

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **February 18, 2009**

Merit Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

0-18592
(Commission
File Number)

87-0447695
(I.R.S. Employer
Identification No.)

1600 West Merit Parkway
South Jordan, Utah
(Address of principal executive offices)

84095
(Zip Code)

(801) 253-1600
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Asset Purchase Agreement with Alveolus, Inc.

On February 18, 2009, Merit Medical Systems, Inc., a Utah corporation ("Merit"), entered into an Asset Purchase Agreement (the "Purchase Agreement") with Alveolus, Inc., a North Carolina corporation ("Alveolus"), pursuant to which, among other things, Merit agreed to purchase certain assets from Alveolus for approximately \$19 million. The assets to be acquired relate to Alveolus' non-vascular interventional stent business for esophageal, tracheobronchial and biliary stenting procedures. The Purchase Agreement contains customary representations and warranties by the parties, as well as covenants and conditions which are customary for transactions of this nature. Each party has agreed to indemnify the other from damages suffered due to breaches of representations, warranties or covenants made in the Purchase Agreement, subject to customary minimum and maximum amounts.

Pursuant to the Purchase Agreement, Merit has agreed to pay approximately \$16 million to Alveolus at the closing of the proposed transaction. Merit has agreed to place an additional amount of \$3 million in escrow at closing, which would become payable in portions to Alveolus over the two years following closing, subject to certain adjustments for working capital and to the satisfaction of Alveolus' indemnification obligations under the Purchase Agreement. The transaction is expected to close by March 12, 2009, after which either party may terminate the Purchase Agreement.

The closing is subject to customary closing conditions, including, among others, that Alveolus' shareholders have approved the transaction, that the representations and warranties of the parties remain true at the time of closing, that each of the parties has performed its obligations under the Purchase Agreement, that any required consents and approvals under the Purchase Agreement have been obtained, the absence of any law or litigation matter that prohibits or materially restrains the consummation of the transaction, and the absence of any material adverse effect with respect to Alveolus. At closing, the parties intend to enter into various other agreements, including an agreement addressing services to be provided by existing Alveolus employees during a transition period following closing.

Alveolus has agreed to operate its business in the ordinary course and in a manner consistent in all material respects with its past practice until the closing of the transaction occurs, including an agreement that it will comply with the terms of its material agreements and not incur any debt or sell any assets outside of the ordinary course of business. Alveolus has also agreed not to solicit or initiate discussions with third parties regarding other proposals to acquire

Alveolus and has undertaken restrictions on its ability to respond to such proposals. The Purchase Agreement also includes customary termination provisions for both Merit and Alveolus and provides that, in connection with the termination of the Purchase Agreement under specified circumstances, Alveolus may be required to pay to Merit a termination fee, and reimburse costs and expenses of Merit, up to an aggregate of \$1,000,000.

The foregoing paragraphs provide a brief summary of the provisions of the Purchase Agreement, in order to provide a basic understanding of the Purchase Agreement and the proposed transaction. The foregoing summary is not complete and is qualified in its entirety by the copy of the Purchase Agreement which Merit intends to file as an exhibit to a subsequent filing to be made by Merit under the Securities Exchange Act of 1934, as amended. The foregoing summary, and the copy of the Purchase Agreement to be subsequently provided, provide information regarding the terms of the Purchase Agreement, and are not intended to provide investors with factual information about the current state of affairs of Merit, Alveolus or the assets proposed to be acquired. The Purchase Agreement contains representations and warranties and other statements that are solely for the benefit of the parties to that agreement and are designed to allocate business and other risks among the parties. Additionally, such representations and warranties and other statements (i) speak only as to the date on which they were

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made, and may be modified or qualified by confidential schedules or other disclosures, agreements or understandings among the parties, which Merit believes are not required by the securities laws to be publicly disclosed, and (ii) may be subject to a different materiality standard than the standard that is applicable to disclosures to investors. Moreover, information concerning the subject matter of the representations and warranties and other statements made in the Purchase Agreement itself, or the above summary thereof, will likely change after the execution date of the Purchase Agreement, and subsequent information may or may not be fully reflected in Merit's public disclosures. Investors should not, therefore, rely upon representations and warranties and other statements in the Purchase Agreement or the above summary as factual characterizations of the actual state of affairs of Merit, Alveolus or the assets proposed to be acquired. Investors should instead look to disclosures contained in Merit's reports under the Securities Exchange Act of 1934, as amended.

Asset Purchase and Supply Agreement with Hydromer, Inc. and Biosearch Medical Products, Inc.

