SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[x] Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2000 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

MERIT MEDICAL SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Utah	0-18592	87-0447695
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

1600 West Merit Parkway
South Jordan, Utah 84095

(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Title of Class
Common Stock, No Par Value

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 [ ] No [X]

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 the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |X|

The aggregate market value of the Common Stock held by non-affiliates of the Registrant, based upon the closing sale price of the Common Stock on the NASDAQ National Market System on March 28, 2001, was approximately $48,274,801. Shares of Common Stock held by each officer and director and by each person who may be deemed to be an affiliate have been excluded.

As of March 28, 2001 the Registrant had 7,801,988 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in Parts II, III and IV of this Report: the Registrant's definitive Proxy Statement relating to the Annual Meeting of Shareholders scheduled for May 23, 2001 (Part III).

TABLE OF CONTENTS

PART I 1
Disclosure regarding forward-looking statements 1

Item 1. Business 1
GENERAL 1
PRODUCTS 2
Inflation Devices 2
Control Syringes 3
Specialty Syringes 3
High Pressure Contrast Injection Line and Sherlock Connectors 3
Manifolds 3
Waste Containment Systems 4
Hemostasis Valves 4
Torque Device 4
Marquis Series Stopcock 4
Contrast Management Systems 4
Majestik Angiographic Needles 4
Fountain Infusion Catheter 4
Tomcat (PTCA) Guide Wire 4
Squirt Wound Irrigation 4
Angiography Pigtail Catheter 4
Pericardiocentesis 4
Meritrans Pressure Transducers 5
ShortStop 5
Custom Kits 5
Diagnostic Cardiology Catheters 5
Diagnostic Radiology Catheters 5
Vessel-Sizing Catheters 5
Percutaneous Sheath Introducers 5
Diagnostic Guide Wires 5
Guide Catheters 5
MARKETING AND SALES 5
Market Strategy 5
U.S. Sales 6
International Sales 6
CUSTOMERS 6
RESEARCH AND DEVELOPMENT 7
MANUFACTURING 7
COMPETITION 7
PATENTS, PATENT APPLICATIONS, LICENSES, TRADEMARKS AND COPYRIGHTS 8
REGULATION 9
EMPLOYEES 9
FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES 9

Item 2. Properties 9

Item 3. Legal Proceedings 10

Item 4. Submission of Matters to a Vote of Security Holders 10

PART II 11

Item 5. Market for Registrant's Common Stock and Related Shareholder Matters 11

Item 6. Selected Financial Data 11

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations 12

Item 7A. Quantitative and Qualitative Disclosure About Market Risk 14

(Continued)

Item 8. Financial Statements and Supplementary Data..... 15

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure..... 37

PART III 37

Items 10, 11, 12 and 13..... 37

PART IV 37

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K..... 37

SIGNATURES..... 39

PART I

DISCLOSURE REGARDING FORWARD -LOOKING STATEMENTS

This Report includes "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward- Looking Statements included in this document are made as of the date hereof and are based on information available to Merit as of such date. Merit assumes no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends" or "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although the Company believes that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward- Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward- Looking Statements are subject to inherent risks and uncertainties, including market acceptance of the Company's products, product introductions potential product recalls, delays in obtaining regulatory approvals, cost increases, fluctuations in and obsolescence of inventory, price and product competition, availability of labor and materials, development of new products and techniques that render the Company's products obsolete, foreign currency fluctuations, changes in health care markets related to health care reform initiatives and other factors referred to in the Company's press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward- Looking Statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Item 1. Business.

GENERAL

Merit Medical Systems, Inc. (the "Company") was formed in 1987 by members of its current management for the purpose of producing single-use medical products of high quality and superior value primarily for use in diagnosis and treatment of cardiovascular disease. The Company's products are designed to provide physicians and other health care professionals with devices that enable them to perform interventional and diagnostic procedures safely and effectively. Initially, the Company's expertise in product design and its proprietary technology and skills in injection and insert molding enabled it to introduce innovative new products and capture significant market share. The Company subsequently combined its plastics molding capability with the application of proprietary electronics and sensor-based technologies to develop a line of angioplasty inflation products with electronic sensing and display features. These devices are now included in a group of sensor-based products that address a broad range of needs related to diagnostic and interventional catheterization procedures performed in hospitals. Since 1997 the Company has expanded its product offerings to include catheters, guide wires, sheath introducers, needles and drug infusion devices.

The Company's strategy is to offer a broad line of innovative, disposable products for diagnosis and intervention in radiology and cardiology. Merit continues to increase market acceptance and penetration for both its existing and new products in the U.S. and in international markets. Longer term, the Company's strategy is to extend the application of its sensor-based technologies, plastics molding, catheter, guide wire, and electronic capabilities and to develop products for diagnostic and interventional procedures in additional markets such as neuroradiology, nephrology, pain management and critical care. The Company's sales of stand-alone products in combination with custom kits have increased as additions have been made to the Company's product lines. In 2000, approximately 53% of the Company's sales were made directly to U.S. hospitals and approximately 22% of sales were made to custom packagers, distributors and O.E.M. companies who also distribute to U.S. hospitals. Approximately 25% of the Company's sales in 2000 were made in international markets.

The Company was organized in July 1987 as a Utah corporation. In July 1994, the Company purchased a controlling interest in Sentir, Inc., a California-based manufacturer of silicon sensors, ("Sentir") and during 1999 the Company purchased the remaining interest. The Company also has established subsidiaries in Ireland, Germany, France, the United Kingdom, Belgium, and in the case of Sentir, the Netherlands to conduct its international business. On January 31, 1997, the Company purchased the operating assets and product lines of Universal Medical Instruments Corp. ("UMI"). On August 20, 1999 the Company purchased the operating assets and product lines of the Angleton Texas division of Mallinckrodt Inc. ("Mallinckrodt"). The Company's principal offices are located in a manufacturing and office facility at 1600 West Merit Parkway, South Jordan, Utah 84095, and its telephone number is (801) 253-1600.
See "Item 2. Properties."

PRODUCTS

The Company's products have been designed and developed in response to the needs of customers and patients. These needs have been identified primarily through observation of procedures in the cardiac catheterization and radiology laboratories, consultation with the Company's medical advisors and consultants and through direct communication with customers. Since 1988, the Company has developed and introduced several product lines, including control syringes (CCS(TM)and Smart Tip(TM)), inflation devices (Intellisystem(R) Monarch(R), Basix(TM), and basixCOMPAK(TM) including new 25-atmosphere versions), specialty syringes (Medallion(R),and VacLok(R)), high-pressure tubing and connectors (Excite(TM), flexible, braided, rigid, pvc, and Sherlock(TM)) , waste handling and disposal products (Merit Disposal Depot(R) and Backstop(R)), a disposable blood pressure transducer (Meritrans(R)), disposable hemostasis valves (MBA(TM), Passage(R), Access-9,(TM) Access Plus(TM), Double-Play(TM) and Inspector(TM)), manifolds and stopcocks (Marquis(R) Series), a torque device, contrast management systems (Miser(R) and In-Line Contrast Management System(TM)), angiography needles (Majestik(R) Series), blood containment devices (Captiva(R)), pericardiocentesis catheters and procedure trays, PTCA guide wires (TomCat(R)) and extension wires, thrombolytic infusion catheters (Fountain(R) and Mistique(TM)) and accessories (Squirt(TM)), diagnostic angiographic pigtail catheters, and diagnostic cardiology and radiology catheters, (SofTouch(R) and Performa(R), sheath introducers (DialEase(TM)) and diagnostic guide wires, RadStat(TM) and BackStop(TM). These products are sold separately and in custom kits consisting primarily of selected combinations of products.

The Company has not experienced any product liability claims; however, the sale and use of its products entails an inherent risk that product liability

claims may be asserted against the Company. The Company maintains product liability insurance in the amount of $5,000,000 per occurrence and in the aggregate, which may not be adequate for expenses or liabilities actually incurred.

Inflation Devices. Inflation devices are large, specialized syringes used in interventional catheterization procedures to inflate and deflate balloon-tipped catheters. The Company has received 510(k) approval from the U.S. Food and Drug Administration ("the FDA") for use of its digital inflation devices for a wide range of additional clinical applications such as discography, esophageal dilitation, trigeminal nerve compression, and retinal detachment. Each of the Company's inflation devices and universal fluid dispensing syringes incorporates patented, proprietary design features which contribute to ease of use, including allowing the clinicians to engage or release the syringe plunger with one hand while increasing or decreasing the pressure. Each syringe also provides a clear view of the fluid path that simplifies debubbling and contributes to accurate measurement of pressure.

The Company's IntelliSystem(R) 25 inflation device, which was the first such device to incorporate electronic sensing and display features, consists of a disposable 20cc inflation syringe and an integral pressure transducer which connects to an electronic monitor outside of the sterile field. To aid the marketing process and encourage use of the Company's products, the electronic monitor is provided without charge to large volume customers using the IntelliSystem. The IntelliSystem measures, times, records and digitally displays information concerning the pressure, duration and number of each inflation and deflation of the angioplasty balloon. When used in other clinical applications such as discography, the Intellisystem accurately dispenses fluid while documenting and graphing pressures in the disc. The Company believes that electronic sensing and display of such information is much more accurate and precise than that which can be obtained from conventional analog gauges. The data is stored and may be displayed, retrieved, graphed and printed.

The patented IntelliSystem II color monitor is the most advanced on the market and gives physicians several highly desirable options. These include a large, touch screen and display, an instant display of positive and negative pressures and enlarged graphing display to show extremely subtle changes in pressure measurements. In addition the display and readouts are available in four languages by touching the screen. Merit is the only company with digital technology sensitive enough to show minute changes in pressure.

The Monarch 25 is a disposable inflation device which digitally displays data concerning pressure and duration of inflations and deflations on a small electronic monitor mounted on the barrel of the inflation syringe. The monitor does not offer all of the same display, storage or printing capabilities of the IntelliSystem & IntelliSystem II but offers the convenience of portable operation.

The Basix(R) 25 and the new BasixCOMPAK are disposable inflation devices which incorporate a conventional analog pressure gauge mounted on the barrel of the inflation syringe. The Basix more closely resembles devices marketed by the Company's competitors but includes the Company's proprietary design features and benefits. The Company believes that the Basix and BasixCOMPAK represent a significant addition to its line of inflation devices that will contribute to sales where both clinical and economic outcomes are a priority.

Control Syringes. The Company's disposable control syringes are utilized for one-handed control of the injection of contrast media and other fluids during angiography, angioplasty and stent placement. The control syringes are molded from polycarbonate material which is stronger than glass and other plastics used in the industry. The Company offers different models and sizes of the control syringes with varying features, according to physician preference. These features include different configurations of syringe handles, plungers and connectors which allow operation of the syringe in a fixed or rotating position and varying volume sizes, including a popular 8ml mode, Inject8(TM). (In response to customer demand, Merit launched latex-free control syringes in 1998).

Specialty Syringes. Merit's Medallion syringes, a line of disposable, latex-free, color-coded specialty syringes are used for injection of medications, flushing of manifolds and other general purposes. These syringes are molded of polycarbonate material for added strength and are available in hundreds of sizes, colors and custom printing combinations. The color coding allows a clinician to assign a color for each medication to be dispensed and to differentiate syringes by their contents. The syringes can also be custom printed to the specifications of the user. In response to customer requests, the

Company has developed and added additional sizes of its specialty syringes which have applications in dispensing various medications required in a broader range of peripheral procedures. The Company believes that the design, color coding and materials used in its specialty syringes contribute to patient safety and more efficient procedures. The specialty syringes are sold separately and are an important component of the Company's custom kits.

High-Pressure Contrast Injection Line and Sherlock Connectors. During angiographic and diagnostic radiology procedures, contrast media must be injected through a catheter into the blood vessel. This is sometimes accomplished by a mechanical injector which can generate pressures up to 1200 pounds per square inch ("psi"), and requires tubing that can withstand these pressures. The Company offers high-pressure, specialty tubing with proprietary Sherlock connectors. In 1998 the Company launched Excite(TM), a new line of clear, flexible high-pressure tubing that combines the features of tubing clarity and strength. Sherlock connectors allow coupling and uncoupling of tubing with injectors, syringes and manifolds without over-tightening or breakage. The Company is currently offering specialty tubing that can handle pressures ranging from 500 to 1200 psi. The specialty tubing with Sherlock connectors is an important component of custom kits.

Manifolds. The administration of saline, imaging and contrast fluids and the management of blood-pressure monitoring, fluid injection and waste collection in angiography or angioplasty procedures is accomplished through a series of valves on a manifold which control the flow of various fluids in different directions. The Company has designed its own manifold consisting of two, three, four or five valves. The Company believes its manifold offers greater ease of use, simplified identification of flow direction and leak-free operation under the pressures of manual or mechanical injection of fluids when compared to manifolds sold by competitors. The Merit Manifold is sold separately but is also a key component of the Company's custom kits.

Waste Containment Systems. Because of heightened awareness of the risks associated with blood and related waste materials, hospitals have moved toward closed systems whenever possible. To address these concerns, the Company has designed a waste containment bag which connects to a manifold and collects waste materials such as blood and other fluids during angiography, angioplasty or other procedures. The Merit Disposal Depot(TM) is self-contained for ease of disposal and reduces risk of contamination. The Backstop(TM) is a unique and proprietary alternative fluid disposal basin designed to reduce exposure to blood-borne pathogens.

Hemostasis Valves. The MBA, Passage, Access 9, Access Plus, Double-Play, and Inspector hemostasis valves are used in conjunction with the Company's inflation devices and as a component of the Company's angioplasty packs. These valves are made of polycarbonate plastic for clarity and include Sherlock connectors. The devices differ in size and function. The MBA features a valve mechanism that minimizes blood loss during exchange of wires, catheters and other tools through the valve.

Torque Device. The Merit torque device is a guide wire steering tool with a tapered design and contrasting colors for improved visibility. The torque device typically is included as a component of the Company's angioplasty packs.

Marquis(TM) Series Stopcock. The Company's Marquis Series Stopcock offers improvements to competitive stopcock devices, including a large, easy grip handle. The Marquis Series Stopcock is used in connection with Sherlock connectors to provide improved connections during procedures.

Contrast Management Systems. The Miser(TM) and the In-Line Contrast Management System have been designed to increase catheterization lab efficiencies by reducing contrast media waste.

Majestik(TM) Angiographic Needles. The angiography needle creates the percutaneous (through the skin) access site for all angiography and angioplasty procedures. This site is the point of entry for the introducer sheath, guide wires, catheters and any other interventional devices. The Merit Majestik Needle helps the physician achieve precision vascular access with one of the sharpest angiography needles on the market.

Fountain(TM) Infusion Catheter. The Fountain catheter delivers therapeutic solutions to dissolve blood clots (thrombi) in peripheral vessels. This catheter is used to treat peripheral arterial occlusions, hemodialysis graft occlusions, and deep vein thrombosis. This product incorporates the Squirt(TM) fluid dispensing system for controlled fluid delivery.

Tomcat(TM) (PTCA) Guide Wire. Tomcat guide wires are used in

percutaneous transluminal coronary angioplasty (PTCA) and stent deployment procedures. Guide wires are used to guide and place balloon angioplasty and stent deployment catheters into coronary arteries. This product complements our existing lines of inflation devices and accessories currently used in balloon angioplasty procedures and was designed, developed and manufactured in the Company's Ireland facility.

Squirt Wound Irrigation. In any traumatic wound, the risk of infection is greatly decreased by the removal of bacteria and foreign matter from the site. Merit launched a line of Squirt wound irrigation products in 1998 designed for the emergency room to deliver large volumes of irrigation fluid. The product features a proprietary, one-handed Squirt fluid delivery syringe, an adjustable nozzle and splash protecting shield.

Angiography Pigtail Catheter. In 1997 Merit acquired new product lines and technologies from UMI, a small specialty medical manufacturing firm in upstate New York. At that time the Company began marketing a new line of thin-wall, FEP (Teflon), high-flow, pigtail angiographic catheters ideally suited for smaller patients.

Pericardiocentesis. Merit offers a complete pericardiocentesis kit which combines a high-flow drainage catheter and virtually all components needed to place the device in the pericardial sack. This combination saves the physician both time and money by having all components in one convenient tray. On occasion, the sack surrounding the heart becomes filled with blood or fluid.

To remove the fluid and the potential for cardiac tamponade, a catheter is placed in the pericardial sack. The Company designed, manufactured and launched two proprietary kits (pigtail and straight) including the catheter and necessary components to perform the procedure.

Meritrans(TM) Pressure Transducers. Diagnostic blood pressure monitoring is a clinical priority in virtually all diagnostic and interventional procedures. The Meritrans provides clinicians with reliable and precise blood-pressure measurement. The clear, flow-through design makes flushing and debubbling simple and safe. The transducer is a critical component in many custom kit configurations.

ShortStop(TM). In 2000, Merit introduced the ShortStop, a small container with an adhesive base that fits on the back table in a clinical lab. It is used for the temporary containment of needles, scalpels and other sharp tools to and in the prevention of inadvertent needles sticks .

