ 1,154,758
Net expenses	$ 4,094,056
Net investment income	$ 31,623,216
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) Investment transactions (identified cost basis)	$ (2,867,096)
Swap contracts	37,642
Net realized loss	$ (2,829,454)
Change in unrealized appreciation (depreciation) Investments (identified cost basis)	$ 3,153,441
Swap contracts	57,580
Net change in unrealized appreciation (depreciation)	$ 3,211,021
Net realized and unrealized gain	$ 381,567
Distributions to preferred shareholders from income	$ (7,618,710)
Net increase in net assets from operations	$ 24,386,073

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

FINANCIAL STATEMENTS CONT'D

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended November 30, 2005 (Unaudited)	Period Ended May 31, 2005[1]
From operations		
Net investment income	$ 31,623,216	$ 40,571,237
Net realized loss from investment transactions and swap contracts	(2,829,454)	(1,759,390)
Net change in unrealized appreciation (depreciation) from investments and swap contracts	3,211,021	98,130
Distributions to preferred shareholders from net investment income	(7,618,710)	(7,709,780)
Net increase in net assets from operations	$ 24,386,073	$ 31,200,197
Distributions to common shareholders		
From net investment income	$ (24,465,042)	$ (35,468,816)
Total distributions to common shareholders	$ (24,465,042)	$ (35,468,816)
Capital share transactions		
Proceeds from sale of common shares[2]	$	$ 710,520,000
Reinvestment of distributions to common shareholders		1,701,517
Offering costs and preferred shares underwriting discounts		(5,328,189)
Net increase in net assets from capital share transactions	$	$ 706,893,328
Net increase (decrease) in net assets	$ (78,969)	$ 702,624,709
Net Assets Applicable to Common Shares		
At beginning of period	$ 702,724,709	$ 100,000
At end of period	$ 702,645,740	$ 702,724,709
Accumulated undistributed net investment income included in net assets applicable to common shares		
At end of period	$ 145,845	$ 606,381

(1) For the period from the start of business, June 29, 2004, to May 31, 2005.

(2) Proceeds from sale of shares net of sales load paid of $33,480,000.

See notes to financial statements

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

FINANCIAL STATEMENTS CONT'D

Financial Highlights

Selected data for a common share outstanding during the periods stated

	Six Months Ended November 30, 2005 (Unaudited)[1]		Year Ended May 31, 2005[1][2]	
Net asset value Beginning of period (Common shares)	$	18.840	$	19.100[3]
Income (loss) from operations				
Net investment income	$	0.848	$	1.101
Net realized and unrealized gain (loss)		0.012		(0.055)
Distribution to preferred shareholders from net investment income		(0.204)		(0.209)
Total income from operations	$	0.656	$	0.837
Less distributions to common shareholders				
From net investment income	$	(0.656)	$	(0.952)
Total distributions to common shareholders	$	(0.656)	$	(0.952)
Preferred and Common shares offering costs charged to paid-in capital	$		$	(0.027)
Preferred Shares underwriting discounts	$		$	(0.118)
Net asset value End of period (Common shares)	$	18.840	$	18.840
Market value End of period (Common shares)	$	17.090	$	18.070
Total Investment Return on Net Asset Value[4]		3.77%		3.72%[5]
Total Investment Return on Market Value[4]		(1.86)%		(0.52)%[5]

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

FINANCIAL STATEMENTS CONT'D

Financial Highlights

Selected data for a common share outstanding during the periods stated

	Six Months Ended November 30, 2005 (Unaudited)[1]	Year Ended May 31, 2005[1][2]
Ratios/Supplemental Data		
Net assets applicable to common shares, end of period (000's omitted)	$ 702,646	$ 702,725
Ratios (As a percentage of average net assets applicable to common shares):		
Net expenses[6]	1.16%[7]	1.04%[7]
Net expenses after custodian fee reduction[6]	1.16%[7]	1.04%[7]
Net investment income[6]	8.92%[7]	6.26%[7]
Portfolio Turnover	24%	100%

The operating expenses of the Trust reflect a reduction of the investment adviser fee and a reimbursement of expenses by the Adviser. Had such actions not been taken, the ratios and net investment income per share would have been as follows:

Ratios (As a percentage of average net assets applicable to common shares):		
Expenses[6]	1.48%[7]	1.33%[7]
Expenses after custodian fee reduction[6]	1.48%[7]	1.33%[7]
Net investment income[6]	8.60%[7]	5.97%[7]
Net investment income per share	$ 0.817	$ 1.050

The ratios reported are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares, are as follows:

Ratios (As a percentage of average total net assets):		
Net expenses	0.72%[7]	0.70%[7]
Net expenses after custodian fee reduction	0.72%[7]	0.70%[7]
Net investment income	5.52%[7]	4.24%[7]

The operating expenses of the Trust reflect a reduction of the investment adviser fee and a reimbursement of expenses by the Adviser. Had such actions not been taken, the ratios would have been as follows:

Ratios (As a percentage of average total net assets):		
Expenses	0.92%[7]	0.90%[7]
Expenses after custodian fee reduction	0.92%[7]	0.90%[7]
Net investment income	5.32%[7]	4.04%[7]
Senior Securities:		
Total preferred shares outstanding	17,400	17,400
Asset coverage per preferred share[8]	$ 65,407	$ 65,396
Involuntary liquidation preference per preferred share[9]	$ 25,000	$ 25,000

Approximate market value per preferred share[9]	$	25,000	$	25,000

(1) Computed using average common shares outstanding.