On February 19, 2009, Merit entered into an Asset Purchase and Supply Agreement (the "Biosearch Purchase Agreement") with Hydromer, Inc. and Biosearch Medical Products, Inc. ("Biosearch"), a wholly-owned subsidiary of Hydromer, Inc., pursuant to which Merit has agreed to acquire assets relating to certain products of Biosearch. Pursuant to the Biosearch Purchase Agreement, Merit has agreed to pay \$1,600,000 to Biosearch for such assets. The Biosearch Purchase Agreement contains customary representations and warranties by the parties, as well as covenants and conditions which are customary for transactions of this nature. Each party has agreed to indemnify the other from damages suffered due to breaches of representations, warranties or covenants made in the Biosearch Purchase Agreement, subject to customary minimum and maximum amounts. Merit expects to close the Biosearch asset acquisition within the next 30 days.

Item 7.01 Regulation FD Disclosure

On February 19, 2009, Merit issued a press release, entitled "Merit Medical Announces Agreement to Acquire Assets of Alveolus, Inc.; Merit also signs agreement to acquire products of Biosearch Medical Products, Inc." relating to the Alveolus and Biosearch transactions described above, a copy of which is filed as Exhibit 99.1 to this Current Report, and is incorporated herein by this reference.

On February 19, 2009, Merit also issued a press release entitled "Merit Medical Announces 2009 Sales and Earnings Guidance Including Anticipated Effects of Alveolus and Biosearch Transactions," relating to earnings guidance for future periods, a copy of which is filed as Exhibit 99.2 to this Current Report, and incorporated herein by this reference.

Safe Harbor for Forward-Looking Statements

Statements contained in this release which are not purely historical, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2007. Such risks and uncertainties include risks relating to the closing of the proposed Alveolus and Biosearch transactions, including the possibility that conditions to closing those transactions may not be satisfied or that either or both of those transactions may not be completed; unanticipated consequences of Merit's proposed acquisition of the Alveolus and Biosearch assets; challenges associated with Merit's efforts to pursue new market opportunities, including opportunities in the gastroenterology and pulmonary markets; infringement of Merit's technology or the assertion that Merit's technology infringes the rights of other parties; product recalls and product liability claims; downturn of the national economy and

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its affect on Merit's revenues, collections and supplier relations; termination of supplier relationships, or failure of suppliers to perform; inability to successfully manage growth through acquisitions; delays in obtaining regulatory approvals, or the failure to maintain such approvals; concentration of Merit's revenues among a few products and procedures; development of new products and technology that could render Merit's products obsolete; market acceptance of new products; introduction of products in a timely fashion; price and product competition; availability of labor and materials; cost increases; and fluctuations in and obsolescence of inventory; volatility of the market price of Merit's common stock; foreign currency fluctuations; changes in key personnel; work stoppage or transportation risks; modification or limitation of governmental or private insurance reimbursement; changes in health care markets related to health care reform initiatives; and other factors referred to in Merit's Annual Report on Form 10-K for the year ended December 31, 2007, and other reports filed with the Securities and Exchange Commission. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results will differ, and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and Merit assumes no obligation to update or disclose revisions to those estimates.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit

Title of Document

Location

Number

99.1	Press Release, dated February 19, 2009, entitled “Merit Medical Announces Agreement to Acquire Assets of Alveolus, Inc.; Merit also signs agreement to acquire products of Biosearch Medical Products, Inc.”	Attached
99.2	Press Release, dated February 19, 2009, entitled “Merit Medical Announces 2009 Sales and Earnings Guidance Including Anticipated Effects of Alveolus and Biosearch Transactions.”	Attached

SIGNATURES

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

MERIT MEDICAL SYSTEMS, INC.

Date: February 20, 2009

By: /s/ Kent W. Stanger
Chief Financial Officer, Secretary
and Treasurer



1600 West Merit Parkway · South Jordan, UT 84095
Telephone: 801-253-1600 · Fax: 801-253-1688

PRESSRELEASE

FOR IMMEDIATE RELEASE

Date: February 19, 2009
Contact: Anne-Marie Wright, Vice President, Corporate Communications
Phone: (801) 208-4167 e-mail: awright@merit.com Fax: (801) 253-1688

**MERIT MEDICAL ANNOUNCES AGREEMENT TO ACQUIRE
ASSETS OF ALVEOLUS, INC.**

**Merit also signs agreement to acquire products of
Biosearch Medical Products, Inc.**

SOUTH JORDAN, UTAH— Merit Medical Systems, Inc. (NASDAQ: MMSI), a manufacturer and marketer of proprietary disposable devices used primarily in cardiology and radiology procedures, announced today that it has signed a definitive agreement to acquire the assets of Alveolus, Inc., located in Charlotte, North Carolina. Alveolus produces non-vascular interventional stents used for esophageal, tracheobronchial, and biliary stenting procedures. Merit believes the current worldwide market for these types of products exceeds \$200 million.