Custom Kits. Custom kits allow physicians to obtain the medical devices and accessories they most frequently use during angiography, angioplasty and similar procedures in a convenient, pre-packaged and pre-assembled form. Custom kits also provide cost savings over purchasing single products and reduce the hospital's administrative costs associated with maintaining an inventory of individual, sterile products.

Diagnostic Cardiology Catheters. Cardiac catheterization is performed to diagnose the nature, severity, and precise location of blockages and other abnormalities of the heart. This technique represents the most essential diagnostic tool in the management of patients with cardiovascular disease. The Company manufactures and sells a complete line of diagnostic catheters used for these procedures.

Diagnostic Radiology Catheters. Radiology catheters are engineered and designed with distinct tip configurations to access specific vessels and organs outside the heart (head, kidneys, etc). Merit acquired a strong radiology catheter product portfolio from Mallickrodt's Angleton Division in 1999.

Vessel-Sizing Catheters. In 2000 Merit introduced a complete line of vessel-sizing catheters, which are used by radiology physicians to measure the internal diameter and length of a blood vessel under fluoroscopy. Procedures in which these catheters are used include angioplasty, embolization, abnormal aortic aneurysm (AAA) stent-grafts and vena cava filter placements. In the fourth quarter, Merit introduced its most popular model, the 20-band version, for use in measuring the aorta in a AAA stent-graft procedure.

Percutaneous Sheath Introducers. Sheaths are used to create the access through which guide wires and catheters are passed into the vasculature. Most sheaths incorporate a valve hub to minimize bleeding and a side port for drug delivery. (The Company acquired the Performa line of sheath introducers from Mallinckrodt in 1999).

Diagnostic Guide Wires. Guide wires are relatively simple, spring-type products that provide the necessary firmness and control to advance catheters to

the site where angiograms will be taken. Guide wires vary in length, outside diameter and tip configuration. The Company distributes an OEM guide wire made to exact specifications.

Guide Catheters. Coronary angioplasty requires the use of a guiding catheter to place the balloon within the arterial system. The catheter is inserted through the sheath into the arterial system. Once in place, the guiding catheter acts as a conduit for the guide wire, the dilating balloon catheter, coronary stents and the radiopaque dye that is used to provide fluoroscopic visualization during the procedure. The Mallinckrodt acquisition brought with it a line of high- quality guide catheters used in cardiology. The Company intends to dedicate resources to expand this offering.

MARKETING AND SALES

Market Strategy. The Company's marketing strategy is strongly focused on identifying and introducing highly profitable, differentiated products that meet customer needs. The Company has targeted selected hospital market segments in cardiology and radiology where its products are used. Suggestions for new products and product improvements may come from engineers, sales persons, physicians and technicians who perform the clinical procedures.

When a product suggestion demonstrates sustainable competitive advantage, meets customer needs, fits strategically and technologically, and has good potential financial return, a "project team" is chartered with individuals from the Company's marketing, engineering, manufacturing and quality assurance departments . This team identifies the customer requirements, integrates the design, compiles all necessary documentation and testing and prepares the product for market introduction. The Company strongly believes that one of its marketing strengths is its capacity to rapidly conceive, design, develop, and introduce new products.

Cardiovascular disease is the number-one health problem in the U.S. According to American Heart Association estimates, nearly 60 million Americans, or approximately 25% of the population, has one or more types of the disease. Cardiovascular disease accounts for an estimated one million deaths annually, more than 40% of the U.S. total. Transcatheter modalities currently represent the greatest potential to diagnose and treat the disease. The Company intends to leverage its strong market position in both catheter technology and accessory products to continue sales growth.

The global market for transcatheter products stands at a major crossroad, even when considering the continued dynamic evolution in vascular stent placement. Laser techniques have not demonstrated the success that was expected in the last few years. The core diagnostic and therapeutic applications for basic transcatheter technologies (balloons, stents and defect repair) are well established, with the future growth of procedures and products dependent upon demographic trends. This has not, however, prevented significant investment of new technologies and applications designed to enhance patient outcomes and enable the treatment of new populations that have been traditionally limited to surgical intervention. The Company believes it is well positioned to monitor these trends and launch catheters and accessories to support growing clinical applications.

There are a large number of projects focused on improving the diagnosis of cardiovascular disease, solving the issue of restenosis and other less invasive alternatives to open-heart surgery. In recent years researchers have focused their interests on technologies and products that support the growth of transcatheter approaches to reducing the morbidity and mortality of cardiovascular disease, including: radiated stents and balloons, anti-platelet therapy, gene therapy, percutaneous coronary thrombectomy and transmyocardial revascularization. One area of specific interest to the Company is transradial catheterization. The Company will continue to develop and launch innovative products to support these clinical trends.

U.S. Sales. The Company's direct sales force currently consists of a vice president of sales, two executive sales managers, five regional sales managers and 46 direct sales representatives located in major metropolitan areas throughout the U.S. The Company's sales people are trained by Company personnel at the Company's facilities, by a senior sales person in their respective territories, at regular national and regional sales meetings by consulting cardiologists and employees of the Company, and by observation of procedures in catheterization laboratories.

International Sales. Outside of the U.S., the Company's products are presently sold by 42 independent dealer organizations and 15 direct sales representatives in Germany, France, the United Kingdom, Canada, Belgium,

Netherlands, and Ireland. In 2000, the Company's international sales grew by 26% and accounted for approximately 25% of total sales. The Company has appointed a vice president for international sales and established an international sales and distribution office in Maastricht, The Netherlands. With the recent and planned additions to its product lines, the Company believes that international sales will continue to increase.

International dealers are required to inventory products and sell directly to customers within defined sales territories. Each of the Company's products must be approved for sale under the laws of the country in which it is sold. International dealers are responsible for compliance with all applicable laws and regulations in their respective countries.

CUSTOMERS

The Company serves hospital-based cardiologists, radiologists, anesthesiologists, physiatrists (pain management), neurologists, ER physicians, technicians and nurses who influence the purchasing decision for Merit's products. Hospitals also purchase the Company's products in the U.S. through custom packagers and packers who assemble and combine products in custom kits

and packs. The Company's customers outside the U.S. are hospitals and other end users in those countries where a direct sales force has been established, and in other countries are independent dealers in medical products who resell to hospitals and other customers.

In 2000, approximately 53% of the Company sales were made directly to domestic hospitals, 22% to custom packagers and packers and 25% to international markets. Sales to the Company's single largest customer, a foreign dealer, accounted for 6.0% of total sales during the year ended December 31, 2000. Merit manufactures products for other medical device companys through its OEM program. In 2000, OEM sales represented 5.4% of Merit's total revenue. The Company is investing heavily in people and programs to expand the OEM business. Merit recognizes the growth opportunity in this area.

RESEARCH AND DEVELOPMENT

The Company believes that one of its important strengths is its ability to quickly adapt its expertise and experience in injection molding and to apply its electronic and sensor technologies to a perceived need for a new product or product improvement. The Company's development efforts are presently focused on disposable, innovative single-patient or single-use items which can be included in the Company's custom kits or sold separately. Longer-term projects include use of sensor-based technologies in a variety of applications and additional inflation devices with added capacities and features. There is a new focus on interventional vascular access products, such as needles, guide wires, and catheters. Certain of the Company's executive officers also devote a substantial portion of their time to research and development. Research and development expenses were $3,864,171, $3,618,041 and $3,244,477 in 2000, 1999 and 1998, respectively. There was no customer-sponsored research and development. The Company anticipates that its research and developement expenses will range between approximately 4.0% and 5% of net sales for 2001.

MANUFACTURING

Many of the Company's products are manufactured utilizing its proprietary technology and expertise in plastic injection and insert molding. Tooling of molds is contracted with third parties, but the Company designs and owns all of its molds. The Company utilizes its experience in injection and insert molding technologies in the manufacture of most of the custom components used in its products.

The electronic monitors and sensors used in the Company's IntelliSystem and Monarch inflation devices are assembled from standard electronic components or purchased from suppliers. (In July 1994, the Company acquired a 73% interest and in August 1999 the Company acquired the remaining interest in Sentir, which is engaged in development and marketing of silicon sensors. Sentir is presently providing virtually all of the sensors utilized by the Company in its digital inflation devices).

The Company's products are manufactured at several facilities including South Jordan, Utah; Galway, Ireland; Angleton, Texas and a leased expansion facility in Murray, Utah. See "Item 2. Properties."

COMPETITION

The principal competitive factors in the markets in which the

Company's products are sold are quality, performance, service and price. The Company believes that its products have achieved rapid market acceptance due, in part, to the quality of materials and workmanship, innovative design and ease of operation, and the Company's prompt attention to customer inquiries. The Company's products are priced competitively, but generally not below prices for competing products.

There are several companies which are in the business of designing, manufacturing and marketing devices similar to the Company's products, most of which have substantially greater financial, technical and marketing resources than the Company. The Company believes, based on available industry data with respect to the number of procedures performed, that it is one of two market leaders in the U.S. for control syringes, tubing and manifold kits (together

with NAMIC USA Corporation, a subsidiary of Boston Scientific), and is the leader in the U.S. market for inflation devices and hemostasis accessories. The Company also believes that the recent and planned additions to its product lines will enable it to compete more effectively in both U.S. and international markets. The Company's new IntelliSystem(R) II color monitor provides considerable improvements, including sensitivity, in existing digital technology. The Company is the only provider of digital inflation technology in the world. There is no assurance, however, that the Company will be able to maintain its existing competitive advantages or to compete successfully in the future.

A substantial majority of the Company's revenues are presently derived from sales of products used in coronary angiography and angioplasty procedures. Other procedures, devices and drugs for the treatment and prevention of coronary artery disease have been developed and are currently being used such as laser angioplasty, atherectomy procedures and drug therapies, the effect of which may be to render certain of the Company's products obsolete or to limit the markets for its products. However, with the advent of vascular stents and other procedures such as discography, the Company has experienced continued growth in its proprietary inflation technology. The radiology and cardiology markets encompass a large number of suppliers of many different sizes. The Company competes with small firms, such as Possis Medical and Microtherapeutics; medium-sized companies like Cook, Arrow and Angio Dynamics; and large, international, multi-supply medical companies, such as Johnson & Johnson, Boston Scientific, Guidant, Medtronic and C.R. Bard.

PATENTS, PATENT APPLICATIONS, LICENSES, TRADEMARKS AND COPYRIGHTS

The Company considers its proprietary technology to be important in the development and manufacture of its products and seeks to protect its technology through a combination of patents and confidentiality agreements with its employees and others. Two U.S. patents were issued in 1991 covering the mechanical aspects of the Company's angioplasty inflation devices which relate to the ability of the user to engage or release the syringe plunger while increasing or decreasing pressure, and two U.S. patents were obtained in 1992 and 1993 covering digital control aspects of the Company's IntelliSystem inflation device and for displaying, storing and retrieving inflation data. The Company has obtained other patents covering each of its Monarch and Basix inflation devices and additional features of the IntelliSystem.

Corresponding patent applications covering the claims included in the Company's U.S. patents and patent applications have been initiated in several foreign countries. The Company deems its patents and patents pending to be materially important to its business but does not believe its business is dependent on securing such patents. The Company negotiated a license in 1992 with respect to patents concerning technology utilized in its IntelliSystem and Monarch inflation devices in consideration of a 5.75% ongoing royalty, not to exceed $450,000 annually. Royalties paid in each of 2000, 1999 and 1998 were $450,000.

While the Company has obtained U.S. patents and filed additional U.S. and foreign patent applications as discussed above, there can be no assurance that issued patents will provide the Company with any significant competitive advantages or will not be challenged by third parties or that the patents of others will not have an adverse effect on the ability of the Company to conduct its business. The Company could incur substantial costs in seeking enforcement of its patents against infringement or the unauthorized use of its proprietary technology by others or in defending itself against similar claims of others. Insofar as the Company relies on trade secrets and proprietary know-how to maintain its competitive position, there can be no assurance that others may not independently develop similar or superior technologies.

The Company has registered or applied for registration of several

tradenames or trademarks. See "Products." (Page 2). The Company also places copyright notices on its instructional and advertising materials and has registered copyrights relating to certain software used in its electronic inflation devices.

REGULATION

The development, testing, packaging, labeling and marketing of medical devices and the manufacturing procedures relating to these devices are regulated under the Federal Food, Drug and Cosmetic Act and additional regulations promulgated thereunder by the FDA. In general, these statutes and regulations require that manufacturers adhere to certain standards designed to ensure the safety and effectiveness of medical devices. The Company employs a director of regulatory affairs who is responsible for compliance with all applicable FDA regulations. Although the Company believes it is currently in material compliance with all applicable FDA requirements, the Company's business could be adversely affected by failure to comply with all applicable FDA and other government regulations presently existing or promulgated in the future.

The FDA's Good Manufacturing Practices standards regulate the Company's manufacturing processes, require the maintenance of certain records and provide for unscheduled inspections of the Company's facilities. Certain requirements of state, local and foreign governments must also be complied with in the manufacture and marketing of the Company's products.

New medical devices may also be subject to either the Section 510(k) Pre-Market Notification regulations or the Pre-Market Approval ("PMA") regulations of the FDA and similar regulatory authorities in foreign countries. New products in either category require extensive documentation, careful engineering and manufacturing controls to ensure quality. Products needing PMA approval require extensive pre-clinical and clinical testing and clearance by the FDA prior to marketing. Products subject to the Section 510(k) regulations require FDA clearance prior to marketing. To date, the Company's products have required only compliance with the Section 510(k) regulations. The Company's products are subject to foreign regulatory approvals before they may be marketed abroad. The Company places the "CE" mark on devices and products sold in Europe. The Company has received ISO 9001 certification for its South Jordan facility, as well ISO 9002 certification for its Galway, Ireland facility.

EMPLOYEES

As of March 20, 2001, the Company employed 1,038 persons, including 800 in manufacturing, 101 in sales and marketing, 66 in engineering, research and development and 71 in administration.

Many of the Company's present employees are highly skilled. The Company's failure or success will depend, in part, upon its ability to retain such employees. Management is of the opinion that an adequate supply of skilled employees is available. The Company has from time to time experienced rapid turnover among its entry level assembly workers as well as occasional shortages of such workers, resulting in increased labor costs and administrative expenses related to hiring and training of replacement and new entry-level employees. The Company has confidentiality agreements with its key employees, including each of its executive officers. None of the Company's employees is represented by a union or other collective bargaining group and management of the Company believes that its relations with its employees are good.

FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

For financial information relating to the Company's foreign and domestic sales, transfers between geographic areas, net income and identifiable assets, see Note 9 to the Consolidated Financial Statements incorporated by reference in this report.

Item 2. Properties.

The Company is the owner of approximately 35 acres of real property situated in the City of South Jordan, Utah, which surrounds the site of its 175,000 square foot principal office and manufacturing facility where it relocated and consolidated its operations in November 1994. The Company sold to the developer ten acres of land on which the facility was constructed and entered into a 25-year lease agreement to finance the new facility. Monthly

lease payments are approximately $122,000. The Company also holds an option to purchase the facility, exercisable at market value after ten years and, if not exercised, after 25 years. The new facility has been constructed to the Company's specifications and is presently estimated to be estimated to be 80% utilized.

The Company is leasing a building of approximately 26,500 square feet in Galway, County Galway, Republic of Ireland as its principal office and manufacturing facility for European operations. This facility is used as the administrative headquarters to support the European direct sales force. The facility also houses a research and development team which has developed a new PTCA guide wire and is developing other new products. Beginning in the fourth quarter of 1997, the Company initiated manufacturing operations for several new and existing products at the Galway facility, including custom kits, the BASIX inflation device and the Company's PTCA guide wire. In 1998 Merit began the manufacture of the hemostasis valve products in Ireland. The property has been improved and equipped on terms favorable to the Company in connection with economic development grant incentives and grants provided by the Irish Government. This lease is for 20 years at approximately $135,000 per year, less a 40% subsidy from the Irish government, available through 2000. The Company also has a purchase option exercisable on terms deemed favorable to the Company through the term of the lease.

In October 1997, the Company began manufacturing operations in a facility of approximately 25,000 square feet of manufacturing space formerly occupied by the Company in Murray, Utah and shifted production of several well-established products to this facility. In 1998 Merit added an additional 25,000 square feet of manufacturing space to its Murray location. The additional manufacturing space was obtained to create room at the Company's principal manufacturing facility for production of new products. The leases are for a term of five years with monthly lease payments of approximately $27,000.

In August 1999, the Company purchased the operating assets of Mallinckrodt's Angleton division, including approximately 19 acres of land and a 75,000 square feet building in Angleton, Texas.

The Company believes that its facilities are generally adequate for its present level of operations and for anticipated increases in the level of operations.

Item 3. Legal Proceedings.

In the course of business, the Company is involved in litigation and claims which management believes will not have a materially adverse effect on the Company's operations.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

Item 5. Market for Registrant's Common Stock and Related Shareholder Matters.

The "Market Information" included in the Company's Annual Report to Shareholders for the year ended December 31, 2000, furnished herewith to the Commission as Exhibit 13.1 to this Report, is incorporated herein by reference.

