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, 2001 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 Identi-fication 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 [X] No [ ]

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 27, 2002, was approximately $198 million. 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 27, 2002 the Registrant had 10,807,928 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, 2002 (Part III).

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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, product liability claims, 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 safety products 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 both stand-alone products in combination with custom kits have increased as additions have been made to the Company's product lines. In 2001, approximately 53% of the Company's sales were made directly to U.S. hospitals and approximately 24% of sales were made to custom packagers, distributors and O.E.M. companies who also distribute to U.S. hospitals. Approximately 23% of the Company's sales in 2001 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 Merit Sensor Systems, Inc. (formally Sentir), a California-based manufacturer of silicon sensors, and during 1999 the Company purchased the remaining interest. The Company also has established subsidiaries in Ireland, Germany, France, the United Kingdom, Belgium, and 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), Smart Tip(TM) and Inject8(TM)), inflation devices (Intellisystem(R), Monarch(R), Basix(R), 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), Backstop(R) and ShortStop(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(TM) Contrast Management System(TM)), angiography needles (Majestik(R) Series, Majestik(R) Sheilded needle), 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(R)), diagnostic angiographic pigtail catheters, diagnostic cardiology and radiology catheters, (SofTouch(R) and Performa(R)) sheath introducers (DialEase(TM)), diagnostic guide wires (Inqwire(R)), and RadStat(TM). These products are sold separately and in custom kits consisting primarily of selected combinations of products.

The Company has not experienced any significant 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 and Angioplasty Accessories.

Inflation devices are large, specialized syringes used in interventional catheterization procedures to inflate balloon-tipped catheters. Each of the Company's inflation devices 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 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 internal pressure transducer which connects to a monitor outside of the sterile field. The IntelliSystem monitor measures, times, records, and digitally displays information concerning the pressure, duration and number of each inflation and deflation of the angioplasty balloon. The Company believes that electronic sensing 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(TM) color monitor is an advanced balloon inflation system. It gives physicians several highly desirable options, including: a large touch screen, an instant readout of positive and negative pressures, and an enlarged graphing display to show extremely subtle changes in pressure measurements. In addition the 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(R) is a disposable inflation device which digitally displays data concerning pressure and duration of inflations and deflations on a small digital readout mounted on the barrel of the inflation syringe. The small monitor does not offer the same display, storage or printing capabilities of the IntelliSystem & IntelliSystem II(TM) but offers the convenience of portable digital operation. In 2002 Merit will launch a 30 atmosphere version to provide clinicians with additional options.

The Basix(R) 25 and the new BasixCOMPAK(TM) are disposable inflation syringes which incorporate a conventional analog pressure gauge mounted on the barrel of the inflation syringe. The Basix(R) 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(R) and BasixCOMPAK(TM) represent a significant addition to its line of inflation devices that will contribute to increased sales where both clinical outcomes and price are a priority.

Hemostasis Valves.

The MBA(TM), Passage(R), AccessPlus(TM), Double Play(TM), and the Inspector(R) 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(TM) connectors. The devices differ in size and function. The MBA(TM) features a valve mechanism that minimizes blood loss during exchange of wires, catheters and other tools through the valve. The Access Plus(TM) and Access 9(TM) are large-bore configurations. The Double Play(TM) incorporates a double "Y" configuration for kissing-balloon techniques. The Inspector(R) is a single-lumen, flow-through configuration.

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.

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 model, Inject8(TM). In response to customer demand, Merit launched latex-free control syringes in 1998.

60ml VacLok(R).

The 60ml VacLok(R) syringe is used to create negative pressure. There are many clinical applications for a negative pressure syringe, including: abscess drainage and biopsy, balloon preparation, nephrostomy drainage, and more.

Large-Bore Stopcock(TM).

The large-bore(TM) stopcock launched in 2001 is designed to facilitate movement of fluid. The large internal diameter (0.120") is ideal for moving drainage fluid from the body. Like all Merit stopcocks, the large-bore version incorporates a clear body for easy visualization and a large, easy-to-manipulate handle.

Percu-Stay(R) - Catheter Fixation Device.

Percu-Stay(R) is a one piece catheter tube securing device and site dressing for percutaneous drainage sites. The product provides a comfortable, low-profile fixation device for catheters and tubes. The device is used in interventional radiology, special procedures, cardiology, urology, home health care, and skilled nursing facilities.

MDD600(TM).

The Merit Drainage Depot(TM) was launched in 2001 and is specifically designed to temporarily collect fluids. It incorporates a drainage spout for quick and easy fluid disposal. It incorporates an internal anti-reflux valve to help prevent fluid from backing up the line. The bag also comes packaged with an adjustable Velcro strap that can be used to attach the device to the patient's waist or leg.