(2) For the period from the start of business, June 29, 2004, to May 31, 2005.

(3) Net asset value at beginning of period reflects the deduction of the sales load of $0.90 per share paid by the shareholder from the $20.00 offering price.

(4) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Total return is not computed on an annualized basis.

(5) Total investment return on net asset value is calculated assuming a purchase at the offering price of $20.00 less the sales load of $0.90 per share paid by the shareholder on the first day and a sale at the net asset value on the last day of the period reported. Total investment return on market value is calculated assuming a purchase at the offering price of $20.00 less the sales load of $0.90 per share paid by the shareholder on the first day and a sale at the current market price on the last day of the period reported.

(6) Ratios do not reflect the effect of dividend payments to preferred shareholders. Ratios to average net assets applicable to common shares reflect the Trust's leveraged capital structure.

(7) Annualized.

(8) Calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets, and dividing this by the number of preferred shares outstanding.

(9) Plus accumulated and unpaid dividends.

See notes to financial statements

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1 Significant Accounting Policies

Eaton Vance Floating-Rate Income Trust (the Trust) is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company. The Trust, which was organized as a Massachusetts business trust on April 28, 2004, seeks to provide a high level of current income. The Trust will, as a secondary objective, also seek preservation of capital to the extent consistent with its primary goal of high current income. The Trust pursues its objectives by investing primarily in senior, secured floating rate loans (Senior Loans). The following is a summary of significant accounting policies of the Trust. The policies are in conformity with accounting principles generally accepted in the United States of America.

A Investment Valuation Certain Senior Loans are deemed to be liquid because reliable market quotations are readily available for them. Liquid Senior Loans are valued on the basis of prices furnished by a pricing service. Other Senior Loans are valued at fair value by the Trust's investment adviser, Eaton Vance Management (EVM), under procedures approved by the Trustees. In connection with determining the fair value of a Senior Loan, the investment adviser makes an assessment of the likelihood that the borrower will make a full repayment of the Senior Loan. The primary factors considered by the investment adviser when making this assessment are (i) the creditworthiness of the borrower, (ii) the value of the collateral backing the Senior Loan, and (iii) the priority of the Senior Loan versus other creditors of the borrower. If, based on its assessment, the investment adviser believes there is a reasonable likelihood that the borrower will make a full repayment of the Senior Loan, the investment adviser will determine the fair value of the Senior Loan using a matrix pricing approach that considers the yield on the Senior Loan relative to yields on other loan interests issued by companies of comparable credit quality. If, based on its assessment, the investment adviser believes there is not a reasonable likelihood that the borrower will make a full repayment of the Senior Loan, the investment adviser will determine the fair value of the Senior Loan using analyses that include, but are not limited to (i) a comparison of the value of the borrower's outstanding equity and debt to that of comparable public companies; (ii) a discounted cash flow analysis; or (iii) when the investment adviser believes it is likely that a borrower will be liquidated or sold, an analysis of the terms of such liquidation or sale. In certain cases, the investment adviser will use a combination of analytical methods to determine fair value, such as when only a portion of a borrower's assets are likely to be sold. In conducting its assessment and analyses for purposes of determining fair value of a Senior Loan, the investment adviser will use its discretion and judgment in considering and appraising such factors, data and information and the relative weight to be given thereto as it deems relevant, including without limitation, some or all of the following: (i) the fundamental characteristics of and fundamental analytical data relating to the Senior Loan, including the cost, size, current interest rate, maturity and base lending rate of the Senior Loan, the terms and conditions of the Senior Loan and any related agreements, and the position of the Senior Loan in the Borrower's debt structure; (ii) the nature, adequacy and value of the collateral securing the Senior Loan, including the Trust's rights, remedies and interests with respect to the collateral; (iii) the creditworthiness of the Borrower, based on an evaluation of, among other things, its financial condition, financial statements and information about the Borrower's business, cash flows, capital structure and future prospects; (iv) information relating to the market for the Senior Loan, including price quotations for and trading in the Senior Loan and interests in similar Senior Loans and the market environment and investor attitudes towards the Senior Loan and interests in similar Senior Loans; (v) the experience, reputation, stability and financial condition of the agent and any intermediate participants in the Senior Loan; and (vi) general economic and market conditions affecting the fair value of the Senior Loan.