Item 6. Selected Financial Data.

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Operating Data:					
Sales	$91,447,512	$77,959,576	$68,377,357	$60,579,011	$50,455,766
Cost of Sales	60,823,459	47,917,815	42,433,873	37,766,116	29,319,617

Gross Profit	30,624,053	30,041,761	25,943,484	22,812,895	21,136,149
Selling, General and Administrative Expenses	23,300,352	20,406,927	17,528,002	15,726,651	14,311,049
Research and Development Expenses	3,864,171	3,618,041	3,244,477	4,446,795	2,533,171
Severance Costs	330,975				
Income from operations	3,128,555	6,016,793	5,171,005	2,639,449	4,291,929
Other Expense	2,354,710	1,255,364	880,659	863,933	661,777
Income Before Income Tax Expense	773,845	4,761,429	4,290,346	1,775,516	3,630,152
Income Tax Benefit (Expense)	52,712	(1,454,762)	(1,687,379)	(944,981)	(1,277,431)
Minority Interest in Income of Subsidiary		81,077	151,808	33,003	190,113
Net Income	826,557	3,225,590	2,451,159	797,532	2,162,608
Net Income Per Share	$ 0.11	$ 0.43	$ 0.33	$ 0.11	$ 0.31
Weighted Average Shares Outstanding (Diluted)	7,860,905	7,565,673	7,488,225	7,369,668	7,051,911
Balance Sheet Data:					
Working Capital	$32,447,007	$33,933,698	$15,779,725	$14,737,971	$12,761,211
Total Assets	71,446,631	72,360,469	50,664,786	45,269,678	41,718,553
Long-Term Debt	24,011,778	27,817,308	3,388,835	3,913,686	4,822,126
Stockholders' Equity	$34,772,702	$32,690,136	$29,086,368	$25,802,149	$22,487,123

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

The year 2000 has been a year of growth, challenges and transition for the Company and its employees. The Company has added significantly to its product offering through acquisition, internal development and a distribution agreement. Merit has overcome some important challenges in its operations, with a new integrated business management software system as a long-term foundation, and is poised for many more improvements in capacities and efficiency than we've seen to date. The Company is positioned to reap the benefits of a larger, stable sales force with an expanded product offering.

The year 2000 has been a time for adjustment from excess inventory and manufacturing capacity and their associated effects on margins. This past year in Europe has continued to be difficult financially, particularly with the dramatic rise of the dollar against the Euro and its negative effect on revenues and gross margins for this sector of the business. In response the entire organization has had a renewed focus on cost reduction and efficiency. While sales grew 17% in 2000 the average head count declined by approximately 100, and the inventory went down by $2.3 million while we added over $1 million in inventory for new product introductions. The Company's line of credit balance has declined from its high of $30.4 million on August 24, 2000 to approximately $18.9 million on March 21, 2001. So while the Company must report a very disappointing year in terms of margins and net income, it is also very optimistic about what was accomplished this year and how Merit is positioned for improvements in almost every area. There are still challenges to grow the top line, to get new products to market, to get Europe's direct sales operations profitable, and to balance the production capacities of the Angleton catheter facility. Management believes that gross margins net income and cash flow are all on their way up, and interest costs and tax rates are going to also be favorable.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain operational data as a percentage of sales:

	2000	1999	1998
Sales	100.0%	100.0%	100.0%
Gross profit	33.5	38.5	37.9
Selling, general and administrative	25.5	26.2	25.6
Research and development	4.2	4.6	4.7
Income from operations	3.4	7.7	7.6
Income before income tax expense	.8	6.1	6.3
Net Income	.9	4.1	3.6

Sales increased by $13,487,936 or 17.3%, in 2000 compared to an increase of $9,582,219, or 14.0%, in 1999, and an increase of $7,798,346, or 12.9%, in 1998. Incremental sales of $7.1 million from the August 1999 Angleton catheter line

acquisition was the largest contributing factor to the sales rise in 2000. Sales growth from 1998 through 2000 was also favorably affected by the introduction of new products and increased sales of existing products sold separately and packaged in custom kits, and increased penetration of the market by Merit's inflation devices. International sales in 2000 were approximately $23.0 million or 25%, compared to $18.3 million, or 24%, in 1999, and $15.2 million or 22%, in 1998. These increases were primarily a result of the addition of the Angleton product lines, ongoing growth in the direct sales in Europe, as well as greater acceptance of the Company's products in other international markets. Direct sales in France, Germany, the U.K., Belgium, the Netherlands and Canada were $8,621,681, $8,217,814, and $7,334,793 in 2000, 1999 and 1998, respectively.

Gross profit as a percent of sales was 33.5%, 38.5%, and 37.9% in 2000, 1999, and 1998, respectively. The Company is operating in a generally declining price market. There is also a general cost-increasing manufacturing environment.

Merit has been able to battle this difficult situation with ever-increasing production volumes until 2000. Beginning in early 1999, the Company suffered through the implementation of a comprehensive new software system, which in the operations areas lead to difficulties in efficiently operating the purchasing, planning and manufacturing processes of the business. Merit also made a purposeful effort to increase its safety stock levels of inventory in preparation for higher, anticipated sales orders ahead of Y2K. The combination of these increased production demands created a build-up of capacity in labor and overhead. As the end of 1999 approached, however, the Company needed to reduce production levels to match cash-flow expectations. The reduced production volumes created higher overhead cost per unit, lower gross margins, and lower bottom-line results. Another important factor negatively effecting gross margins was the large (13.2%) drop in the Euro in relation to the dollar during 2000. This reduced revenues and gross profit of the European operation by $1,076,975 and reduced over all gross margins by 1.2%. In December 1999, the Company began the difficult process of down-sizing the labor and overhead capacities in the operation of its Utah facilities. The Company has made significant progress toward eliminating the large excess negative production variances that were caused by the slow-down in production volumes. This was accomplished by the reduction of approximately 240 people from its high point in December of 1999, or an average reduction of 100 people in 2000 compared to 1999. This was accomplished primarily by attrition. There have been many cost reductions and efficiency gains which will lead to improved margins in 2001. Margins improved in 1999 compared to 1998, principally through increased production volumes, automation and efficiencies in manufacturing, and tighter price controls on some of the Company's lower margin products. Part of the increased production volumes resulted in a significant increase in inventories in 1999.

Selling, general and administrative expenses increased $2,893,425, or 14.2%, in 2000 over 1999 and $2,878,926, or 16.4%, in 1999 over 1998. These additional expenditures were related principally to increased costs of expanding the direct sales force and their management both in U.S. and Europe. Another important factor has been the costs of implementing and supporting the Company's new Oracle system and the development of new business opportunities such as acquisitions, product distribution agreements, national accounts and the O.E.M segment of the business. These increases in costs have grown slower than sales causing selling, general and administrative expenses as a percent of sales to decrease to 25.5% in 2000, compared to 26.2% in 1999 after increasing from 25.6% in 1998.

Research and development expenditures for 2000 were $3,864,171, an increase of 7%, compared to $3,618,041 in 1999. Most of this increase was due to the addition of the R&D capabilities in Angleton, Texas with the Company's newly acquired catheter technologies. R&D expenses increased in 1999 by 12%, compared to $3,244,477 in 1998. Research and development costs as a percent of sales were 4.2%, 4.6% and 4.7% for 2000, 1999 and 1998, respectively.

Significantly lower gross margins have more than offset the gains in sales as well as the efficiencies in SG&A and R&D Expenses, the net of which resulted in income from operations of $3,128,555 down 48% from 1999. The higher sales and gross margins, together with modest increases in operating expenses, positively affected income from operations in 1999 which increased to $6,016,792, up 16.4%, compared to $5,171,005 in 1998. The income tax benefit for 2000 was $52,712, an effective rate of -6.8%. This unusual tax rate was due principally to R&D tax credits which the Company was able to realize in the fourth quarter of 2000 including amended returns for the 1997, 1998 and 1999 tax years. Management expects the R&D tax credit to continue to favorably affect the Company's tax rate for at least the next two years. The income tax provision for 1999 was $1,687,379, an effective rate of 30.6%, compared to $1,454,762, or 39.3 % in 1998. The effective tax rate improved significantly in 1999 as the Ireland facility became profitable and the 10% tax rate became a benefit.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2000 the Company's working capital was $32,447,007, a decrease of over 4%, representing a current ratio of 4.4 to 1. This decrease was due primarily to the reduction of $2.3 million in inventory and the repayment of long-term debt. In October 2000, the Company also negotiated an increase in its line of credit, to $35 million. The Company had $23 million outstanding under its line of credit at December 31, 2000. Merit has financed leasehold improvements and equipment acquisitions through secured notes payable and capital lease arrangements with an outstanding balance of $2,103,503 at December 31, 2000. For the year ended December 31, 2000 the Company generated cash from operations in the amount of $7,127,597 the most in the history of the Company.

Historically, the Company has incurred significant expenses in connection with product envelopment and introduction of new products. This was particularly true in 1999 with regard to an increase in inventory, plant and equipment associated with the Company's acquisition and new product introductions. The Company's principal source of funding for these and other expenses has been the cash generated from operations, secured loans on equipment, bank lines of credit and sales of equity. The Company believes that its present sources of liquidity and capital are adequate for its current operation.

Item 7A. Quantitative and Qualitative Disclosure About Market Rider

The Company principally hedges the following currencies: Belgian Francs, German marks, Dutch Gilders, and Irish Pounds. The Company enters into forward foreign exchange contracts to protect the Company from the risk that the eventual net dollar cash flows resulting from transactions with foreign customers and suppliers may be adversely affected by changes in currency exchange rates. Such contracts are not significant.

As of December 31, 2000, the Company had $23.0 million (1999- $ 25.9 million) of variable rate debt, all denominated in U.S. dollars. Interest expense would change by approximately $230,000 for every 1% change in interest rates.

Item 8. Financial Statements and Supplementary Data.

MERIT MEDICAL SYSTEMS, INC.
AND SUBSIDIARIES

Consolidated Financial Statements as of December 31, 2000 and 1999 and for Each of the Three Years in the Period Ended December 31, 2000 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of Merit Medical Systems, Inc.:

We have audited the accompanying consolidated balance sheets of Merit Medical Systems, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Merit Medical Systems, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended

December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

By: /s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Salt Lake City, Utah
February 23, 2001

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 412,384	$ 668,711
Trade receivables - net of allowance for uncollectible accounts: 2000 - $440,275; 1999 - $305,475	13,235,858	12,550,132
Employee and related party receivables	440,654	502,803
Irish Development Agency grant receivable	177,477	93,059
Inventories	25,273,428	27,521,087
Prepaid expenses and other assets	663,101	564,213
Deferred income tax assets	1,183,944	1,052,745
Income tax refund receivable	588,640	210,112
Total current assets	41,975,486	43,162,862
PROPERTY AND EQUIPMENT:		
Land	1,260,985	1,365,985
Building	1,500,000	1,500,000
Automobiles	131,036	133,316
Manufacturing equipment	19,696,550	17,617,798
Furniture and fixtures	9,576,084	8,883,297
Leasehold improvements	5,420,194	5,114,964
Construction-in-progress	2,120,671	1,669,725
Total	39,705,520	36,285,085
Less accumulated depreciation and amortization	(17,860,490)	(14,277,666)
Property and equipment - net	21,845,030	22,007,419
OTHER ASSETS:		
Patents and trademarks - net of accumulated amortization: 2000 - $1,382,672; 1999 - $1,179,246	2,522,384	2,319,581
Cost in excess of the fair value of assets acquired - net of accumulated amortization: 2000 - $417,398; 1999 - $138,022	5,062,458	4,819,288
Deposits	41,273	51,319
Total other assets	7,626,115	7,190,188
TOTAL ASSETS	$71,446,631	$72,360,469

(Continued)

See Notes To Consolidated Financial Statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

LIABILITIES AND STOCKHOLDERS' EQUITY	2000	1999
CURRENT LIABILITIES:		

Current portion of long-term debt	$ 1,091,725	$ 1,001,917
Trade payables	4,835,517	4,749,432
Accrued expenses	3,471,039	3,092,280
Advances from employees	96,778	116,094
Income taxes payable	33,420	269,441
Total current liabilities	9,528,479	9,229,164
DEFERRED INCOME TAX LIABILITIES	2,177,833	1,722,094
LONG-TERM DEBT	24,011,778	27,817,308
DEFERRED CREDITS	955,839	901,767
Total liabilities	36,673,929	39,670,333
COMMITMENTS AND CONTINGENCIES (Notes 6, 7 and 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock - 5,000,000 shares authorized as of December 31, 2000 and 1999, no shares issued		
Common stock - no par value; 20,000,000 shares authorized; 7,788,208 and 7,591,236 shares issued at December 31, 2000 and 1999, respectively	19,779,765	18,428,572
Retained earnings	15,617,075	14,790,518
Accumulated other comprehensive loss	(624,138)	(528,954)
Total stockholders' equity	34,772,702	32,690,136
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$71,446,631	$72,360,469

(Concluded)

See Notes To Consolidated Financial Statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999	1998
NET SALES	$91,447,512	$77,959,576	$68,377,357
COST OF SALES	60,823,459	47,917,815	42,433,873
GROSS PROFIT	30,624,053	30,041,761	25,943,484
OPERATING EXPENSES:			
Selling, general, and administrative	23,300,352	20,406,927	17,528,002
Research and development	3,864,171	3,618,041	3,244,477
Severance costs	330,975	--	--
Total operating expenses	27,495,498	24,024,968	20,772,479
INCOME FROM OPERATIONS	3,128,555	6,016,793	5,171,005
OTHER INCOME (EXPENSE):			
Interest income	39,091	50,391	33,662
Interest expense	(2,319,500)	(1,293,023)	(826,778)
Miscellaneous expense	(74,301)	(12,732)	(87,543)
Other expense - net	(2,354,710)	(1,255,364)	(880,659)
INCOME BEFORE INCOME TAXES	773,845	4,761,429	4,290,346
INCOME TAX BENEFIT (EXPENSE)	52,712	(1,454,762)	(1,687,379)
MINORITY INTEREST IN INCOME OF SUBSIDIARY	--	(81,077)	(151,808)
NET INCOME	$ 826,557	$ 3,225,590	$ 2,451,159
EARNINGS PER COMMON SHARE -			
Basic and diluted	$ .11	$ .43	$ .33
AVERAGE COMMON SHARES:			
Basic	7,729,294	7,541,562	7,420,224

Diluted	7,860,905	7,565,673	7,488,225

See Notes To Consolidated Financial Statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	Total	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings
BALANCE, JANUARY 1, 1998	$ 25,802,149	7,395,091	$ 17,178,971	$ (490,591)	$ 9,113,769
Comprehensive income:					
Net income	2,451,159				2,451,159
Other comprehensive income -					
Foreign currency translation adjustment (net of tax)	218,937			218,937	
Comprehensive income	2,670,096				
Tax benefit attributable to appreciation of common stock options exercised	33,398		33,398		
Issuance of common stock for cash	81,850	13,819	81,850		
Issuance of common stock under Employee Stock Purchase Plans	267,549	52,425	267,549		
Options and warrants exercised	370,914	64,840	370,914		
Shares surrendered in exchange for the recording of payroll tax liabilities	(4,588)	(569)	(4,588)		
Shares surrendered in exchange for the exercise of stock options	(135,000)	(16,692)	(135,000)		
BALANCE, DECEMBER 31, 1998	29,086,368	7,508,914	17,793,094	(271,654)	11,564,928
Comprehensive income:					
Net income	3,225,590				3,225,590
Other comprehensive loss -					
Foreign currency translation adjustment (net of tax)	(257,300)			(257,300)	
Comprehensive income	2,968,290				
Tax benefit attributable to appreciation of common stock options exercised	245,200		245,200		
Issuance of common stock for cash	62,600	10,990	62,600		
Issuance of common stock under Employee Stock Purchase Plans	312,027	66,330	312,027		
Options and warrants exercised	114,746	22,080	114,746		
Shares surrendered in exchange for the recording of payroll tax liabilities	(1,583)	(264)	(1,583)		
Shares surrendered in exchange for the exercise of stock options	(97,512)	(16,814)	(97,512)		
BALANCE, DECEMBER 31, 1999	32,690,136	7,591,236	18,428,572	(528,954)	14,790,518

(Continued)

	Total	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings
Comprehensive income:					
Net income	826,557				826,557
Other comprehensive loss -					
Foreign currency translation adjustment (net of tax)	(95,184)			(95,184)	
Comprehensive income	731,373				
Tax benefit attributable to appreciation of common stock options exercised	172,818		172,818		
Issuance of common stock under Employee Stock Purchase Plans	350,248	64,172	350,248		
Options and warrants exercised	933,605	146,660	933,605		
Shares surrendered in exchange for the recording of payroll tax liabilities	(9,109)	(1,071)	(9,109)		
Shares surrendered in exchange for the extinguishment of related party receivable	(45,004)	(6,546)	(45,004)		
Shares surrendered in exchange for the exercise of stock options	(51,365)	(6,243)	(51,365)		
BALANCE, DECEMBER 31, 2000	$ 34,772,702	7,788,208	$ 19,779,765	$ (624,138)	$ 15,617,075