The purchase price of the Alveolus assets is approximately \$19 million, subject to post-closing adjustments. The Alveolus assets consist primarily of an intellectual property portfolio, inventory, receivables and manufacturing equipment. Alveolus' revenues for the most recent 12-month period (February 1, 2008 to January 31, 2009) were approximately \$8.2 million. Merit intends to fund the purchase price from its existing cash reserves.

Merit intends to hire essentially all of Alveolus' existing U.S. sales force of approximately ten individuals and several research and development and manufacturing personnel.

“For several years we have discussed the prospects of entering the gastroenterology

and pulmonary markets,” said Fred P. Lampropoulos, Merit's Chairman and Chief Executive Officer. “We believe this acquisition will enhance our future corporate growth with products that are well accepted in the United States. The acquired products are also CE marked, and we believe our infrastructure and long-standing reputation for service and quality products in the European market will provide opportunities for substantial growth of the Alveolus products.”

Substantially all of the manufacturing processes of the Alveolus stents are outsourced under manufacturing, confidentiality and performance agreements. Merit intends to maintain the relationships with these vendors and to retain the existing agreements.

“A key feature of this acquisition is the operational consistency we believe we will maintain during the transition of ownership,” Lampropoulos said.

Inflation devices, guide wires and syringes are often used during gastroenterology procedures. Merit believes that many of its quality products in these categories can be sold in conjunction with the acquired products.

Merit also announced that it has entered into an agreement with Biosearch Medical Products, Inc., a wholly-owned subsidiary of Hydromer, Inc. (OTC BB: HYDI.OB), to acquire two additional products that are being sold on an OEM basis to major medical device companies. These products go hand-in-hand with the strategy of building a strong product offering in the gastroenterology market. The Biosearch transaction involves the transfer of production to a Merit facility. The purchase price is approximately \$1.6 million, which Merit also intends to fund from its existing cash reserves.

“In addition to the announced acquisitions, Merit is pursuing additional product distribution opportunities to complement the acquired products,” Lampropoulos said.

“With Merit's existing products, as well as the newly acquired products and the future opportunities we have identified, we believe a worldwide market opportunity of more than \$500 million exists,” Lampropoulos said.

“We believe the combined revenue base of approximately \$8.2 million for Alveolus' stent products and \$1.6 million for Biosearch's accessory products will create margins in excess of Merit's existing gross margins and should add 80 to 100 basis points to Merit's gross margins annually,” Lampropoulos said. “We believe additional margin expansion is possible as the business grows.”

Merit plans to form a new business unit to focus on the newly-acquired products and opportunities, which will be led by Darla Gill, a founder and current Executive Vice President of Marketing at Merit. Gill's experience and skills uniquely qualify her to oversee the growth and expansion of this new business segment.

“Merit believes that with the existing Alveolus sales force, the additional sales people we intend to hire, and the selection of dealers in non-direct geographic areas, the new business segment can grow by 40-50% for the next few years,” Lampropoulos added.

Most biliary stents are currently placed endoscopically by gastroenterologists. A portion of the biliary stents, however, is placed percutaneously by interventional radiologists. Merit intends to aggressively pursue the interventional radiology segment with its existing interventional radiology sales force.

Aside from the newly acquired products, Merit believes another long-term benefit of the Alveolus acquisition is the general stent technology platform that Merit will develop for future vascular and non-vascular products. Although this is some time away and will require substantial development and regulatory approvals, Merit believes the fundamental technology can be further organized and directed.

Both transactions are expected to close in the next 30 days. Piper Jaffray consulted with Merit in both transactions, while Canaccord Adams Inc. advised Alveolus.

CONFERENCE CALL

Merit invites all interested parties to participate in its conference call today, (Thursday, February 19, 2009) at 5:00 p.m. Eastern (4:00 p.m. Central, 3:00 p.m. Mountain, and 2:00 p.m. Pacific). The telephone numbers to call are (domestic) 800-218-8862; and (international) 303-262-2130. A live webcast will also be available for the conference call at www.merit.com and www.fulldisclosure.com.

During the conference call, the information set forth in this release will be discussed in more detail.

ABOUT MERIT

Founded in 1987, Merit Medical Systems, Inc. is engaged in the development, manufacture and distribution of proprietary disposable medical devices used in interventional

and diagnostic procedures, particularly in cardiology and radiology. Merit serves client hospitals worldwide with a domestic and international sales force totaling approximately 100 individuals. Merit employs approximately 1,700 people worldwide, with facilities in Salt Lake City and South Jordan, Utah; Angleton, Texas; Richmond, Virginia; Maastricht and Venlo, The Netherlands; and Galway, Ireland.