Debt obligations (other than short-term obligations maturing in sixty days or less), including listed securities and securities for which price quotations are available and forward contracts, will normally be valued on the basis of market valuations furnished by dealers or pricing services. Financial futures contracts and options thereon listed on commodity exchanges are valued at closing settlement prices. Over-the-counter options are valued at the mean between the bid and asked prices provided by dealers. Marketable securities listed on the NASDAQ National Market System are valued at the NASDAQ official closing price. The value of interest rate swaps will be based upon a dealer quotation. Short-term obligations and money market securities maturing in sixty days or less are valued at amortized cost which approximates value. Investments for which reliable market quotations are unavailable are valued at fair value using methods determined in good faith by or at the direction of the Trustees of the Trust. Occasionally, events affecting the value of foreign securities may occur between the time trading is completed abroad and the close of the Exchange which will not be reflected in the computation of the Trust's net asset value (unless the Trust deems that such event would materially affect its net asset value in which case an adjustment would be made

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Eaton Vance Floating-Rate Income Trust as of November 30, 2005

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

and reflected in such computation). The Trust may rely on an independent fair valuation service in making any such adjustment as to the value of foreign equity securities.

B Income Interest income from Senior Loans is recorded on the accrual basis at the then-current interest rate, while all other interest income is determined on the basis of interest accrued, adjusted for amortization of premium or accretion of discount. Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities.

C Federal Taxes The Trust's policy is to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders each year all of its taxable income, including any net realized gain on investments. Accordingly, no provision for federal income or excise tax is necessary. At May 31, 2005, the Trust, for federal income tax purposes, had a capital loss carryover of $1,477,364 which will reduce the Trust's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code, and thus will reduce the amount of the distributions to shareholders which would otherwise be necessary to relieve the Trust of any liability for federal income or excise tax. Such capital loss carryover will expire on May 31, 2013.

Additionally, at May 31, 2005, the Trust had net capital losses of $2,081,954 attributable to security transactions incurred after October 31, 2004. These are treated as arising on the first day of the Trust's current taxable year.

D Investment Transactions Investment transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined using the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may be settled a month or more after the transaction date. The securities so purchased are subject to market fluctuations during this period. To the extent that when-issued or delayed delivery purchases are outstanding, the Trust instructs the custodian to segregate assets in a separate account, with a current value at least equal to the amount of its purchase commitments.

E Unfunded Loan Commitments The Trust may enter into certain credit agreements all or a portion of which may be unfunded. The Trust is obligated to fund these commitments at the Borrower's discretion. These commitments are disclosed in the accompanying Portfolio of Investments.

F Offering Costs Costs incurred by the Trust in connection with the offering of the common shares and preferred shares were recorded as a reduction of capital paid in excess of par applicable to common shares.

G Expense Reduction Investors Bank & Trust Company (IBT) serves as custodian of the Trust. Pursuant to the custodian agreement, IBT receives a fee reduced by credits which are determined based on the average daily cash balance the Trust maintains with IBT. All credit balances used to reduce the Trust's custodian fees are reported as a reduction of expenses on the Statement of Operations.

H Written Options Upon the writing of a call or a put option, an amount equal to the premium received by the Trust is included in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current value of the option written in accordance with the Trust's policies on investment valuations discussed above. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Trust. The Trust, as writer of an option, may have no control over whether the underlying securities may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the securities underlying the written option.

I Purchased Options Upon the purchase of a call or put option, the premium paid by the Trust is included in the Statement of Assets and Liabilities as an investment. The amount of the investment is subsequently marked-to-market to reflect the current market value of the option purchased, in accordance with the Trust's policies on investment valuations discussed above. If an option which the Trust has purchased expires on the stipulated expiration date, the Trust will realize a loss in the amount of the cost of the option. If the Trust enters into a closing sale transaction, the Trust will realize a gain or loss, depending on whether the sales proceeds from the closing sale transaction are greater or less than the cost of the option. If the Trust exercises a put option, it will realize a gain or loss from the sale of the underlying security, and the proceeds from such sale will be decreased by the premium originally paid. If the Trust exercises a call option, the cost of the security which the Trust purchases upon exercise will be increased by the premium originally paid.

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

J Financial Futures Contracts Upon entering into a financial futures contract, the Trust is required to deposit an amount (initial margin) either in cash or securities equal to a certain percentage of the purchase price indicated in the financial futures contract. Subsequent payments are made or received by the Trust (margin maintenance) each day, dependent on the daily fluctuations in the value of the underlying securities, and are recorded for book purposes as unrealized gains or losses by the Trust.

If the Trust enters into a closing transaction, the Trust will realize, for book purposes, a gain or loss equal to the difference between the value of the financial futures contract to sell and the financial futures contract to buy. The Trust's investment in financial futures contracts is designed only to hedge against anticipated future changes in interest rates. Should interest rates move unexpectedly, the Trust may not achieve the anticipated benefits of the financial futures contracts and may realize a loss.