(Concluded)

See Notes To Consolidated Financial Statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 826,557	$ 3,225,590	$ 2,451,159
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,486,291	3,757,539	2,923,484
Losses on sales and abandonment of property and equipment	49,833	8,339	46,897
Amortization of deferred credits	(166,609)	(215,894)	(114,607)
Deferred income taxes	389,635	450,734	435,489
Tax benefit attributable to appreciation of common stock options exercised	172,818	245,200	33,398
Minority interest in income of subsidiary	--	81,077	151,808
Changes in operating assets and liabilities, net of effects from acquisitions:			
Trade receivables	(685,726)	(2,113,647)	(837,042)
Employee and related party receivables	17,145	(29,809)	(184,182)
Irish Development Agency grant receivable	(84,418)	105,386	549,443
Income tax refund receivable	(378,528)	(210,112)	
Inventories	2,274,934	(7,150,393)	(3,250,303)
Prepaid expenses and other assets	6,112	71,911	(97,865)
Deposits	10,046	22,899	(27,606)
Trade payables	86,085	1,176,099	134,984
Accrued expenses	378,759	771,936	(358,201)
Advances from employees	(19,316)	42,004	(7,155)
Income taxes payable	(236,021)	74,719	(174,973)
Total adjustments	6,301,040	(2,912,012)	(776,431)
Net cash provided by operating activities	7,127,597	313,578	1,674,728
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for:			
Property and equipment	(4,690,107)	(4,750,608)	(4,138,219)
Intangible assets	(406,229)	(269,388)	(522,671)
Acquisitions	(607,129)	(11,322,916)	
Proceeds from the sale of property and equipment	1,347,613		584,688
Net cash used in investing activities	(4,355,852)	(16,342,912)	(4,076,202)

(Continued)

See Notes To Consolidated Financial Statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999	1998
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from (payments on) line of credit facility	$(2,907,596)	$(7,567,655)	$ 3,009,880
Proceeds from:			
Issuance of common stock	1,223,379	390,278	580,725
Long-term debt		25,907,596	677,802
Deferred credits	132,513	93,800	
Principal payments on:			
Long-term debt	(1,316,089)	(2,403,143)	(2,172,753)
Deferred credits			(37,899)
Net cash provided by (used in) financing activities	(2,867,793)	16,420,876	2,057,755
EFFECT OF EXCHANGE RATES ON CASH	(160,279)	(574,741)	218,937
NET DECREASE IN CASH AND CASH EQUIVALENTS	(256,327)	(183,199)	(124,782)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	668,711	851,910	976,692
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 412,384	$ 668,711	$ 851,910

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION - Cash paid during the year for:			
Interest (including capitalized interest of approximately $128,000, $143,000, and $93,000 during 2000, 1999, and 1998, respectively)	$ 2,309,634	$ 1,288,301	$ 995,417
Income taxes	$ 172,202	$ 684,109	$ 1,393,465

See Notes To Consolidated Financial Statements.

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:

- During 2000, 1999, and 1998, the Company entered into capital lease obligations and notes payable for approximately $508,000, $50,000, and $868,000, respectively, for manufacturing equipment.

- In connection with the sale in 1998 of the Company's manufacturing facility in Castlerea, Ireland, the buyer assumed debt of the Company in the amount of approximately $259,000.

- During 2000, 1999, and 1998, options to purchase 1,071, 264, and 569 shares of the Company's common stock were surrendered in exchange for the Company's recording of payroll tax liabilities in the amount of approximately $9,100, $1,600, and $4,600.

- During 2000, 1999, and 1998, 6,243, 16,814, and 16,692 shares of Company common stock with a value of approximately $51,000, $98,000, and $135,000, respectively, were surrendered in exchange for the exercise of stock options.

- uring 1999, the Company acquired substantially all of the assets of the "Angelton Division" of Mallinckrodt Inc. (Angelton) in a purchase transaction for $7,867,699 in cash. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired (including goodwill of $ 1,949,383)	$ 8,132,194
Cash Paid	7,867,699
Liabilities assumed	$ 264,495

- Additionally, during 1999, the Company acquired the minority interest in its subsidiary, Sentir, Inc. (Sentir) in a purchase transaction for $3,455,217 in cash. The minority interest carried by the Company at the date of acquisition was $629,577. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired (including goodwill of $ 2,825,640)	$ 3,574,016
Cash Paid	3,455,217
Liabilities assumed	$ 118,799

See Notes To Consolidated Financial Statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Merit Medical Systems, Inc. (Merit) and its wholly-owned subsidiaries, Merit Holdings, Inc. (MHI), and Sentir collectively own 100% of Merit Medical Systems LP (MMSLP). Combined with its other wholly-owned subsidiary, Merit Medical International, Inc. (MMI), Merit, MHI, and Sentir collectively own 100% of Merit Services, Inc. (MSI) (collectively, the Company). The Company develops, manufactures, and markets disposable medical products primarily for use in the diagnosis and treatment of cardiovascular disease which is considered to be one segment line of business. The Company manufactures its products in plants located in the United States and in Ireland. The Company has export sales to dealers and has direct sales forces in the United States, Canada, and Western Europe (see Note 9).

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America. The following is a summary of the more significant of such policies.

Use of Estimates in Preparing Financial Statements - The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation - The consolidated financial statements include those of Merit, MMI, MHI, MSI, MMSLP and Sentir. All material intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition - The Company recognizes revenues when the product is shipped which meets the criteria required by Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition in Financial Statements, which was issued by the Securities and Exchange Commission in December 1999. The adoption of SAB No. 101, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements, during 2000 was not significant to the Company's financial statements.

Inventories - Inventories are stated at the lower of cost (computed on a first-in, first-out basis) or market.

Income Taxes - The Company utilizes an asset and liability approach for financial accounting and reporting for income taxes. Deferred income taxes are provided for temporary differences in the bases of assets and liabilities as reported for financial statement and income tax purposes.

Long-Lived Assets - The Company evaluates the carrying value of long-term assets based on current and anticipated undiscounted cash flows and recognizes impairment when such cash flows will be less than the carrying values. There were no impairments as of December 31, 2000 or 1999.

Property and Equipment - Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method over estimated useful lives as follows:

Building	20 years
Automobiles	4 years
Manufacturing equipment	5 to 12 years
Furniture and fixtures	3 to 10 years
Leasehold improvements	4 to 25 years

Intangible Assets - Costs associated with obtaining patents, issued and pending, and trademarks have been capitalized and are amortized over the patent or trademark period or charged to expense if not approved. Cost in excess of fair value of assets acquired has been allocated to goodwill, which is amortized over twelve to twenty years. Amortization of intangibles is done on a straight-line basis.

Research and Development - Research and development costs are expensed as incurred.

Earnings per Common Share - Net income per common share is computed by both the basic method, which uses the weighted average number of the Company's common shares outstanding, and the diluted method, which includes the dilutive common shares from stock options and warrants, as calculated using the treasury stock method. The amounts of such options and warrants are not significant and, accordingly, the Company's basic and diluted earnings per share are the same.

Financial Instruments - The Company's financial instruments, when valued using market interest rates, would not be materially different from the amounts presented in the consolidated financial statements.

Stock-Based Compensation - The Company accounts for its stock compensation arrangements under the provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, (APB 25) and intends to continue to do so. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation.

Statements of Cash Flows - For purposes of the statements of cash flows, the Company considers interest bearing deposits with an original maturity date of three months or less to be cash equivalents.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of temporary cash and cash equivalents and accounts receivable. The Company provides credit, in the normal course of business, primarily to hospitals and independent third-party packers and distributors. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses.

Foreign Currency Translation Adjustment - The financial statements of the Company's foreign subsidiaries are generally measured using local currencies as the functional currency. Assets and liabilities are translated into U.S. dollars at year-end rates of exchange and results of operations are translated at average rates for the year. Gains and losses resulting from these translations are included in accumulated other comprehensive loss as a separate component of stockholders' equity.

Comprehensive Loss - Accumulated other comprehensive loss consists entirely of foreign currency translation adjustments.

Recently Issued Financial Accounting Standards - SFAS 133, Accounting for Derivative Instruments and Hedging Activities, as amended, requires that all derivative instruments be recognized as either assets or liabilities at fair market value. The Company adopted this statement beginning January 1, 2001. The effect on the Company's financial statements of adopting this statement was not significant.

2. SEVERANCE COSTS

During the year ended December 31, 2000, the Company terminated approximately 30 employees and correspondingly accrued a termination cost of approximately $331,000. This amount is included in operating expenses as severance costs. As of December 31, 2000, all but approximately $67,000 of the above amount had been paid to the terminated employees.

3. ACQUISITIONS

On July 27, 1999, the Company acquired the 28% minority interest in its subsidiary, Sentir, for a purchase price of $3,574,016 consisting of $3,455,217 in cash and the assumption of liabilities in the amount of $118,799. Of the $3,574,016 purchase price, $226,463 was paid to related parties. The acquisition has been accounted for using the purchase method of accounting; as such, 100 percent of Sentir's results of operations have been included in the accompanying consolidated financial statements from the date of acquisition. Previous to the acquisition date, the minority interest's share of operations was excluded from net income in the consolidated statements of operations. The cost of this acquisition exceeded the estimated fair value of the acquired net assets by $2,825,640. Such excess has been allocated to goodwill and is being amortized on a straight-line basis over 20 years.

On August 20, 1999, the Company acquired substantially all of the assets and assumed certain liabilities of the Angelton Division of Mallinckrodt, Inc. (Angelton) for a purchase price of $8,132,194 consisting of $7,867,699

in cash and the assumption of liabilities in the amount of $264,495. Angelton is a manufacturer and marketer of medical catheters, introducers, guide wires, and needles. The acquisition has been accounted for using the purchase method of accounting; as such, Angelton's results of operations have been included in the accompanying consolidated financial statements from the date of acquisition. The cost of this acquisition exceeded the estimated fair value of the acquired net assets by $1,949,383. Such excess has been allocated to goodwill and is being amortized on a straight-line basis over 20 years.

The unaudited pro forma results of operations of the Company for the years ended December 31, 1999 and 1998 (assuming the acquisition of Angelton had occurred as of January 1, 1998) are as follows:

	1999	1998
Net sales	$ 87,606,126	$ 79,368,263
Net income	3,944,207	3,816,143
Net income per share (basic and diluted)	0.52	0.51

On May 18, 2000, the Company acquired certain assets of Electro-Catheter Corporation (Elecath) for a purchase price of $607,129 in cash. Elecath develops, manufactures and sells a broad range of cardiovascular catheters for use primarily in the Electro physiology, Cath Lab and Critical Care departments of hospitals. The cost of this acquisition exceeded the estimated fair value of the acquired assets by $533,793. Such excess has been allocated to goodwill and is being amortized on a straight-line basis over 12 years.

4. INVENTORIES

Inventories consist of the following at December 31, 2000 and 1999:

	2000	1999
Finished goods	$ 15,255,622	$ 16,816,578
Work in-progress	3,678,807	3,270,163
Raw materials	8,325,314	8,554,635
Less reserve for obsolete inventory	(1,986,315)	(1,120,289)
Total	$ 25,273,428	$ 27,521,087

5. INCOME TAXES

Deferred income tax assets and liabilities at December 31, 2000 and 1999 consist of the following temporary differences and carryforward items:

	Current		Long-Term	
	2000	1999	2000	1999
Deferred income tax assets:				
Allowance for uncollectible accounts receivable	$ 17,788	$ 123,026		
Accrued compensation expense	198,338	200,799	$ 9,612	
Tax credits			282,630	$ 126,563
Inventory capitalization for tax purposes	137,513	338,753		
Inventory obsolescence reserve	576,319	241,150		
Net operating losses of subsidiaries	95,704	90,254	231,989	298,323
Other	192,113	65,078	407,810	367,025
Total deferred income tax assets	1,217,775	1,059,060	932,041	791,911
Deferred income tax liabilities:				
Tax credits		(6,315)		
Differences between tax basis and financial reporting basis of property and equipment			(3,098,747)	(2,514,005)
Other	(33,831)		(11,127)	
Net	$ 1,183,944	$ 1,052,745	$ (2,177,833)	$ (1,722,094)

Income tax expense for the years ended December 31, 2000, 1999, and 1998 differs from amounts computed by applying the statutory Federal rate to pretax income as follows (foreign taxes are not considered significant):

	2000	1999	1998
Computed Federal income tax expense at statutory rate of 35%	$ 270,846	$ 1,666,500	$ 1,501,621
State income taxes	25,153	124,352	186,948
Creation of tax credits	(444,551)	(140,369)	(133,529)
Tax benefit of foreign sales corporation	(53,139)	(109,579)	(96,808)
(Gains) losses of subsidiaries recorded at foreign rates	(13,746)	(115,803)	183,622
Other - including the effect of graduated rates	162,725	29,661	45,525
Total income tax (benefit) expense	$ (52,712)	$ 1,454,762	$ 1,687,379
Consisting of:			
Current	$(442,347)	$ 1,004,028	$ 1,251,890
Deferred	389,635	450,734	435,489
Total	$ (52,712)	$ 1,454,762	$ 1,687,379

6. REVOLVING CREDIT FACILITY AND LONG-TERM DEBT

Revolving Credit Facility - In August 1999, the Company entered into a $28 million long-term revolving credit facility (the Facility) with a bank, which enables the Company to borrow funds at variable interest rates. In March 2000, the Company amended the Facility by increasing the amount of borrowings available to $35 million. The Facility is fully due and payable on June 30, 2006. The weighted average interest rates applied to the outstanding balances at December 31, 2000 and 1999 were 8.20% and 7.55%, respectively. Under the terms of the Facility, among other things, the Company is required to maintain a ratio of total liabilities to tangible net worth not to exceed 2.0 to 1.0, maintain a ratio of current assets to current liabilities of at least 1.5 to 1.0, maintain minimum working capital of $25,000,000, and is restricted from paying dividends to shareholders. For the years ended December 31, 2000 and 1999, management of the Company believes the Company was in compliance with all debt covenants. As of December 31, 2000 and 1999, the Company owed approximately $23,000,000 and $26,000,000 under the Facility, respectively. The Facility is collateralized by trade receivables, inventories, property and equipment, and intangible assets.

Long-term Debt - Long-term debt consists of the following at December 31, 2000 and 1999:

	2000	1999
Notes payable to financial institutions; payable in monthly installments through 2004, including interest at rates ranging from 6.26% to 8.89%; collateralized by equipment	$ 1,963,368	$ 2,634,977
Capital lease obligations (see Note 7)	140,135	276,652
Revolving credit facility (see above)	23,000,000	25,907,596
Total	25,103,503	28,819,225
Less current portion	1,091,725	1,001,917
Long-term portion	$ 24,011,778	$ 27,817,308

Scheduled maturities of long-term debt at December 31, 2000 are as follows:

Year ending December 31:	
2001	$ 1,091,725
2002	508,664
2003	361,231
2004	61,227
2005	65,764
Thereafter	23,014,892
Total	$ 25,103,503

7. COMMITMENTS AND CONTINGENCIES

Leases - The Company has noncancelable operating lease agreements for off-site office and production facilities and equipment. The leases for the off-site office and production facilities are for five years and have renewal options of one to five years. The Company subleased these facilities during 1997 for approximately $97,000. Total rental expense on these operating leases and on the Company's new manufacturing and office building (see below) for the years ended December 31, 2000, 1999, and 1998 approximated $2,539,000, $3,094,000, and $3,293,000, respectively.

In June 1993, the Company entered into a 25 year lease agreement with a developer for a new manufacturing and office building. Under the agreement, the Company was granted an option to purchase the building at fair market value after 10 years and, if not exercised, after 25 years. In connection with this lease agreement, the Company in 1993 sold to the developer 10 acres of land on which the building was constructed. The $166,136 gain on the sale of the land has been recorded as a deferred credit and is being amortized as a reduction of rent expense over ten years. In connection with the lease agreement, the Company issued to the developer warrants to purchase 155,461 shares of the Company's common stock at $4.95 per share subject to carrying cost increases of 3% per year ($5.74 as of December 31, 2000). The warrants expire in 2005.

On December 22, 2000, the Company sold certain of its manufacturing equipment with a net carrying value of approximately $1,210,000 to a financial institution. The Company then entered into a six-year operating lease agreement for the same equipment. The approximate $70,000 gain on sale has been recorded as a deferred credit and is being amortized as a reduction of rental expense over six years.

The Company leases certain manufacturing and office equipment under long-term capital lease agreements, some of which require the lease payments over a period shorter than the lease term. Capital leases are collateralized by equipment with a recorded cost approximating $848,500 with accumulated amortization of approximately $210,000 and $157,000 as of December 31, 2000 and 1999, respectively.