Statements contained in this release which are not purely historical, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2007. Such risks and uncertainties include risks relating to the closing of the proposed Alveolus and Biosearch transactions, including the possibility that conditions to closing those transactions may not be satisfied or that either or both of those transactions may not be completed; unanticipated consequences of Merit's proposed acquisition of the Alveolus and Biosearch assets; challenges associated with Merit's efforts to pursue new market opportunities, including opportunities in the gastroenterology and pulmonary markets; infringement of Merit's technology or the assertion that Merit's technology infringes the rights of other parties; product recalls and product liability claims; downturn of the national economy and its affect on Merit's revenues, collections and supplier relations; termination of supplier relationships, or failure of suppliers to perform; inability to successfully manage growth through acquisitions; delays in obtaining regulatory approvals, or the failure to maintain such approvals; concentration of Merit's revenues among a few products and procedures; development of new products and technology that could render Merit's products obsolete; market acceptance of new products; introduction of products in a timely fashion; price and product competition; availability of labor and materials; cost increases; and fluctuations in and obsolescence of inventory; volatility of the market price of Merit's common stock; foreign currency fluctuations; changes in key personnel; work stoppage or transportation risks; modification or limitation of governmental or private insurance reimbursement; changes in health care markets related to health care reform initiatives; and other factors referred to in Merit's Annual Report on Form 10-K for the year ended December 31, 2007, and other reports filed with the Securities and Exchange Commission. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results will differ, and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and Merit assumes no obligation to update or disclose revisions to those estimates.

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**MERIT MEDICAL ANNOUNCES 2009 SALES AND EARNINGS
GUIDANCE INCLUDING ANTICIPATED EFFECTS OF
ALVEOLUS AND BIOSEARCH TRANSACTIONS**

SOUTH JORDAN, UTAH— Merit Medical Systems, Inc. (NASDAQ: MMSI), a manufacturer and marketer of proprietary disposable devices used primarily in cardiology and radiology procedures, today announced sales and earnings guidance regarding management's expectations for the fiscal year ending December 31, 2009, which includes the anticipated impact of the pending Alveolus, Inc. and Biosearch Medical Products, Inc. transactions.

Guidance is provided on the basis of full-year estimates for the existing Merit business and approximately 10 months' estimates for business from the Alveolus and Biosearch transactions.

The actual results are subject to the successful closing of both transactions according to Merit's current expectations within the next 30 days and the risks and uncertainties associated with such transactions. Merit's guidance and expectations set forth in this release are based on information currently available, and are subject to change as Merit works to complete the proposed transaction and undertakes the operation of the acquired business. Those changes could be material.

Merit's management estimates that sales from Merit's existing business will be approximately \$248-\$251 million for the year ending December 31, 2009. This represents an

increase of approximately 10%, compared to sales of \$227.1 million for the year ended December 31, 2008.

Merit's management estimates revenues from the Alveolus and Biosearch transactions to be approximately \$11.8 million for the 10-month period ending December 31, 2009.

Merit's management believes that revenues for the combined businesses will be in the range of \$260-\$263 million, or approximately 15% increase over Merit's revenues for the year ended December 31, 2008.

Merit's management estimates that gross margins for the combined entities will be approximately 42.6%, an increase of 150 basis points compared to 41.1% for the year ended December 31, 2008.

Merit's management believes that earnings for Merit's existing business will be in the range of \$0.84-\$0.86 per share for the year ending December 31, 2009. When adjusted to include business from the Alveolus and Biosearch transactions, Merit's management estimates earnings to be in the range of \$0.77-\$0.79 per share.

The new earnings estimates are affected by Statement of Financial Accounting Standards No. 141(R) which, effective January 1, 2009, states that expenses of the Alveolus and Biosearch transactions must be expensed during the applicable period, rather than capitalized. Aggregate expenses for the transactions are estimated to be approximately \$500,000-\$600,000.

Additionally, Merit has agreed to pay the current 22 Alveolus employees for a period of 90 days following the closing of the transaction. Merit's management believes this is necessary for an orderly transition. After the 90-day transition period, employment costs will drop by approximately \$100,000 per month.

Merit intends to retain approximately 11 sales and marketing personnel as well as three engineering and operations personnel. Merit also intends to recruit and hire an additional six sales people during various periods of 2009.

Amortization of Alveolus and Biosearch technology and intangibles Merit proposes to acquire is estimated to be \$430,000 for the year ending December 31, 2009.

Merit's management noted that it anticipates that its interest income will be reduced by approximately \$400,000 due to the use of cash to acquire the Alveolus and Biosearch

Merit's management estimates that for 2010, the first full year of operations of the Alveolus and Biosearch businesses, earnings will be cash-flow positive. Merit's management estimates that revenues for the calendar year 2010 will be in the range of \$290-\$300 million and earnings to be in the range of \$0.90-\$1.00 per share.

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