K Reverse Repurchase Agreements The Trust may enter into reverse repurchase agreements. Under such an agreement, the Trust temporarily transfers possession, but not ownership, of a security to a counterparty, in return for cash. At the same time, the Trust agrees to repurchase the security at an agreed-upon price and time in the future. The Trust may enter into reverse repurchase agreements for temporary purposes, such as to Trust withdrawals, or for use as hedging instruments where the underlying security is denominated in a foreign currency. As a form of leverage, reverse repurchase agreements may increase the risk of fluctuation in the market value of the Trust's assets or in its yield. Liabilities to counterparties under reverse repurchase agreements are recognized in the Statement of Assets and Liabilities at the same time at which cash is received by the Trust. The securities underlying such agreements continue to be treated as owned by the Trust and remain in the Portfolio of Investments. Interest charged on amounts borrowed by the Trust under reverse repurchase agreements is accrued daily.

L Total Return Swaps The Trust may enter into swap contracts to hedge against fluctuations in securities prices, interest rates or market conditions; to change the duration of the overall portfolio; to mitigate default risk; or for other risk management purposes. Pursuant to these agreements, the Trust makes monthly payments at a rate equal to a predetermined spread to the one-month LIBOR. In exchange, the Trust receives payments based on the rate of return of a benchmark industry index. During the term of the outstanding swap agreement, changes in the underlying value of the swap are recorded as unrealized gains and losses. Payments received or made at the end of the measurement period are recorded as realized gains and losses. The value of the swap is determined by changes in the relationship between the rate of interest and the benchmark industry index. The Trust is exposed to credit loss in the event of non-performance by the swap counterparty. However, the Trust does not anticipate non-performance by the counterparty. Risk may also arise from the unanticipated movements in value of interest rates or the index.

M Credit Default Swaps The Trust may enter into credit default swap contracts for risk management purposes, including diversification. When the Trust is the buyer of a credit default swap contract, the Trust is entitled to receive the par (or other agreed-upon) value of a referenced debt obligation from the counterparty to the contract in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the debt obligation. In return, the Trust would pay the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Trust would have spent the stream of payments and received no benefit from the contract. When the Trust is the seller of a credit default swap contract, it receives the stream of payments, but is obligated to pay upon default of the referenced debt obligation. As the seller, the Trust would effectively add leverage to its portfolio because, in addition to its total net assets, the Trust would be subject to investment exposure on the notional amount of the swap. The Trust will segregate assets in the form of cash and cash equivalents in an amount equal to the aggregate market value of the credit default swaps of which it is the seller, marked to market on a daily basis. These transactions involve certain risks, including the risk that the seller may be unable to fulfill the transaction.

N Use of Estimates The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

O Indemnifications Under the Trust's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the Trust, and shareholders are indemnified against personal liability for obligations of the Trust. Additionally, in the normal course of business, the Trust enters into agreements with service

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

providers that may contain indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

P Interim Financial Statements The interim financial statements relating to November 30, 2005 and for the six months then ended have not been audited by an Independent Registered Public Accounting Firm, but in the opinion of the Trust's management reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial statements.

2 Auction Preferred Shares

The Trust issued 3,480 shares of Auction Preferred Shares (APS) Series A, 3,480 shares of Auction Preferred Shares (APS) Series B, 3,480 shares of Auction Preferred Shares (APS) Series C, 3,480 shares of Auction Preferred Shares (APS) Series D, and 3,480 shares of Auction Preferred Shares (APS) Series E on September 16, 2004 in a public offering. The underwriting discount and other offering costs were recorded as a reduction of the capital of the common shares. Dividends on the APS Series A, Series B, and Series C, which accrue daily, are cumulative at a rate which was established at the offering of the APS and have been reset every 7 days thereafter by an auction. Dividends on the APS Series D and Series E, which accrue daily, are cumulative at a rate which was established at the offering of the APS and have been reset every 28 days thereafter by an auction. Dividend rates ranged from 2.80.% to 3.95% for Series A shares, 3.00% to 3.94% for Series B shares, 3.00% to 3.94% for Series C shares, 3.25% to 4.00% for Series D shares, and 3.30% to 4.00% for Series E shares.

The APS are redeemable at the option of the Trust, at a redemption price equal to $25,000 per share, plus accumulated and unpaid dividends on any dividend payment date. The APS are also subject to mandatory redemption at a redemption price equal to $25,000 per share, plus accumulated and unpaid dividends, if the Trust is in default for an extended period on its asset maintenance requirements with respect to the APS. If the dividends on the APS shall remain unpaid in an amount equal to two full years' dividends, the holders of the APS as a class have the right to elect a majority of the Board of Trustees. In general, the holders of the APS and the common shares have equal voting rights of one vote per share, except that the holders of the APS, as a separate class, have the right to elect at least two members of the Board of Trustees. The APS have a liquidation preference of $25,000 per share, plus accumulated and unpaid dividends. The Trust is required to maintain certain asset coverage with respect to the APS as defined in the Trust's By-Laws and the Investment Company Act of 1940. The Trust pays an annual fee equivalent to 0.25% of the preferred shares' liquidation value for the remarketing efforts associated with the preferred auctions.