The future minimum lease payments, together with the present value of the net minimum capital lease payments as of December 31, 2000, are as follows:

	Operating Leases	Capital Leases
Year ending December 31:		
2001	$ 2,497,179	$ 146,213
2002	2,227,406	
2003	2,060,857	
2004	2,045,507	
2005	1,985,963	
Thereafter	22,188,192	
Total minimum lease payments	$ 33,005,104	146,213
Less amount representing interest and executory costs		(6,078)
Present value of net minimum lease payments (see Note 6)		140,135

Irish Government Development Agency Grants - Through December 31, 2000, the Company has entered into several grant agreements with the Irish Government Development Agency of which approximately $177,000 and $93,000 remained in receivables at December 31, 2000 and 1999, respectively. The grant agreements reimburse the Company for a portion of the cost of property and equipment purchased in Ireland, specific research and development projects in Ireland, and costs of hiring and training employees located in Ireland. The Company has recorded the grants related to research and development projects and costs of hiring and training employees as a reduction of operating expenses in 2000, 1999, and 1998 in the amounts of approximately $67,000, $154,000, and $164,000, respectively. Grants related to the acquisition of property and equipment purchased in Ireland are recorded as deferred credits and are amortized to income over lives corresponding to the depreciable lives of such property. During 2000, 1999, and 1998, approximately $149,000, $142,000, and $98,000, respectively, of the deferred credit was amortized as a reduction of operating expenses.

Preferred Share Purchase Rights - In August 1997, the Company declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of Common Stock which entitles the holder of a Right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of $40 in the event a person or group acquires, or announces an intention to acquire, 15% or more of the Company's common stock. Until such an event, the Rights are not exercisable and are transferable with the common stock and may be redeemed at a price of $.0001 per Right.

Litigation - In the ordinary course of business, the Company is involved in litigation and claims which management believes will not have a materially adverse effect on the Company's operations.

8. EMPLOYEE STOCK PURCHASE PLAN AND STOCK OPTIONS AND WARRANTS

The Company offers to its employees an Employee Stock Purchase Plan which allows the employee on a quarterly basis to purchase shares of the Company's common stock at the lesser of 85% of the market value on the offering commencement date or offering termination date. The total number of shares available to employees to purchase under this plan is 500,000 of which 236,921 have been purchased as of December 31, 2000.

The Company has a long-term incentive plan which provides for the issuance of incentive stock options, nonstatutory stock options, and certain corresponding stock appreciation rights. The maximum number of shares of common stock for which options may be granted is 2,400,000. Options may be granted to directors, officers, outside consultants, and key employees of the Company and may be granted upon such terms and such conditions as the Compensation Committee in its sole discretion shall determine. In no event, however, shall the exercise price be less than the fair market value on the date of grant.

Changes in stock options and warrants for the years ended December 31, 2000, 1999, and 1998 are as follows:

	Options		Warrants	
	Shares	Weighted Average or Range of Exercise Price	Shares	Weighted Average or Range of Exercise Price
2000:				
Granted	485,600	$4.50		
Exercised	146,660	6.37		
Forfeited/expired	124,440	6.94		
Outstanding at December 31	1,727,940	6.14	155,461	$5.74
Exercisable	820,200	6.97	155,461	5.74
Weighted average fair value of options granted during year		$2.00		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		$0.96		

	Options		Warrants	
	Shares	Weighted Average or Range of Exercise Price	Shares	Weighted Average or Range of Exercise Price
1999:				
Granted	448,900	$5.84		
Exercised	22,080	4.96		
Forfeited/expired	61,150	5.70		

Outstanding at December 31	1,513,440	7.02	155,461	$5.57
Exercisable	740,480	7.20	155,461	5.57
Weighted average fair value of options granted during year		$2.98		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		$0.83		

	Options		Warrants	
	Shares	Weighted Average or Range of Exercise Price	Shares	Weighted Average or Range of Exercise Price
1998:				
Granted	203,500	$6.41		
Exercised	64,840	5.80		
Forfeited/expired	47,990	6.41		
Outstanding at December 31	1,147,770	6.76	155,461	$5.41
Exercisable	486,230	7.45	155,461	5.41
Weighted average fair value of options granted during year		$3.14		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		$0.90		

The following table summarizes information about stock options and warrants outstanding at December 31, 2000:

Options and Warrants Outstanding				Options and Warrants Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
Options:					
$4.50-$7.25	1,276,540	3.24	$ 5.47	457,200	$ 6.01
7.50-10.625	451,400	1.30	8.05	363,000	8.17
Warrants:					
$ 5.74	155,461	4.00	5.74	155,461	5.74

The Company accounts for stock options granted using APB 25. Accordingly, no compensation cost has been recognized for its fixed stock option plans. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with SFAS No. 123, the Company's net income and net income per common and common equivalent share would have changed to the pro forma amounts indicated below:

	2000	1999	1998
Net income:			
As reported	$ 826,557	$ 3,225,590	$ 2,451,159
Pro forma	140,145	2,480,928	1,840,182
Net income per common (both basic and diluted) share:			
As reported	$0.11	$ 0.43	$ 0.33
Pro forma	0.02	0.33	0.25

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2000, 1999, and 1998: dividend yield of 0%; expected volatility of 61.04%, 56.0%, and 55.2% for 2000, 1999, and 1998, respectively; risk-free interest rates ranging from 4.58% to 7.36%; and

expected lives ranging from 2.33 to 4.5 years.

9. SEGMENT REPORTING AND FOREIGN OPERATIONS

During the years ended December 31, 2000, 1999, and 1998, the Company had foreign sales of approximately $22,968,000, $18,336,000, and $15,198,000 or approximately 25%, 24%, and 22%, respectively, of total sales, primarily in Japan, Germany, France, and the United Kingdom.

The Company operates primarily in one segment in which it develops, manufactures, and markets disposable medical products, principally for use in the diagnosis and treatment of cardiovascular disease. Major operations outside the United States include a leased manufacturing and distribution facility in Ireland and sales subsidiaries in Europe. The following is a summary of the Company's foreign operations by geographic area for fiscal years 2000, 1999, and 1998:

	Sales to Unaffiliated Customers	Transfers Between Geographic Areas	Revenue	Net Income (Loss)	Identifiable Assets
Fiscal year ended December 31, 2000:					
United States, Canada, and international distributors	$ 80,380,485	$ 1,060,749	$ 81,441,234	$ 2,301,524	$ 61,897,460
Europe direct and European distributors	11,067,027	4,906,800	15,973,827	(1,608,513)	9,549,171
Eliminations		(5,967,549)	(5,967,549)	133,546	
Consolidated	$ 91,447,512	None	$ 91,447,512	$ 826,557	$ 71,446,631
Fiscal year ended December 31, 1999:					
United States, Canada, and international distributors	$ 69,595,418	$ 1,288,485	$ 70,883,903	$ 3,761,605	$ 62,666,167
Europe direct and European distributors	8,364,158	4,281,400	12,645,558	(319,784)	9,694,302
Eliminations		(5,569,885)	(5,569,885)	(216,231)	
Consolidated	$ 77,959,576	None	$ 77,959,576	$ 3,225,590	$ 72,360,469
Fiscal year ended December 31, 1998:					
United States, Canada, and international distributors	$ 60,407,019	$ 1,386,073	$ 61,793,092	$ 3,373,280	$ 41,547,669
Europe direct and European distributors	7,970,338	2,546,099	10,516,437	(593,677)	9,117,117
Eliminations		(3,932,172)	(3,932,172)	(328,444)	
Consolidated	$ 68,377,357	None	$ 68,377,357	$ 2,451,159	$ 50,664,786

Transfers between geographic areas are accounted for at amounts which are generally above cost and consistent with the rules and regulations of governing tax authorities. Such transfers are eliminated in the consolidated financial statements. Net income by geographic areas reflects foreign earnings reported by the foreign entities. Identifiable assets are those assets that can be directly associated with a particular foreign entity and thus do not include assets used for general corporate purposes.

10. RELATED PARTY TRANSACTIONS

Receivables from employees and related parties at December 31, 2000 and 1999 totaled approximately $441,000 and $503,000, respectively, (including approximately $208,000 and $267,000, respectively, from officers of the Company). During 2000, approximately 45,000 shares of Company stock were surrendered in exchange for the extinguishment of a related party receivable.

11. ROYALTY AGREEMENT

On April 8, 1992, the Company settled litigation involving, among other things, allegations that certain of the Company's inflation device products infringed patents issued to another medical product manufacturing company (the Licensor).

Pursuant to the settlement, the Company entered into a license agreement with the Licensor, whereby the Licensor granted to the Company a nonexclusive right and license to manufacture and sell products which are subject to the patents issued to the Licensor. For the rights and license granted under the agreement, the Company paid the Licensor a nonrefundable prepaid royalty in the amount of $600,000. The royalty was paid upon execution of the agreement and represented a prepaid royalty covering the first seven years of the agreement, which concluded during the year ended December 31, 1999. In addition to the prepaid royalty, the Company agreed to pay the Licensor a continuing royalty beginning January 1, 1992 of 5.75% of sales (which will not exceed $450,000 for any calendar year) made in the United States, of products covered by the license agreement. Royalties of $450,000 were paid or accrued in each of the years ended December 31, 2000, 1999, and 1998.

The Licensor has released the Company from all damages, claims, or rights of action which the Licensor may have had related to the alleged infringement of the patents issued to the Licensor. The Company has also agreed to not proceed against the Licensor for the alleged misappropriation by the Licensor of the Company's confidential and proprietary information.

12. EMPLOYEE BENEFIT PLAN

The Company has a contributory 401(k) savings and profit sharing plan (the Plan) covering all full-time employees who are at least 21 years of age and have a minimum of six months of service to the Company. The Company may contribute at its discretion matching contributions based on the employees' compensation. Contributions made by the Company to the Plan for the years ended December 31, 2000, 1999, and 1998 totaled approximately $258,000, $88,000, and $18,000, respectively.

The Plan purchased unissued shares of the Company's common stock at market value during each of the three years ended December 31, 2000 as follows:

	Shares	Market Value
Years ended December 31:		
2000	None	None
1999	10,990	$62,600
1998	13,819	81,850

13. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly data (unaudited) for the years ended December 31, 2000, 1999, and 1998 is as follows:

	Quarter Ended			
2000	March 31	June 30	September 30	December 31
Net sales	$ 22,080,435	$ 23,552,859	$ 23,330,203	$ 22,484,015
Gross profit	7,634,050	7,616,239	7,958,848	7,414,916
Income from operations	289,575	647,698	1,224,604	966,678
Income tax expense (benefit)	(68,347)	19,254	169,026	(172,645)
Net income (loss)	(159,482)	44,927	394,397	546,715
Basic and diluted net income (loss) per share	(0.02)	0.01	0.05	0.07
1999				
Net sales	$ 17,701,723	$ 18,979,739	$ 19,920,419	21,357,695
Gross profit	6,692,102	7,349,765	7,763,440	8,236,454
Income from operations	1,070,736	1,477,316	1,705,782	1,762,959
Income tax expense	255,731	446,516	463,321	289,194
Net income	565,123	752,684	928,768	979,015
Basic and diluted net income per share	0.08	0.10	0.12	0.13
1998				
Net sales	$ 16,466,015	$ 17,974,170	$ 16,703,033	17,234,139
Gross profit	6,163,161	6,812,741	6,432,783	6,534,799
Income from operations	1,108,003	1,382,228	1,543,092	1,137,682
Income tax expense	459,115	548,306	542,743	137,215
Net income	427,655	586,558	722,836	714,110
Basic and diluted net income per share	0.06	0.08	0.10	0.09

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Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Items 10, 11, 12 and 13.

These items are incorporated by reference to the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders scheduled for May 23, 2001. The definitive Proxy Statement will be filed with the Commission not later than 120 days after December 31, 2000, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) Documents filed as part of this report:

(1) Financial Statements. The following financial statements are incorporated by reference as provided in Item 8 of this report:

-- Independent Auditors' Report

-- Consolidated Balance Sheets as of December 31, 2000 and 1999

-- Consolidated Statements of Operations for the Years Ended December 31, 2000, 1999 and 1998

-- Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2000, 1999 and 1998

-- Consolidated Statements of Cash Flows for the Years Ended December 31, 2000, 1999 and 1998

-- Notes to Consolidated Financial Statements

(2) Financial Statement Schedule

-- Schedule II - Valuation and qualifying account

all other schedules have been omitted because they are not required, not applicable, or the information is otherwise set forth in the financial statements or notes thereto.

(b) Reports on Form 8-K:

None.

(c) Exhibits:

The following exhibits required by Item 601 of Regulation S-K are filed herewith or have been filed previously with the Commission as indicated below:

	Description	Exhibit No.
3.1	Articles of Incorporation of the Company, as amended and restated*	[Form 10-Q filed August 14, 1996, Exhibit No. 1]
3.2	Bylaws of the Company*	[Form S-18 filed October 19,

		1989, Exhibit No. 2]
4	Specimen Certificate of the Company's Common Stock, no par value*	[Form S-18 filed October 19, 1989, Exhibit No. 10]
10.1	Merit Medical Systems, Inc. Long Term Incentive Plan (as amended and restated) dated March 25, 1996*	[Form 10-Q filed August 14, 1996, Exhibit No. 2]
10.2	Merit Medical Systems, Inc. 401(k) Profit Sharing Plan (as amended effective January 1, 1991*	[Form S-1 filed February 14, 1992, Exhibit No. 8]
10.3	License Agreement, dated April 8, 1992 between the Company and Utah Medical Products, Inc.*	[Form S-1 filed February 14, 1992, Exhibit No. 5]
10.4	Lease Agreement dated as of June 8, 1993 for office and manufacturing facility*	[Form 10-K for year ended December 31, 1994, Exhibit No. 10.5]
10.5	Loan Agreement with Zions First National Bank dated October 10, 1995*	[Form 10-K for year ended December 31, 1995, Exhibit No. 10.5
10.6	Amendment to Loan Agreement with Zions First National Bank dated October 10, 1997	[Form 10-K for year ended December 31, 1997, Exhibit No. 10.5]
10.7	Amendment to Loan Agreement with Zions First National Bank dated August 11, 1999	[Form 10-K for year ended December 31, 1998, Exhibit No.10.7]
10.8	Amendment to Loan Agreement with Zions First National Bank dated	[Form 10-K for year ended December 31, 1999, Exhibit No.10.8]
10.9	Agreement of sale by and between Merit Medical Systems, Inc. and Mallinckrodt Inc. dated August 20, 1999	[Form 8-K dated August 20, 1999, Exhibit No. 10.1]
10.10	Amendment to Loan Agreement with Zions First National Bank 3/11/2000	Filed herewith
10.11	Merit Medical Systems, Inc. Highly Compansated Deferred Compenstaion Plan.	Filed herewith
13.1	Annual Report to Shareholders for the year ended December 31, 2000. Certain portions of this exhibit are incorporated by reference into this Report on Form 10-K; except as so incorporated by reference, the Annual Report to Shareholders is not deemed filed as part of this Report on Form 10-K.	
23.1	Consent of Independent Auditors	Filed herewith

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* These exhibits are incorporated herein by reference.

(d) Financial Statement Schedules: There are no financial statement schedules required to be filed with this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 29, 2001.

MERIT MEDICAL SYSTEMS, INC.

By: FRED P. LAMPROPOULOS, PRESIDENT

Fred P. Lampropoulos, President and Chief Executive 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 indicated on March 29,2001.

Signature	Capacity in Which Signed
/s/: FRED P. LAMPROPOULOS Fred P. Lampropoulos	President, Chief Executive Officer and Director
/s/:KENT W. STANGER Kent W. Stanger	Chief Financial Officer, Secretary, Treasurer and Director (Principal financial and accounting officer)
/s/:RICHARD W. EDELMAN Richard W. Edelman	Director
/s/:REX C. BEAN Rex C. Bean	Director
/s/:JAMES J. ELLIS James J. Ellis	Director

/s/:MICHAEL E. STILLABOWER

Michael E. Stillabower Director

FIRST AMENDMENT
TO LOAN AGREEMENT

This First Amendment to Loan Agreement (the "Amendment") is made and entered into among Merit Medical Systems, Inc. ("Merit Medical"), Merit Holdings, Inc. ("Merit Holdings"), Sentir Semiconductor, Inc. ("Sentir") (Merit Medical, Merit Holdings and Sentir are collectively called "Borrowers") and Zions First National Bank ("Lender").

Recitals

1. Borrowers and Lender have entered in an Amended and Restated Loan Agreement dated August 11, 1999 (the "Agreement").

2. Borrowers and Lender desire to modify and amend the Agreement as provided herein.

Amendment

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrowers and Lender hereby agree and amend and modify the Agreement as follows:

1. Definitions. Except as otherwise expressly provided herein, terms assigned defined meanings in the Agreement shall have the same defined meanings in this Amendment.

2. Amended Definitions. The definitions of "Borrowing Base"and "Facility Amount" in Section 1.1 of the Agreement are amended in their entirety to read as follows:

> "Borrowing Base" means the sum of (a) 75% of the net book value, as determined by Lender, of all accounts receivable of Borrowers in which Lender has a first priority, fully perfected security interest, (b) 45% of the net book value, as determined by Lender, of all inventory of Borrowers in which Lender has a first priority, fully perfected security interest to the extent that (x) the net book value of inventory of Borrowers as of the fiscal month most recently ended divided by (y)(a)(i) the cost of goods sold of Borrowers for the fiscal quarter most recently ended (and in the case of any acquisition by any Borrower, the cost of goods sold for such acquired property for such fiscal quarter as reasonably determined by Lender) multiplied by (ii)four (4) divided by (b) 365, does not exceed 175, provided that if such calculation exceeds 175, such inventory is excluded from the Borrowing Base to the extent and only to the extent that such calculation exceeds 175, (c) 70% of the appraised value, acceptable to Lender, of all real property of Borrowers in which Lender has a first priority, fully perfected lien, (d) 70% of the appraised value, acceptable to Lender, of all equipment of Borrowers in which Lender has a first priority, fully perfected security interest, and (e) (i) 65% of the net book value, as determined by Lender, of all equipment of Borrowers for which there is not an appraisal acceptable to Lender and in which Lender has a fully perfected security interest minus (ii) the

> outstanding principal amount owing by Borrowers in respect of all such equipment which is subject to a security interest superior to the security interest of Lender in such equipment.
>
> "Facility Amount" means thirty-five million dollars ($35,000,000.00) as such amount is reduced by three hundred seventy-five thousand dollars ($375,000.00) on the last day of each quarter commencing with the quarter ending March 31, 2001.

3. Section 3.1 Section 3.1 of the Loan Agreement is amended by adding a new subsection c. to read as follows:

c. A deed of trust upon real property of Merit Medical located in Brazoria County, Texas.

4. Section 6.6 a. Section 6.6 a. of the Loan Agreement is amended in its entirety to read as follows:

a. Annual audited financial statements with an unqualified opinion for each fiscal year of each Borrower from an independent accounting firm and in a form acceptable to Lender, to be delivered to Lender within ninety-five (95) days of the end of the fiscal year. Each Borrower shall also submit to Lender copies of any management letters or other reports submitted to such Borrower by independent certified public accountants in connection with examination of the financial statements of such Borrower made by such accountants.

5. Conditions to Effectiveness of Amendment. The amendments set forth above shall become effective, as of the date and year set forth below, on such date (the "First Amendment Effective Date") when the following conditions shall have been satisfied in a form and substance acceptable to Lender:

a. This Amendment, the Replacement Promissory Note in the form of Exhibit A hereto (the "Replacement Promissory Note"), and all other documents contemplated by this Amendment to be delivered to Lender prior to funding have been fully executed and delivered to Lender.

b. All of the documents contemplated by this Amendment which require filing or recording have been properly filed and recorded so that all of the liens and security interests granted to Lender in connection with this Amendment will be properly created and perfected and will have a priority acceptable to Lender.

c. All other conditions precedent provided in or contemplated by the Agreement, the Security Documents, or any other agreement or document have been performed.

d. As of the First Amendment Effective Date, the following shall be true and correct: (1) all representations and warranties made by Borrowers in the Agreement are true and correct as of the First

Amendment Effective Date; and (2) no Event of Default has occurred under the Agreement and no conditions exist and no event has occurred, which, with the passage of time or the giving of notice, or both, would constitute an Event of Default under the Agreement.

All conditions precedent set forth in the Agreement, the Security Documents, or in any other document relating thereto are for the sole benefit of Lender and may be waived unilaterally by Lender.

6. Collateral. The Loan and the Replacement Promissory Note are secured by the collateral identified in, and contemplated by the Agreement, including, without limitation, the various Security Agreements, dated August 11, 1999, executed by the Borrowers, and by the Collateral described in Section 3.1 Collateral of the Agreement.

7. Representations and Warranties. Each Borrower hereby affirms and again makes the representations and warranties set forth in Article 5 Representations and Warranties as of the First Amendment Effective Date. Each Borrower represents and warrants that there have been no changes to the Organizational Documents of such Borrower since August 11, 1999.

8. Authorization. Borrower represents and warrants that the execution, delivery, and performance by Borrowers of this Amendment, the Replacement Promissory Note, and all agreements, documents, obligations, and transactions herein contemplated have been duly authorized by all necessary action on the part of such Borrower and are not inconsistent with such Borrower's Organizational Documents or any resolution of the Board of Directors of such Borrower, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract, or other instrument to which

such Borrower is a party or by which it is bound, and that upon execution and delivery hereof and thereof, this Amendment and the Replacement Promissory Note will constitute legal, valid, and binding agreements and obligations of each Borrower, enforceable in accordance with their respective terms.

9. Payment of Expenses and Attorney's Fees. Borrowers shall pay all reasonable expenses of Lender relating to the negotiation, drafting of documents, and documentation of this Amendment, including, without limitation, title insurance, recording fees, filing fees, and reasonable attorney's fees and legal expenses. If such expenses are not promptly paid, Lender is authorized and directed, upon execution of this Amendment and fulfillment of all conditions precedent hereunder, to disburse a sufficient amount of the Loan proceeds to pay in full these expenses.

10. Agreement Remains in Full Force and Effect. Except as expressly amended or modified by this Amendment, the Agreement remains in full force and effect.

11. Counterpart Execution. This Amendment may be executed in several counterparts, without the requirement that all parties sign each counterpart. Each of such counterparts shall be an original, but all counterparts together shall constitute one and the same instrument.

12. Integrated Agreement; Amendment. This Amendment, together with the Agreement, Replacement Promissory Note, Security Documents, and the other agreements, documents, obligations, and transactions contemplated by the Agreement and the Amendment, constitute the entire agreements and understandings

between the parties and supersede all other prior and contemporaneous agreements and may not be altered or amended except by written agreement signed by the parties. This Amendment and the Agreement shall be read and interpreted together as one agreement. PURSUANT TO UTAH CODE SECTION 25-5-4, BORROWER IS NOTIFIED THAT THESE AGREEMENTS ARE A FINAL EXPRESSION OF THE AGREEMENT BETWEEN LENDER AND BORROWERS AND THESE AGREEMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED ORAL AGREEMENT. All other prior and contemporaneous agreements, arrangements and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

Dated: March 14, 2000

Lender:

Zions First National Bank

By: _____

Title: _____

Borrowers:

Merit Medical Systems, Inc.

By: _____

Title: _____

Merit Holdings, Inc.

By: _____

Title:

Sentir Semiconductor, Inc.

By:

Title:

EXHIBIT A

MERIT MEDICAL SYSTEMS, INC.
HIGHLY COMPENSATED DEFERRED COMPENSATION PLAN

THIS MERIT MEDICAL SYSTEMS, INC. HIGHLY COMPENSATED DEFERRED COMPENSATION PLAN (the "Plan") is established effective as of January 1, 2001, by Merit Medical Systems, Inc., (the "Company") a Utah corporation with its principal office in Salt Lake City, Utah.

RECITALS

1. The Company desires to establish and maintain a nonqualified, unfunded plan for the purpose of providing deferred compensation to Executives who are members of a select group of management or highly compensated employees of the Company. It is the intent of the Company that the Plan be deemed a "top hat" plan under ERISA and the Plan should be construed consistent with this purpose.

2. Each Executive who executes a Deferral Agreement adopts the Plan becomes a party hereto, and agrees to deferral of his or her Compensation as more particularly described hereafter.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants, promises and conditions herein contained, the Company and each Executive who executes a Deferral Agreement agree:

1. Definitions. For purposes of the Plan the following definitions shall apply:

a. Beneficiary shall mean individual(s), trust(s) or other entity(ies) designated by the Executive in writing to the Company. The Executive may designate primary, contingent or multiple Beneficiaries and may revoke any prior designation. Upon the death of the Executive, the most recent designation shall control. If no Beneficiary is designated, or if no designated Beneficiary survives the Executive, the payments payable to the Executive under the Plan shall be payable to the Executive's surviving spouse, and if no surviving spouse, to the Executive"s estate. A named Beneficiary (or spouse, if no other named Beneficiary) must survive the Executive by a minimum of thirty (30) days in order to be treated as a Beneficiary or surviving spouse under this provision.

b. Code shall mean the Internal Revenue Code of 1986, as amended. References to a Code section shall be deemed to be to that section as it now exists and to any successor provision.

c. Compensation shall mean all amounts paid to the Executive by the Company for services rendered that are included in the Executive's gross income. Compensation shall be taken into account at its present value.

d. Deferral Agreement shall mean the document executed by the Executive and the Company in the form attached hereto as Exhibit "A."

e. Deferred Amount shall mean the amount that is to be deferred from the Executive's Compensation as designated in the Deferral Agreement.

f. Deferred Compensation Account shall mean a liability account on the books of the Company, maintained for bookkeeping purposes only, which shall reflect the total of all Deferred Amounts, together with Income attributed to the Account in accordance with the Investment Model selected from time to time by the Executive. The right of the Executive to receive from the Company any amount in the Deferred Compensation Account shall be determined strictly in accordance with the terms of the Plan.

g. Executive shall mean an Employee of the Company who is selected by the Company to participate in the Plan and who has Compensation for

the Look Back Year at least equal to $85,000, but less than that required for the Company"s Select Highly Compensated Deferred Compensation Plan. Look-back Year" means the Plan Year immediately preceding the Plan Year for which the determination is being made. Further, the Company and the Executive acknowledge that the Executive is a member of a select group of management or a highly compensated employees. The minimum dollar Compensation amount set forth in this paragraph shall be adjusted at the same time and in the same amount as the dollar amount under Internal Revenue Code "414(q).

h. Income shall mean with respect to a Deferred Compensation Account all increases or decreases that result in applying the Investment Model selected by the Executive to a Deferred Compensation Account.

i. Investment Model shall mean the performance model(s) established by the Company that may be selected by the Executive to determine the amount of Income attributed to the Executive's Deferred Compensation Account in accordance with Section 6 of the Plan.

j. Plan Year shall mean the twelve consecutive month period commencing each January 1 and ending each December 31 thereafter.

2. Term of Plan. The Plan is effective as of the date established by the Company. With respect to a the Executive, it shall be effective as of the date the Executive's Deferral Agreement is effective and shall remain in effect until the entire amount in the Deferred Compensation Account has been distributed to the Executive or his or her designated Beneficiary.

3. Effect on Employment of Executive. The Plan does not supersede or revoke any written employment contract which may exist between the Company and the Executive. In the event of a conflict between the terms of the Plan and any employment contract, the terms of the employment contract shall control. Nothing contained herein shall be construed as conferring upon the Executive the right to continue in the employ of the Company in any capacity.

4. Deferred Compensation. The Company shall pay to the Executive or his/her Beneficiary deferred compensation in the amount of his/her Deferred Compensation Account established by the Company according to the terms of the Plan and the Deferral Agreement.

5. Deferred Amount. Upon execution and delivery of a Deferral Agreement the Company shall withhold from the Executive's Compensation the Deferred Amount set forth in the Deferral Agreement. The right of the Executive to receive the Deferred Amount shall be governed by the terms of the Deferral Agreement and the Plan. The Deferral Agreement must be properly completed, signed and delivered to the Company prior to the first day of the Plan Year for which Compensation is to be earned. The Deferral Agreement shall remain in effect for the Plan Year and for all subsequent Plan years until amended or revoked by the Executive as provided in this Section. The Agreement shall define the amount of Compensation that shall be deferred for the Plan Year, and for all subsequent Plan Years. The Deferral Agreement shall be applicable only to Compensation earned after the date on which the Deferral Agreement is effective. The Executive may modify (increase, decrease or revoke) the Deferred Amount effective as of the first practical payroll that begins at least two weeks after the execution of a new Deferral Agreement. Requests for reinstatement of the Deferred Amount will be effective on the first payroll after the first of the month. Modification shall be accomplished by the Executive executing a new Deferral Agreement in accordance with rules adopted by the Company. Any modification of the Deferred Amount shall have prospective effect only and shall not apply to any bonus and/or comissions not yet paid, but already earned and irrevocably owed by the Company to the Executive. The Company shall have no obligation to accept any modification of the Deferred Amount unless the Executive complies with the requirements of the Plan and the rules adopted by Company to carry out this provision. If the Executive fails to modify or terminate deferrals in accordance with the Plan or the Company rules, then deferrals will continue at the existing rate.

6. Investment Model. The Company, at its sole discretion, shall identify one or more investment options which may be made available for selection by the

Executive. The investment options selected by the Executive shall constitute the Investment Model for that Executive under this Plan. Investment options may include all investments and funds available in the marketplace for self-directed accounts in retirement plans, and in the Company"s sole discretion may include securities of the Company. At any time and from time to time the Company shall have the right, in its sole discretion, to change, modify or discontinue the availability of any investment option it has selected for possible inclusion in the Executive"s Investment Model. Pursuant to rules adopted by the Company, the Executive shall be entitled to select and change the investment options in his or her Investment Model. At all times the Executive"s Investment Model shall be basis by which Income attributable to his/her Deferred Compensation Account is measured. The Executive shall be provided from time to time with the investment "results" of his or her selected Investment Model. The Company's liability to the Executive for amounts in the Deferred Compensation Account includes Income attributed to the Investment Models selected by the Executive.

7. The Deferred Compensation Account. The balance of the Deferred Compensation Account, including all Deferred Amounts and all Income attributed to the Deferred Compensation Account, shall be subject to the following conditions:

a. Unsecured liability. A Deferred Compensation Account shall represent an unsecured liability of the Company.

b. Prohibition against set aside. The Company shall not permit or cause any amount equal to the balance of a Deferred Compensation Account to be set aside or placed in a trust account or escrow account for the benefit of the Executive. Title to and beneficial ownership of any assets and income

attributable thereto that the Company may, for its own purposes, earmark to pay the balance of a Deferred Compensation Account, shall at all times remain in the name of the Company and shall be subject to the claims of the general creditors of the Company. However, the Company may, at its option, and in its sole discretion establish a Trust for the purpose of holding assets set aside to satisfy its liabilities pursuant to a Deferred Compensation Account. If the Company establishes a Trust, the Company may also determine the amounts it deems necessary or appropriate to fund the Company"s obligation to pay the Deferred Compensation Account and forward such amounts to be held in Trust by a trustee selected by the Company. All amounts in the Trust shall be earmarked to pay benefits under the terms of the Plan. The Company will direct the trustee to make periodic distributions from the Trust at such times and in such amounts as the Company deems appropriate.

If a Trust is established, Trust assets cannot be diverted to, or used for, any purpose except payments to Participants and Beneficiaries under the terms of the Plan or, if the Company is insolvent (as defined in the Trust), to pay the Company's creditors. Participants and Beneficiaries will have no right against the Company with respect to the payment of any portion of the Participant's Deferred Compensation Account, except as a general unsecured creditor of the Company.

c. Property interest of Executive. Neither the Executive nor his or her Beneficiaries shall have or acquire any property interest whatsoever in any specific assets or income of the Company pursuant to the Plan, except to the extent necessary to enforce payment of a Deferred Compensation Account pursuant to Section 9 of the Plan.

d. Prohibition against use as collateral or assignment. The Executive shall have no right, power or privilege to use any portion of a Deferred Compensation Account as security or collateral for a loan from the Company or any other person, nor may the Executive assign or pledge the right to receive any future payments from a Deferred Compensation Account. Moreover, the Executive shall have no right to transfer, modify, anticipate, or encumber any benefits or rights hereunder, and neither the Deferred Compensation Account nor any payment that may be due and owing the Executive hereunder shall be subject to execution, attachment or other court process or shall be transferable by operation of law in the event the Executive becomes insolvent or bankrupt or for any other reason.

e. Status of Deferred Compensation Account. The Deferred Compensation Account and Income shall remain the sole, exclusive property of the Company (until payable to the Executive) under the terms and conditions of the Plan without any restriction or limitation on its use by the Company, subject only to the claims of the Company's general creditors and to restrictions contained in any Trust Agreement that the Company may establish.

8. Company Match. The Company may, at its sole option and discretion, announce a prospective match for amounts deferred by an Executive. The match may based on any formula the Company in its sole discretion chooses. The match will be deemed contributed to the Executive"s Deferred Compensation Account and treated as additional Income to the Deferred Compensation Account. The match and any Income attributable thereto under the Executive"s Investment Model shall be deemed "Match Funds." Any Match Funds shall be subject to the other provisions of the Plan including the non-competition provisions of Section 15.