3 Distribution to Shareholders

The Trust intends to make monthly distributions of net investment income, after payment of any dividends on any outstanding APS. In addition, at least annually, the Trust intends to distribute net capital gain, if any. Distributions are recorded on the ex-dividend date. Distributions to preferred shareholders are recorded daily and are payable at the end of each dividend period. Each dividend payment period for the APS is generally seven or twenty-eight days. The applicable dividend rate for the APS on November 30, 2005 was 3.95%, 3.94%, 3.94%, 4.00%, and 4.00.%, for Series A, Series B, Series C, Series D, and Series E Shares, respectively. For the period ended November 30, 2005, the Trust paid dividends to APS shareholders amounting to $1,462,768, $1,512,213 $1,518,660, $1,553,453 and $1,571,616 for Series A, Series B, Series C, Series D, and Series E Shares, respectively, representing an average APS dividend rate for such period of 3.414%, 3.418%, 3.433%, 3.623%, and 3.622%, respectively.

The Trust distinguishes between distributions on a tax basis and a financial reporting basis. Accounting principals generally accepted in the United States of America require that only distributions in excess of tax basis earnings and profits be reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid in capital. These differences relate primarily to the method for amortizing premiums.

4 Investment Adviser Fee and Other Transactions with Affiliates

EVM serves as the investment adviser and administrator of the Trust. EVM currently receives no compensation for providing administrative services to the Trust. The investment adviser fee is earned by EVM, as compensation for management and investment advisory services rendered to the Trust. Under the advisory agreement, EVM receives a monthly advisory fee in the amount equal to 0.75% annually of average daily gross assets of the Trust. For the six months ended November 30, 2005, the advisory fee amounted to $4,294,900.

In addition, EVM has contractually agreed to reimburse the Trust for fees and other expenses in the amount of 0.20%

Eaton Vance Floating-Rate Income Trust as of November 30, 2005

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

of the average daily gross assets of the Trust for the first five full years of the Trust's operations, 0.15% of average daily gross assets in year six, 0.10% in year seven and 0.05% in year eight. For the six months ended November 30, 2005, EVM waived $1,145,309 of its advisory fee.

Certain officers and Trustees of the Trust are officers of the above organization.

5 Purchases and Sales of Investments

Purchases and sales of investments, other than short-term obligations and including paydowns, aggregated $265,150,987 and $288,521,106 respectively, for the six months ended November 30, 2005.

6 Common Shares of Beneficial Interest

The Agreement and Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional $0.01 par value common shares of beneficial interest. Transactions in common shares were as follows:

	Six Months Ended November 30, 2005 (Unaudited)	Year Ended May 31, 2005[1]
Sales		37,205,000
Issued to shareholders electing to receive payments of distributions in Fund shares		89,271
Net increase		37,294,271

(1) For the period from the start of business, June 29, 2004 to May 31, 2005.

7 Federal Income Tax Basis of Unrealized Appreciation (Depreciation)

The cost and unrealized appreciation (depreciation) in value of investments owned by the Trust at November 30, 2005, as computed on a federal income tax basis, were as follows:

Aggregate cost	$ 1,121,496,286
Gross unrealized appreciation	$ 7,223,952
Gross unrealized depreciation	(5,394,068)
Net unrealized appreciation	$ 1,829,884

The net unrealized appreciation on swap contracts at November 30, 2005 on a federal income tax basis was $1,481.

8 Financial Instruments

The Trust may trade in financial instruments with off-balance sheet risk in the normal course of its investing activities to assist in managing exposure to various market risks. These financial instruments include written options, financial futures contracts, and swaps and may involve, to a varying degree, elements of risk in excess of the amounts recognized for financial statement purposes. The notional or contractual amounts of these instruments represent the investment the Trust has in particular classes of financial instruments and does not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered.

Credit Default Swaps

Notional Amount	Expiration Date	Description	Net Unrealized Appreciation

				(Depreciation)
1,400,000USD	3/20/2009	Agreement with Lehman Brothers Special Financing, Inc. dated 9/24/2004 to receive 2.30% per year times the notional amount. The Trust makes payment only upon a default event on underlying loan assets (50 in total, each representing 2% of the notional value of the swap).	$	15,105
2,000,000USD	3/20/2010	Agreement with Lehman Brothers Special Financing, Inc. dated 3/15/2005 to receive 2.20% per year times the notional amount. The Trust makes payment of the notional amount only upon a default event on the reference entity, a Revolving Credit Agreement issued by Inergy, L.P.	$	(13,624)

At November 30, 2005, the Trust had sufficient cash and/or securities segregated to cover potential obligations arising from open swap contracts.