9. Events Triggering Payment of Deferred Compensation. The Executive shall not receive, nor be entitled to receive, any payment from his or her Deferred Compensation Account as long as the Executive remains employed by the

Company or a subsidiary of the Company, unless specifically provided in this Section. The Executive shall be deemed to be employed so long as the Executive continues to provide personal services to the Company or a subsidiary under a current employment arrangement and no separation from service with the Company (whether due to the voluntary or involuntary resignation or discharge of the Executive from his/her position with the Company or his/her death, retirement, failure to return to active work at the end of an authorized leave of absence or the authorized extension(s) thereof, or the happening of any other event or circumstance which, under the then current policy of the Company results in the cessation of the employer-employee relationship) has occurred. Termination from employment shall not be deemed to occur merely because of a transfer between the Company and any subsidiary thereof.

a. Distribution Following Termination of Employment. The Executive or his or her Beneficiary shall be entitled to payment of his or her Deferred Compensation Account in the manner selected by the Executive upon termination of employment with the Company, including a termination which occurs because of:

1. the Executive's disability (as defined hereafter) or death; or

2. retirement of the Executive after having attained age 65.

b. Distribution Prior to Termination of Employment. The Executive shall be entitled to payment of his or her Deferred Compensation Account in the manner selected by the Executive prior to termination of employment with the Company upon the occurrence of any of the following:

1. attainment of an "elected age," which is the age selected by the Executive in his or her most recent Deferral Agreement to begin receiving the amounts in the Deferred Compensation Account. The "elected age" must have been selected by the Executive at the time he/she executed the

Deferral Agreement, which must be at least twelve (12) months prior to the time he/she would be otherwise entitled to any payment under this Section. The election must be pursuant to rules adopted by the Company.

2. occurrence of a "hardship," as defined in this Section. All deferrals by the Executive for the twelve (12) month period following a hardship distribution shall cease in the event the Company approves a request of the Executive for a hardship distribution.

3. an early distribution election made by the Executive and approved by the Company. An Executive shall be entitled to receive an early distribution from from his/her Deferred Compensation Account at any time (an "Unscheduled Distribution"), subject to all of the following rules and limitations:

A. An Executive may receive no more than one

(1) Unscheduled Distribution in any calendar year.

B. The Unscheduled Distribution amount shall not include any amounts deferred by the Executive during the same calendar year in which the Unscheduled Distribution occurs.

C. The Unscheduled Distribution amount shall equal ninety percent (90%) of the amount requested by the Executive. The remaining ten percent (10%) of the amount requested shall be permanently forfeited from the Executive"s Deferred Compensation Account at the time the Unscheduled Distribution is made and shall no longer be available for distribution to the Executive from the Plan.

D. The Executive shall not be permitted to make further deferrals to the Plan prior to the expiration of

twelve (12) months from the date of the Unscheduled Distribution. Following the twelve month period the Executive shall be treated as newly eligible under the Plan and may execute a new Deferral Agreement.

c. Disability. The Executive shall be deemed to have become disabled for purposes of Section 9.a.1. above if the Company shall find on the basis of medical evidence satisfactory to the Company that the Executive is physically or mentally impaired; that as a result of such impairment the Executive is unable to discharge his/her assigned duties with the Company; and that such impairment is expected to result in death or to continue for a lengthy and indefinite period. The Company, in its sole discretion, shall make the determination of disability. Notwithstanding the foregoing, a Executive who is eligible to receive Social Security disability payments shall be deemed to be disabled without further proof.

d. Hardship. The Executive shall incur a hardship if the Executive suffers an unforeseeable and unanticipated emergency which is caused by an event beyond the control of the Executive and which would result in severe financial hardship to the Executive if a distribution or revocation of a deferral election were not permitted. Hardship conditions will be evaluated in accordance with the terms of Treasury Regulations "1.457-2(h)(4). The Company will have sole discretion to determine whether a Hardship condition exists and the Company"s determination will be final.

An Executive must submit a written request for a hardship distribution to the Company on the form and in the manner prescribed by the Company. The hardship request must: (i) describe and certify the hardship condition and the severe financial need; and (ii) state the amount the Executive proposes to withdraw from his/her Deferred Compensation Account to meet the

severe financial need. The Company will have the sole discretion to determine whether a hardship exists and to determine the appropriate action, if any, provided however, in no event will the Company approve a hardship distribution in excess of the amount necessary to satisfy the immediate hardship need.

e. Payment upon death of the executive. If the Executive should die prior to the time that payment of a Deferred Compensation Account to the Executive has commenced, then the Company shall pay the amount in the Deferred Compensation Account in the manner previously selected by the Executive to the

Executive's Beneficiary. If the Executive should die after payment from the Deferred Compensation Account has commenced, payments will continue in the manner previously selected by the Executive. If the Executive's named Beneficiary is deceased, then the balance of the Deferred Compensation Account shall be paid as provided in Section 1.a.

10. Method of Payment of Deferred Compensation Account. At the time the Executive executes his/her Deferral Agreement, the Executive shall elect the method of payment of the Executive's Deferred Compensation Account. The

Executive may select a different method of payment which is permitted under this Plan by executing a new Deferred Compensation Agreement, or by executing any other form provided by the Company for this purpose. The new method of distribution shall not be valid or binding on the Plan unless it has been selected by the Executive at least twelve (12) months prior to the time he/she would be otherwise entitled to any payment under the Plan.

a. Method of Payment. The Executive may choose (1) a lump sum payment; (2) equal monthly payments for 60 months; (3) a combination of lump sum and a 60 or 120 equal monthly payments, or (4) equal monthly payments for 120 months.

b. Default Election. The Executive shall elect and deliver to the Company his/her election of method of payment consistent with this Plan and in accordance with procedures adopted by Company. An election will not be effective

until received by the Company. In the event the Executive fails to make an election or no valid election exists at the time payment is to commence, his/her Deferred Compensation Account will be paid in equal monthly payments for 60 months.

c. Income. In the event the Executive selects a method of payment other than lump sum, the amounts remaining in his/her Deferred Compensation Account shall be adjusted for Income attributed to the Investment Model selected by the Executive. In the event of the Executive's death or inability to select an Investment Model during the period in which payments are being made, the last Investment Model selected by the Executive shall control.

11. Payments to Other Persons. The Company shall only be required to pay amounts due under the Plan to the Executive, Beneficiary or other legal representative of the foregoing (custodian, personal representative, guardian, trustee etc.)

12. Other Benefits Determined by Compensation. Deferred Amounts credited to the Deferred Compensation Account under the Plan shall not be deemed to be part of the Executive's regular annual compensation for the purpose of computing benefits to which he or she may be entitled under any qualified pension, profit sharing or 401(k) plan, or other arrangement of the Company for the benefit of its employees.

13. References to the Company. The Company shall have full power and authority to interpret, construe and administer the Plan and the Deferral Agreement. The Company's interpretations and construction of these agreements and actions under these agreements shall be binding and conclusive on all persons for all purposes. No employee, representative or agent of the Company shall be liable to any person for any action taken or omitted in connection with the interpretation or administration of the Plan or the Deferral Agreement unless attributable to his or her own willful misconduct or lack of good faith.

14. Claims Procedure.

a. Initial Claim. Should the Executive or any Beneficiary fail to receive any amount to which the Executive or Beneficiary ("claimant") believes he/she is entitled, a claim may be filed. A claim for benefits shall be filed by the claimant by written communication that is made by the claimant or the claimant's authorized representative that is reasonably calculated to bring the claim to the attention of the Company.

If a claim is wholly or partially denied, a written notice of the decision shall be furnished to the claimant by the Company or its designee no more than ninety (90) days after receipt of the claim, which notice shall include the following information:

1. The specific reason or reasons for the denial;

2. Specific reference to the pertinent provisions of the Plan upon which the denial is based;

3. A description of any additional material or

information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

4. An explanation of the claim review procedures as outlined in the Plan.

b. Claim Appeal. In order that a claimant may appeal a denial of a claim, a claimant or his duly authorized representative:

1. may request a review by written application submitted to the Company or its designee not later than 60 days after receipt by the claimant of written notification of denial of a claim;

2. may review pertinent documents; and

3. may submit issues and comments in writing.

A decision on review of a denied claim shall be made not later than 60 days after receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered within a reasonable period of time, but not later than 120 days after receipt of a request for review. The decision on review shall be in writing and shall include the specific reason(s) for the decision and the specific reference(s) to the pertinent provisions of the Plan on which the decision is based.

15. Non-Competition. In order to be eligible for payment of any amounts from an Executive"s Deferred Compensation Account of Match Funds, a Terminated Executive must not compete or engage in competition with the Company. "Terminated Executive" means an Executive who has terminated his/her employment with the Company for any reason. If a Terminated Executive complies with this Section, a terminated Executive shall be deemed to have complied with non-competition requirements of the Plan.

a. A Terminated Executive shall not and will use his/her best efforts to ensure that agents or others under his/her control do not, disclose the Company's proprietary and confidential information to any person or entity, unless the information has been made public or has been made generally available otherwise than by such Terminated Executive"s breach of his duties under the Plan or such proprietary or confidential information is otherwise no longer confidential or proprietary. Confidential or proprietary information shall mean confidential aspects of the Company"s relationship with its customers; Company files, records, reports, information systems and other information that it deems to be proprietary and confidential including, but not limited to, information concerning finance, manufacturing, business strategy and plans, marketing, profit margins, pricing, management information systems and computer programs, and trade secrets.

b. The Terminated Executive shall not seek to hire or directly or indirectly solicit any employee to terminate such employee's employment with the Company or assist any other person or entity in attempting to hire or hiring any employee of the Company; or

c. The Terminated Executive shall not interfere with or impede Company's relationships with customers, suppliers or vendors, lending institutions, lessors and governmental entities; or

d. For a period of two years from the date of his/her termination, the Terminated Executive shall not enter into or join a competing business, or endeavor as an employee individual, partner, joint venturer, independent contractor, officer or director that would directly or indirectly compete with the Company within 150 miles of the Company offices in Utah, or in any other state or country in which the Company has an office.

e. In the event of litigation of any breach of this Section 15 by a Terminated Executive, the two year time period shall be tolled, except that if

following termination, the Terminated Executive does not engage in the activities proscribed in this Section 15, no tolling shall occur.

f. In the event of breach of the non competition provisions of this Section 15, then the Terminated Executive shall forfeit all right title and interest to any Match Funds that he/she may have.

16. Disclaimer. The Company intends that the Plan, together with the Deferral Agreement, shall establish a plan deferred of compensation. However, the Company makes no representation or warranty of any nature or kind whatever relative to the binding nature of the Plan (except as regards the Company's obligations specified hereunder) with respect to any law, statute, rule,

regulation, decree or like determination and, specifically, without limitation, the Company disclaims any warranty or representation regarding the validity of the Plan or the purpose intended hereunder with regard to any section of any tax code, law, regulation, ruling, statute or decree of any taxing entity of the United States Government or of any of its individual states (including the District of Columbia) or subdivisions thereof.

17. Binding Agreement. The Plan shall be a binding agreement upon and inure to the benefit of the Company, its successors and assigns and, upon adoption by the Executive through execution of a Deferral Agreement, the Plan shall be a binding agreement upon the Executive and his/her Beneficiaries, heirs, executors, administrators and legal representatives.

18. Applicable Law. The Plan shall be construed in accordance with and governed by applicable federal laws and the laws of Utah.

IN WITNESS WHEREOF, the Company has executed the Plan effective as of the date written above.

"COMPANY"

Merit Medical Systems, Inc.

By _____

Title _____

2000

ANNUAL

REPORT

MERIT MEDICAL SYSTEMS, INC.

Table of Contents

Presidents's Letter

Products & Technology

Management's Discussion & Analysis

Financial Information

Corporate Information

	Year Ended December 3 1 ,				
	2000	1999	1998	1997	1996
Operating Data:					
Net Sales	$91,477,512	$77,959,576	$68,377,357	$60,579,011	$50,455,766
Gross profit	30,624,053	30,041,761	25,943,484	22,812,895	21,136,149
Income before income taxes	773,845	4,761,429	4,290,346	1,775,516	3,630,152
Net income	826,557	3,225,590	2,451,159	797,532	2,162,608
Net income per share	$0.11	$0.43	$0.33	$0.11	$0.31
Weighted average shares outstanding (diluted)	7,860,905	7,565,673	7,488,225	7,369,668	7,051,911
Balance Sheet Data:					
Working capital	$32,447,007	$33,933,698	$15,779,725	$14,737,971	$12,761,211
Total assets	71,446,631	72,360,469	50,664,786	45,269,678	41,718,553
Long-term debt	24,011,778	27,817,308	3,388,835	3,913,686	4,822,126
Stockholders' equity	$34,772,702	$32,690,136	$29,086,368	$25,802,149	$22,487,123

ABOUT THE COVER

Merit Medical has emerged from a difficult year in 2000 into a very bright positive operating and safe environment. Small-cap health care stocks appear to be favorably positioned as an anti-recession vehicle.

Corporate Headquarters
Merit Medical Systems, Inc.
1600 West Merit Parkway
South Jordan, Utah 84095
801-253-1600
www.merit.com

PRESIDENT'S LETTER

Dear Fellow Shareholders:

2000 was the worst of times and it was the best of times. I could spend a great deal of time in this report analyzing our lower results, but I think we have done that sufficiently during the year. As discussed in our conference calls, news releases and quarterly reports, our expectations for sales were too high, we built too much inventory, and we were too highly staffed, which created operating inefficiencies. Indeed, our revenues experienced a 17 percent gain to $91.45 million in 2000 from $77.96 million in 1999, and we saw good growth in several of our product lines. These included inflation devices, which grew by 7 percent; catheters, which grew by 174 percent; and stand-alone products (those not sold in kits), which grew by 24 percent.

The costs associated with higher inventories, including debt service and inventory management issues, resulted in much lower profits for Merit. In addition, one of our large customers ceased business operations, resulting in a charge to our operating income of $340,000, or $0.03 per share. Net income was $827,000, or $0.11 per share, compared with $3.23 million, or $0.43 per share in 1999. With these results behind us, I would like to focus on the future and what we are doing to bring value to our shareholders. We have spent the entire year improving efficiencies in operations while continuing to develop differentiating products and build sustainable competitive advantages in each of our product groups. These improvements are resulting in the dawn of a very successful year for Merit in 2001.

REDEFINING OUR BUSINESS

We made tremendous progress in re-evaluating and improving the processes by which we conduct our business-including labor, overhead and materials. Each one of these three broad categories of business management was redefined within the meaning of Merit's corporate philosophy and modified from the top down. In the first quarter of 2000, we began to make changes in our manufacturing processes. Since that time, we have adopted an automated packaging process, standardized our labeling, re-evaluated our packaging materials, and increased the efficiencies of product flow between facilities. In addition, in order to help drive efficiencies going forward, we have adopted a new, goal-oriented employee compensation plan based on performance and cost-saving achievement.

INCREASED PRODUCTIVITY

Within the labor and overhead categories, it was determined that in order to rapidly reduce inventories, product had to be built at a pace slower than sales, which required a lower headcount. Therefore, we chose not to replace hourly staff as they left the Company for other opportunities. In addition, in June of last year, we made a decision to formally reduce our staff by 23 people, mostly from middle management, which on an annualized basis will save Merit over $1 million in labor and overhead costs each year.

The result of this gradual reduction in our workforce throughout the year was a headcount of 1030 at the end of 2000 compared with 1270 in December 1999. Averaging the headcount over the year, the net reduction was 100 fewer people than in 1999, which yielded a direct-labor and overhead savings of approximately $1.4 million. We accomplished this staff reduction while sales increased by 17%.

This gradual slowing in our workforce numbers also coincided with a drop in inventory by year's end of approximately $2.3 million, and $1.3 million of that was accomplished in the fourth quarter. Along with inventory reductions, inventory turns have begun to increase from 2.1 times in 1999 to 2.3 times in 2000. It is our goal this year to increase inventory turns to at least 2.7.

Once we began to see in the third quarter that our efforts in labor and overhead were beginning to produce results, we turned our attention to the ways in which raw materials were purchased and our products distributed. First of all, we decided to change our approach to the Canadian marketplace, which operates within a national health care system, and we secured the services of a distributor rather than using direct sales representatives. This decision began to yield immediate rewards that have continued through the beginning of 2001. We have also greatly strengthened our commitment to support and train not only our domestic sales force but the international sales force and worldwide distributors as well. This increased effort should reward us with increased sales of our products going forward.

Another area of emphasis is the renegotiation of contracts for raw materials purchases. Due to continued pricing pressure on its products, Merit is developing new partnerships with its vendors to reduce costs and implement just-in-time raw material deliveries. This program already is underway and is beginning to show rewards.

OTHER COST-CUTTING MEASURES

A close scrutiny of our entire organization has yielded many areas for

potential cost reduction. For example, even this annual report was produced differently, saving over $5,000 from last year. Last year as a result of lower inventory and other cost-related savings, we were able to reduce debt substantially, particularly in the fourth quarter. We made considerable progress in this regard in 2000, and particularly in the fourth quarter. As of December 31, 2000, the Company had reduced its long-term debt to $24 million from $31 million in August 2000. Since the beginning of 2001, long-term debt has been reduced by an additional $4 million. Merit's strategy to reduce long-term debt will result in less business risk, increased available capital for growth, and lower interest costs. It is our strategy to continue to reduce our debt, which will have an immediate and long-lasting impact on the value of the company.

ALLIANCES AND PARTNERSHIPS

We are conducting our business in a highly competitive arena, particularly in terms of pricing. Device manufacturers have continued to experience pressure from managed care buying groups to reduce prices, while attempting to maintain margins. Changes we made last year such as greater efficiencies in manufacturing, materials purchasing and handling, and reductions in inventory and headcount will have a positive impact on our financial results in 2001. We believe that substantial annual savings are still available in the cost-of-sales area, which will help continue to increase our gross margins.