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Eaton Vance Floating-Rate Income Trust

DIVIDEND REINVESTMENT PLAN

The Trust offers a dividend reinvestment plan (the Plan) pursuant to which shareholders may elect to have dividends and capital gains distributions reinvested in common shares (the Shares) of the Trust. You may elect to participate in the Plan by completing the Dividend Reinvestment Plan Application Form. If you do not participate, you will receive all distributions in cash paid by check mailed directly to you by PFPC Inc., as dividend paying agent. On the distribution payment date, if the net asset value per Share is equal to or less than the market price per Share plus estimated brokerage commissions then new Shares will be issued. The number of Shares shall be determined by the greater of the net asset value per Share or 95% of the market price. Otherwise, Shares generally will be purchased on the open market by the Plan Agent. Distributions subject to income tax (if any) are taxable whether or not shares are reinvested.

If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you will need to request that your shares be re-registered in your name with the Trust's transfer agent, PFPC, Inc., or you will not be able to participate.

The Plan Agent's service fee for handling distributions will be paid by the Trust. Each participant will be charged their pro rata share of brokerage commissions on all open-market purchases.

Plan participants may withdraw from the Plan at any time by writing to the Plan Agent at the address noted on the following page. If you withdraw, you will receive shares in your name for all Shares credited to your account under the Plan. If a participant elects by written notice to the Plan Agent to have the Plan Agent sell part or all of his or her Shares and remit the proceeds, the Plan Agent is authorized to deduct a $5.00 fee plus brokerage commissions from the proceeds.

If you wish to participate in the Plan and your shares are held in your own name, you may complete the form on the following page and deliver it to the Plan Agent.

Any inquiries regarding the Plan can be directed to the Plan Agent, PFPC, Inc., at 1-800-331-1710.

Eaton Vance Floating-Rate Income Trust

APPLICATION FOR PARTICIPATION IN DIVIDEND REINVESTMENT PLAN

This form is for shareholders who hold their common shares in their own names. If your common shares are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to see if it will participate in the Plan on your behalf. If you wish to participate in the Plan, but your brokerage firm, bank, or nominee is unable to participate on your behalf, you should request that your common shares be re-registered in your own name which will enable your participation in the Plan.

The following authorization and appointment is given with the understanding that I may terminate it at any time by terminating my participation in the Plan as provided in the terms and conditions of the Plan.

Please print exact name on account:

Shareholder signature Date

Shareholder signature Date

Please sign exactly as your common shares are registered. All persons whose names appear on the share certificate must sign.

YOU SHOULD NOT RETURN THIS FORM IF YOU WISH TO RECEIVE YOUR DIVIDENDS AND DISTRIBUTIONS IN CASH. THIS IS NOT A PROXY.

This authorization form, when signed, should be mailed to the following address:

Eaton Vance Floating-Rate Income Trust
c/o PFPC, Inc.
P.O. Box 43027
Providence, RI 02940-3027
800-331-1710

Number of Employees

The Trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company and has no employees.

Number of Shareholders

As of November 30, 2005, our records indicate that there are 17 registered shareholders and approximately 24,960 shareholders owning the Trust shares in street name, such as through brokers, banks, and financial intermediaries.

If you are a street name shareholder and wish to receive our reports directly, which contain important information about the Trust, please write or call:

Eaton Vance Distributors, Inc.
The Eaton Vance Building
255 State Street
Boston, MA 02109
1-800-225-6265

New York Stock Exchange symbol

The New York Stock Exchange symbol is EFT.

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Eaton Vance Floating-Rate Income Trust

BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT

The investment advisory agreement between Eaton Vance Floating-Rate Income Trust (the "Fund") and the investment adviser, Eaton Vance Management ("Eaton Vance"), provides that the advisory agreement will continue in effect from year to year so long as its continuance is approved at least annually (i) by a vote of a majority of the noninterested Trustees of the Fund cast in person at a meeting called for the purpose of voting on such approval and (ii) by the Trustees of the Fund or by vote of a majority of the outstanding interests of the Fund.

In considering the annual approval of the investment advisory agreement between the Fund and the investment adviser, the Special Committee considered information that had been provided throughout the year at regular Board meetings, as well as information furnished for a series of meetings held in February and March in preparation for a Board meeting held on March 21, 2005 to specifically consider the renewal of the investment advisory agreement. Such information included, among other things, the following:

An independent report comparing the advisory fees of the Fund with those of comparable funds;

An independent report comparing the expense ratio of the Fund to those of comparable funds;

Information regarding Fund investment performance (including on a risk-adjusted basis) in comparison to relevant peer groups of funds and appropriate indices;

The economic outlook and the general investment outlook in relevant investment markets;

Eaton Vance's results and financial condition and the overall organization of the investment adviser;

The procedures and processes used to determine the fair value of Fund assets including in particular the valuation of senior loan portfolios and actions taken to monitor and test the effectiveness of such procedures and processes;

Eaton Vance's management of the relationship with the custodian, subcustodians and fund accountants;

The resources devoted to compliance efforts undertaken by Eaton Vance on behalf of the funds it manages and the record of compliance with the investment policies and restrictions and with policies on personal securities transactions;

The quality, nature, cost and character of the administrative and other non-investment management services provided by Eaton Vance and its affiliates; and

The terms of the advisory agreement and the reasonableness and appropriateness of the particular fee paid by the Fund for the services described therein.

The Special Committee also considered the investment adviser's portfolio management capabilities, including information relating to the education, experience, and number of investment professionals and other personnel who provide services under the investment advisory agreement. Specifically, the Special Committee considered the investment adviser's experience in managing senior loan portfolios. The Special Committee noted the experience of the 26 bank loan investment professionals and other personnel who would provide services under the investment advisory agreement, including four portfolio managers and 15 analysts. Many of these portfolio managers and analysts have previous experience working for commercial banks and other lending institutions. The Special Committee also took into account the time and attention to be devoted by senior management to the Fund and the other funds in the complex. The Special Committee evaluated the level of skill required to manage the Fund and concluded that the human resources available at the investment adviser were appropriate to fulfill its duties on behalf of the Fund.

In its review of comparative information with respect to the Fund's investment performance (including on a risk-adjusted basis), the Special Committee noted the Fund's limited operating history and concluded that it was appropriate to allow additional time to fully evaluate the Fund's performance record. With respect to its review of investment advisory fees, the Special Committee concluded that the fees paid by the Fund are within the range of those paid by comparable funds within the mutual fund industry. In reviewing the information regarding the expense ratio of the Fund, the Special Committee concluded that the Fund's expense ratio is within a range that is competitive with comparable funds.

In addition to the factors mentioned above, the Special Committee reviewed the level of the investment adviser's profits in providing investment management and administration services for the Fund and for all Eaton Vance funds as a group. The Special Committee noted in particular that the Fund benefits from a contractual waiver of advisory fees and other expenses effective during the first five years of the Fund's operations. In addition, the Special Committee considered the fiduciary duty assumed by the investment adviser in

Eaton Vance Floating-Rate Income Trust

BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT CONT'D

connection with the services rendered to the Fund and the business reputation of the investment adviser and its financial resources. The Trustees concluded that in light of the services rendered, the profits realized by the investment adviser are not unreasonable. The Special Committee also considered the fact that the Fund is not continuously offered and concluded that, in light of the level of the investment adviser's profits with respect to the Fund, the implementation of breakpoints is not appropriate.

The Special Committee did not consider any single factor as controlling in determining whether or not to renew the investment advisory agreement. Nor are the items described herein all the matters considered by the Special Committee. In assessing the information provided by Eaton Vance and its affiliates, the Special Committee also took into consideration the benefits to shareholders of investing in a fund that is a part of a large family of funds which provides a large variety of shareholder services.

Based on its consideration of the foregoing factors and conclusions, and such other factors and conclusions as it deemed relevant, and assisted by independent counsel, the Special Committee concluded that the renewal of the investment advisory agreement, including the fee structure, is in the interests of shareholders.

Eaton Vance Floating-Rate Income Trust

INVESTMENT MANAGEMENT

Eaton Vance Floating-Rate Income Trust

Officers
Payson F. Swaffield
President and Chief Executive Officer
Thomas E. Faust Jr.
Vice President
James B. Hawkes
Vice President and Trustee
Scott H. Page
Vice President
Michael W. Weilheimer
Vice President
Barbara E. Campbell
Treasurer and Principal Financial Accounting Officer
Alan R. Dynner
Secretary
Paul M. O'Neil
Chief Compliance Officer

Trustees
Samuel L. Hayes, III
Chairman
Benjamin C. Esty
William H. Park
Ronald A. Pearlman
Norton H. Reamer
Lynn A. Stout
Ralph F. Verni

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Investment Adviser and Administrator of Eaton Vance Floating-Rate Income Trust
Eaton Vance Management

The Eaton Vance Building
255 State Street
Boston, MA 02109

Custodian
Investors Bank & Trust Company

200 Clarendon Street
Boston, MA 02116

Transfer Agent
PFPC Inc.

Attn: Eaton Vance Funds
P.O. Box 43027
Providence, RI 02940-3027
(800) 262-1122

Eaton Vance Floating-Rate Income Trust
The Eaton Vance Building
255 State Street
Boston, MA 02109

2224-1/06 CE-FLRINCSRC

Item 2. Code of Ethics

The registrant has adopted a code of ethics applicable to its Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-262-1122.