Last year we also made some new product decisions that should be of tremendous value going forward. During the year we took on a distribution agreement for the PercuStay(R), a drainage catheter fastening device; and we signed licensing agreements on the Arrowood patent for a radial artery compression device and with Specialized Medical to manufacture and market a safety needle. We are one of only a few companies that will offer a needle with safety features to prevent inadvertent needle punctures, which was mandated in November 2000 by the Needlestick Safety and Prevention Act.

In addition to new distribution and development agreements, we introduced several new products that add to Merit's offering: a complete line of vessel-sizing catheters used in radiology procedures to repair damaged arteries

and veins; an 8ml syringe for contrast media injection; a new hemostasis valve, the Inspector(R); the ShortStop(R), a temporary sharps holder; and our new DeVos manifold with a proprietary, integral flow-control valve. Sales of these products did well and helped provide us with the solid revenue growth we sustained during the year, particularly the new vessel-sizing catheters, which are discussed in the Product and Technology section.

We have accomplished all the above in a marketplace that has accelerated its demands for cost cutting and productivity, while that market is growing only by modest, single-digit rates. Merit has built an outstanding reputation with its customers, based on quality products and customer service that benefit the treatment of patients. With new, innovative products in development, we believe we are addressing both physician and patient needs in an ever-changing environment.

To this point, value to the shareholders has been missing at the level we believe is possible. However, we beleive that our projects this year, as well as all the internal improvements we have made, will yield outstanding value in terms of financial performance. Already, as I write this letter to you, we are for the first few months of the year consistently ahead of plan, which bodes well for the prospects of this year. We can't anticipate every problem; however, the momentum we are gaining should be more than sufficient to overcome most obstacles. Merit is a much stronger, leaner company than it was last year at this time, and we are still making adjustments to all areas of our corporate structure as the need arises.

The future for Merit Medical is bright. Many opportunities for growth exist despite adverse conditions in the marketplace. It was an unfortunate year; but looking forward, I believe we will be able to say in the next year's annual report that it was a good year. I sincerely appreciate the faith, patience and loyalty you, as shareholders, have had in Merit these last several years. It is with great enthusiasm that our entire organization and I look forward to bringing Merit to its full potential in 2001.

Best personal regards,

/s/ Fred P. Lampropoulos

Fred P. Lampropoulos
Chairman and Chief Executive Officer

PRODUCTS AND TECHNOLOGY

DIAGNOSTIC CATHETERS

Merit Medical has completed its first full year of marketing the line of diagnostic radiology and cardiology catheters it acquired from Mallinckrodt Inc. in mid-1999. These types of catheters are used by hospitals worldwide to perform angiograms. There are approximately 8 million of these essential procedures performed each year worldwide, representing a market of approximately $7 billion. Diagnostic angiography catheters continue to be the tool most widely used by physicians in the diagnosis of patients with vascular disease.

An angiogram involves the injection of radiopaque fluid, or contrast media, into a patient's artery or vein. A picture from an X-ray machine called a fluoroscope is taken of a location within the blood vessel, and a skilled physician then can determine the nature, severity and precise location of plaque deposits, blockages, aneurysms, and other abnormalities.

The standard method for inserting these long, thin catheters has been through a puncture made in the patient's femoral artery, located in the groin area. The catheter is threaded up through the vascular system to either the heart or another area of the body. Within the last few years an insertion technique through the radial artery in the wrist has become more popular. This is because the opening made is much smaller and therefore easier to close, resulting in less blood loss, shorter hospital stay and faster recovery time for the patient. As an adjunct to the radial procedure, last year Merit secured the licensing rights for a new product, the RadStat(R), a radial artery compression device. Market research tests of the RadStat have provided positive feedback in terms of stopping bleeding from the wound after the procedure. The RadStat was introduced in early 2001. With margins substantially above corporate averages, this new product should be a solid contributor to corporate profits.

The acquisition of the diagnostic catheter line enables Merit to expand its capabilities and technological know-how for catheter-related projects such as extrusion, tipping, catheter coating, wire braiding, and other technologies. Areas where the Company has utilized this new technology include pigtail angiography catheters for both adults and infants; pericardiocentesis catheters, which drain excess fluid from around a patient's heart; vessel-sizing catheters, which help physicians diagnose and repair damaged blood vessels; and drainage catheters.

Merit's sales of its diagnostic catheters have been encouraging this last year. In this competitive market, Merit has deemed it necessary to improve the quality of this product line in order to grow its business. A substantial portion of Merit's research and development efforts this past year have been focused on these improvements, which should appear in the marketplace sometime in mid-2001. All of Merit's know-how, together with its already substantial abilities in catheter-related areas, is being combined into a new Center of Excellence for catheter technology located in our Angleton, Texas facility. We expect this will result in greater manufacturing efficiencies and higher corporate profits.

VESSEL-SIZING CATHETERS

Leveraging off its catheter expertise, last year Merit Medical launched a new line of catheters used to measure the internal diameter and length of either an artery or vein. Vessel-sizing catheters are used in a variety of procedures, including angioplasty, embolization, abdominal aortic aneurysm (AAA) grafts, and vena cava filter placements. It is estimated that the worldwide market potential for these catheters is in excess of $5 million per year, and growing rapidly.

These catheters have special marker bands that are spaced at a known distance apart to enable physicians to calculate the vessel size. With this critical information, the physician can determine what size of vascular graft,

venous filter or other treatment is needed. A precise measurement is necessary in order that the graft or filter fits well to prevent migration toward the heart or into other areas of the body.

The AAA stent-graft market is growing very rapidly, due primarily to the September 1999 approval of this minimally invasive procedure by the U.S. Food & Drug Administration. In the fourth quarter, Merit introduced its new 20-band vessel-sizing catheter used specifically for measuring the aorta during a AAA stent-graft procedure. IMS sales data suggests that Merit is now the market leader in the 20-band catheter market used primarily for the AAA stent-graft procedure. The 20-band catheter has decided advantages over other catheters, such as its high radiopacity, making it easier to see under fluoroscopy, a very smooth transition from the catheter body to the platinum bands, as well as a highly kink-resistant catheter body.

Prior to approval for this procedure, physicians had to perform open-abdominal surgery to remove a section of the diseased artery and replace it with a man-made graft. Today, physicians can insert a catheter through an artery or vein and measure it, insert a stent-graft or filter, deploy the device, and withdraw the catheter. Following a closure procedure, the patient usually recovers within a few days, rather than a few weeks.

DIGITAL INFLATION TECHNOLOGY

Merit believes in product innovations that contribute to the physician's skill and improve clinical outcome. Innovation and new technology adds to existing clinical potential, and expands it into new dimensions once thought impossible. Last year, Merit introduced a new standard in digital technology with the IntelliSystem(R) II monitor, inflation devices and accessories.

There are approximately 2 million angioplasty and stent placement procedures performed each year worldwide. Merit has achieved and sustained a world market leadership in balloon inflation devices and accessories for angioplasty and stent placement by adapting its technology to physician demand. In order to continue the growth of Merit's core inflation business, it developed a more sophisticated, digital technology for measuring inflation pressures.

The patented IntelliSystem II color monitor is the most advanced on the market and gives physicians several highly desirable options. For example, its large touch screen and display readout make it possible for everyone in the clinical setting to know at a glance how the patient is responding to the procedure. The screen also instantly displays positive or negative pressure by changing color, and the user can choose to enlarge the graphing capability to observe extremely subtle changes in pressure measurements. The IntelliSystem II enhances global flexibility by enabling the user to manually select the monitor to display in four different languages.

As the product life cycle for the inflation device has matured, this highly sensitive display monitor has enhanced sales by opening up new realms of use by physicians. For example, in 1999 physicians in pain clinics began using Merit's inflation devices for a diagnostic spinal procedure called discography, causing sales for inflation devices used in discography to double from 1999 to 2000. In addition, other physicians use Merit's inflation device to inflate and measure pressure in a tiny balloon to treat a painful facial disorder called trigeminal nerve compression.

Merit is the only company that has digital technology sensitive enough to show the minute changes going on in these procedures. Merit's sales of inflation devices have grown steadily over the last two years due to expanded physician acceptance and use. The increased use of drug-coated stents to reduce restenosis (re-closure of the artery) is also contributing to growth rates for Merit's digital technology.

SAFETY PRODUCTS

Merit Medical is committed to improving safety in the clinical setting by designing medical products that minimize errors and the exposure of healthcare workers to "sharps" (needles, scalpels and other sharp tools), and the associated vulnerability to blood and blood-borne pathogens. Syringes and

needles need to be handled with extreme caution to avoid accidental skin puncture, aerosol generation, or inadvertent medication errors.

In the past few years as the awareness of the potential danger of blood-borne pathogens and the safety of both clinicians and patients has become more apparent, Merit Medical has responded to customer needs by launching new products that address specific safety concerns. Merit's safety products have experienced double-digit sales growth over the past year, confirming customer acceptance.

SAFETY NEEDLE

In November 1999, OSHA issued a compliance directive that "mandates the use of safer medical devices to help reduce needle sticks and other sharps injuries." The Needle Stick Safety and Prevention Act was passed unanimously by Congress and signed by President Clinton on November 6, 2000 (published in the Federal Register in January 2001, and effective April 2001). As mandated by this Act, OSHA has revised its blood-borne pathogens standard to clarify the need for employers to select safer needle devices as they become available and to involve employees in identifying and choosing the devices.

In the first quarter of 2001, Merit signed an exclusive worldwide agreement with Specialized Health Products to manufacture and sell safety needle devices for angiographic guide wire introducers. The new safety needles are being developed in response to the Needlestick Safety and Prevention Act. There

are more than 5 million unprotected angiography needles used in the United States each year and approximately 5 million more for the rest of the world. Merit believes the new safety device will more than double the volume of its needle sales.

ShortStop(R) Temporary Sharps Container

The ShortStop is a small, adhesive-based container that fits unobtrusively on the back table in a clinical lab. It is used for the temporary containment of needles and other sharps and provides a viable alternative to minimize the potential of inadvertent needle sticks. Merit's sales of this device grew 45 percent in 2000.

MEDALLION: COLOR-CODED AND PRINTED SYRINGE

In response to the growing concern of medication errors, one of the first products Merit introduced was the Medallion color-coded syringe. These perfectly clear, colorful syringes have the name of the medication printed on the barrel to minimize medication errors in the clinical setting. Additionally, physicians can color-code their medications to further prevent medication errors. The Merit Medallion syringe is a cost-effective product for those health care workers who value safety. Merit's sales of this syringe grew by 14 percent in 2000.

MERIT DISPOSAL DEPOT (MDD): CLOSED-WASTE MANAGEMENT SYSTEM

Merit's disposal depots are totally closed-fluid systems that transport waste away from the patient procedure in a safe, convenient way. OSHA's "Occupational Exposure to Blood-Borne Pathogens Standard" was designed to protect approximately 6 million workers in the health care and related fields from the risk of exposure to blood-borne pathogens, such as HIV and hepatitis. Handling and manipulation of blood and other biological fluids requires the use of precautionary measures. The MDD closed-waste system is a cost-effective, simple way to satisfy OSHA guidelines in managing blood waste. Sales of this product grew 10 percent in 2000.

BACKSTOP: COVERED WASTE BASIN

An additional OSHA standard states, "All procedures involving infectious material shall be performed in such a manner as to minimize splashing, spraying and splattering of droplets of these substances." The unique design of Merit's Backstop reduces the risk of blood splattering commonly seen in traditional open bowls used on the back tables of radiology and cardiology labs. Sales of the BackStop grew by 13% in 2000.

MBA HEMOSTASIS VALVE

In 1999 Merit introduced a unique hemostasis valve, the MBA, which reduces blood loss to just a few drops during exchange of catheters, guide wires, and other tools used during diagnostic and interventional procedures such as angiography and angioplasty. Standard hemostasis valves, when opened to insert a catheter or other instrument, allow free blood flow, causing occasional severe patient blood loss and unnecessary exposure to blood-borne pathogens by the clinicians. Introduced in 2000, the sales of Merit's MBA valve expanded on an annualized basis by 83%.

DRAINAGE PRODUCTS

Leveraging off Merit's existing catheter technology and know-how, the Company has been investing heavily the past year in a new line of drainage products. In particular, Merit signed a licensing agreement with Derma Sciences for the PercuStay and related catheter fastening devices which Merit introduced in the third quarter of last year. The drainage line also includes the MDD disposal bag that is discussed above in the Safety Products section, a 60cc VacLok syringe, a large-bore stopcock and the flagship product, a line of drainage catheters. Many of these products were introduced in 2000, while others, like the catheter line, remain in the development cycle for introduction later this year or 2002. These products address a market size of approximately $90 million worldwide annually, and the catheter line should provide Merit with considerable growth in the years ahead.

Merit's investments in new product development, product acquisitions and licensing agreements have created a favorable opportunity for growth this year and next. Merit is rapidly becoming the world leader in ancillary products for diagnostic procedures in cardiology and radiology laboratories around the country. The advent of new stenting techniques and the aging population will continue to drive the sale of Merit's products in the years to come.

CORPORATE INFORMATION

EXECUTIVE OFFICERS
Fred P. Lampropoulos
Chairman, President/Chief Executive Officer

Kent W. Stanger
Secretary-Treasurer, Chief Financial Officer

Leigh Weintraub
Chief Operating Officer

Brian L. Ferrand
Vice President, Sales

Sherwood Securities, Inc Dougherty & Co., Inc.

BOARD OF DIRECTORS

Fred P. Lampropoulos
Chairman, President/Chief Executive Officer

Kent W. Stanger
Secretary-Treasurer, Chief Financial Officer

Rex C. Bean, Private Investor
Ogden, Utah

Richard W. Edelman
Managing Director and Dallas Branch Manager
Sanders Morris Harris
Dallas, Texas

James J. Ellis, Managing Partner
EIlis/Rosier & Associates
Dallas, Texas

ANNUAL MEETING All shareholders are invited to offend our Annual Meeting on Wednesday, May 23, 2001 at 3:00 p.m. at the Company's corporate offices in South Jordan, Utah.

STOCK TRANSFER AGENT/REGISTRAR
Zions First National Bank
Stock Transfer Department
P. 0. Box 30880
Salt Lake City, Utah 84130

PRIMARY MARKET MAKERS

Piper Jaffray Cos., Inc.	Spear, Leeds & Kellogg
Knight Securities L.P.	Wilson-Davis & Co., Inc.
Dain Rauscher, Inc.	Investec Ernst & Company
Schwab Capital Markets	Olsen Payne & Company
Herzog, Heine, Geduld, Inc.	Sutro & Co., Inc.
Sherwood Securities, Inc.	Wien Securities Corp.

MARKET INFORMATION The Company's common stock is traded on the NASDAQ National Market System under the symbol "MMSL" As of December 31, 2000, there were 7,788,208 shares of common stock outstanding. The following chart sets forth the high and low closing sale prices for the Company's common stock for the last two years:

High Low

Michael E. Stillabower, M.D.
Chief, Cardiology, Christiana Care Health Systems;
Member, Cardiology Consultants PA
Wilmington, Delaware

CORPORATE OFFICES
Merit Medical Systems In
1600 West Merit Parkwa
South Jordan, Utah 84095
(801) 253-1600

INDEPENDENT ACCOUNTANTS
Deloitte & Touche LLP
Salt Lake City, Utah

LEGAL COUNSEL
Parr Waddoups Brown Gee & Loveless
Securities/General Counsel
Workman, Nydegger & Jensen
Patent Counsel

FORM 10-K Merit Medical Systems, Inc. filed an annual report on Form 10K with the Securities and Exchange Commission for the fiscal year ended December 31, 2000. A copy may be obtained by written request from Kent W. Stanger, Secretary, at the Company's offices.

2000		
First Quarter	$11.00	$6.69
Second Quarter	10.13	4.00
Third Quarter	6.88	5.38
Fourth Quarter	7.00	5.50
1999		
First Quarter	$ 6.88	5.00
Second Quarter	6.00	4.75
Third Quarter	8.50	4.75
Fourth Quarter	7.63	5.88

As of March 30, 2001, the Company had approximately 200 shareholders of record, not including shareholders whose shares are held in securities position listings.

The Company has never declared or paid any cash dividends on its common stock. The Company intends to retain any earnings for use in its business and does not anticipate paying any cash dividends in the foreseeable future.

INVESTOR RELATIONS CONTACT Nancy Schultz, Director, Corporate Communications (801) 253-1600

FOR MORE INFORMATION, CONTACT Kent W. Stanger, Chief Financial Officer Merit Medical Systems, Inc. (801) 253-1600

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-48227, 33-46964, 33-10509, and 333-92053 of Merit Medical Systems, Inc. on Form S-8 of our report dated February 23, 2001, appearing in this Annual Report on Form 10-K of Merit Medical Systems, Inc. for the year ended December 31, 2000.

Our audits of the financial statements referred to in our aforementioned report also included the financial statement schedule of Merit Medical Systems, Inc., listed in Item 14. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Salt Lake City, Utah
March 29, 2001