Item 3. Audit Committee Financial Expert

The registrant s Board has designated William H. Park, Samuel L. Hayes, III and Norton H. Reamer, each an independent trustee, as its audit committee financial experts. Mr. Park is a certified public accountant who is the President and Chief Executive Officer of Prizm Capital Management, LLC (investment management firm). Previously, he served as Executive Vice President and Chief Financial Officer of United Asset Management Corporation (UAM) (a holding company owning institutional investment management firms). Mr. Hayes is the Jacob H. Schiff Professor of Investment Banking Emeritus of the Harvard University Graduate School of Business Administration. Mr. Reamer is the President, Chief Executive Officer and a Director of Asset Management Finance Corp. (a specialty finance company serving the investment management industry) and is President of Unicorn Corporation (an investment and financial advisory services company). Formerly, Mr. Reamer was Chairman of Hellman, Jordan Management Co., Inc. (an investment management company) and Advisory Director of Berkshire Capital Corporation (an investment banking firm), Chairman of the Board of UAM and Chairman, President and Director of the UAM Funds (mutual funds).

Item 4. Principal Accountant Fees and Services

Not required in this filing

Item 5. Audit Committee of Listed registrants

Not required in this filing.

Item 6. Schedule of Investments

Please see schedule of investments contained in the Report to Stockholders included under Item 1 of this Form N-CSR.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies

The Board of Trustees of the Trust has adopted a proxy voting policy and procedure (the Fund Policy), pursuant to which the Trustees have delegated proxy voting responsibility to the Fund s investment adviser and adopted the investment adviser s proxy voting policies and procedures (the Policies) which are described below. The Trustees will review the Fund s proxy voting records from time to time and will annually consider approving the Policies for the upcoming year. In the event that a conflict of interest arises between the Fund s shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund, the investment adviser will generally refrain from voting the proxies related to the companies giving rise to such conflict until it consults with the Board s Special Committee except as contemplated under the Fund Policy. The Board s Special Committee will instruct the investment adviser on the appropriate course of action.

The Policies are designed to promote accountability of a company s management to its shareholders and to align the interests of management with those shareholders. The investment adviser will generally support company management on proposals relating to environmental and social policy issues, on matters regarding the state of organization of the company and routine matters related to corporate administration which are not expected to have a significant economic impact on the company or its shareholders. On all other matters, the investment adviser will review each matter on a case-by-case basis and reserves the right to deviate from the Policies guidelines when it believes the situation warrants such a deviation. The Policies include voting guidelines for matters relating to, among other things, the election of directors, approval of independent auditors, executive compensation, corporate structure and anti-takeover defenses. The investment adviser may abstain from voting from time to time where it determines that the costs associated with voting a proxy outweighs the benefits derived from exercising the right to vote.

In addition, the investment adviser will monitor situations that may result in a conflict of interest between the Fund s shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund by maintaining a list of significant existing and prospective corporate clients. The investment adviser s personnel responsible for reviewing and voting proxies on behalf of the Fund will report any proxy received or expected to be received from a company included on that list to members of senior management of the investment adviser identified in the Policies. Such members of senior management will determine if a conflict exists. If a conflict does exist, the investment adviser will seek instruction on how to vote from the Special Committee.

Information on how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30 is available (1) without charge, upon request, by calling 1-800-262-1122, and (2) on the Securities and Exchange Commission s website at http://www.sec.gov.

Item 8. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not required in this filing.

Item 9. Submission of Matters to a Vote of Security Holders.

Effective February 7, 2005, the Governance Committee of the Board of Trustees revised the procedures by which a Fund s shareholders may recommend nominees to the registrant s Board of Trustees to add the following (highlighted):

The Governance Committee shall, when identifying candidates for the position of Independent Trustee, consider any such candidate recommended by a shareholder of a Fund if such recommendation contains **(i)**sufficient background information concerning the candidate, **including evidence the candidate is willing to serve as an Independent Trustee if selected for the position; and (ii)** is received in a sufficiently timely manner (and in any event no later than the date specified for receipt of shareholder proposals in any applicable proxy statement with respect to a Fund). Shareholders shall be directed to address any such recommendations **in writing** to the attention of the Governance Committee, c/o the Secretary of the Fund. **The Secretary shall retain copies of any shareholder recommendations which meet the foregoing requirements for a period of not more than 12 months following receipt. The Secretary shall have no obligation to acknowledge receipt of any shareholder recommendations.**

Item 10. Controls and Procedures

(a) It is the conclusion of the registrant s principal executive officer and principal financial officer that the effectiveness of the registrant s current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission s rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant s principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant s internal controls over financial reporting during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 11. Exhibits

(a)(1)	Registrant s Code of Ethics Not applicable (please see Item 2).
(a)(2)(i)	Treasurer s Section 302 certification.
(a)(2)(ii)	President s Section 302 certification.
(b)	Combined Section 906 certification.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Floating Rate Income Trust

By:	/s/Payson F. Swaffield Payson F. Swaffield President
Date:	January 13, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:	/s/Barbara E. Campbell Barbara E. Campbell Treasurer
Date:	January 13, 2006
By:	/s/Payson F. Swaffield Payson F. Swaffield President
Date:	January 13, 2006