Specialty Syringes.

Merit's Medallion(R) syringes, a line of disposable, latex-free, color-coded specialty syringes, are used for injection of medications, flushing 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 minimizes medication errors by allowing a clinician to assign a color for each medication to be dispensed and to differentiate syringes by their contents. The syringes also can be custom printed to the specifications of the user. 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(TM) Connectors.

During angiographic and diagnostic radiology procedures, contrast media must be injected through a catheter into a patient's artery or vein. 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(TM) 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(TM) 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(TM) 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. The Company has designed its own manifold consisting of two, three, four or five valves. When compared to manifolds sold by competitors, 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. The Merit Manifold is sold separately but is also a key component of the Company's custom kits.

RadStat(TM) Radial Artery Compression Device.

The RadStat(TM) Radial Artery Compression Device is intended to be used to apply direct pressure to the radial artery puncture site after diagnostic and interventional procedures. In addition to rapid controlled hemostasis, the RadStat(TM) immobilizes the wrist comfortably, permitting rapid patient ambulation.

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 in a closed system and collects waste materials such as blood and other fluids during angioplasty or other procedures. The Merit Disposal Depot(TM) is self-contained for ease of disposal and reduces the risk of contamination. The Backstop(R) is a unique and proprietary alternative fluid disposal basin designed to reduce exposure to blood-borne pathogens. In 2002 Merit will launch the DugOut(TM), a large volume (1000 ml) line extension to the Backstop(R). The DugOut(TM) also contains an additional compartment for the storage of accessories.

Marquis(TM) Series Stopcock.

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

Contrast Management Systems.

The Miser(TM) and the In-Line(TM) Contrast Management System have been designed to increase catheterization lab efficiencies by reducing contrast media waste. This small system helps save hospitals thousands of dollars a year in wasted contrast.

Majestik(R) Angiographic Needles.

The angiography needle creates the percutaneous (through the skin) access site for virtually all invasive diagnostic and interventional procedures performed in cardiology and radiology. The needle provides the initial point of entry site for the introducer sheath, guide wires, catheters and any other interventional devices. The Merit Majestik(R) Needle helps the physician achieve precision vascular access with one of the sharpest angiography needles on the market.

Majestik(R) Shielded Angiography Needles.

The needlestick safety and prevention act that passed in November 2000, requires healthcare employers to document their exposure control plan and evaluate safety-engineered products to protect clinicians. In 2002 Merit will launch a new line of shielded, 18-gauge angiography introducer needles that meet the requirements of the law. The Majestik(R) shielded needle will be one of the first safety-engineered devices designed to promote safer needles in cardiology and radiology.

Fountain(R) and Mistique(TM) Infusion Catheters.

Vascular occlusion is a common anomaly and affects millions of patients each year. Both the Fountain(R) catheter and the Mistique(TM) catheters deliver therapeutic solutions to dissolve thrombolytic occlusions (blood clots) in peripheral arteries, hemodialysis grafts and deep veins. The Fountain catheter utilizes an occluding wire to effectively block off the end hole and direct the infusion therapy uniformly through the laser-drilled side holes. The Mistique(TM) is designed to be used over standard 0.035 or 0.038 guide wires to block off the end hole and direct the infusion therapy uniformly through the side holes.

InQwire(R) Diagnostic Guide Wires.

Guide wires consist of a small-diameter wire tightly wrapped in a coated wire coil. The technology needed to produce these wires is considerable, and Merit utilizes its guide wire center of excellence in Ireland to manufacture the Inquire Diagnostic Guide Wire, as well as PTCA guide wires. Guide wires vary in length, outside diameter and tip configuration, and are used to place either a diagnostic or therapeutic catheter into a patient's heart artery or other area of the body.

Tomcat(TM) Interventional PTCA Guide Wires.

Tomcat(TM) PTCA 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.

RingMaster(TM).

The RingMaster(TM) guide wire basin, launched in 2001, allows clinicians to conveniently store guide wires to maintain sterility and organization. It separates wires for quick selection, uses less table space than conventional basins because it's stackable and it helps keep wires hydrated throughout the procedure.

KEEP(TM).

The Merit KEEP(TM)is an accessory organizer that holds and organizes guide wires, catheters and tubing.

Performa(R) Introducer Sheaths.

Introducer Sheaths are used to create the access through which guide wires and catheters are passed into the vasculature. Most sheaths incorporate a valved hub to minimize bleeding, and a side port for drug delivery, pressure monitoring and standard flushing.

Vessel Dilators.

Dilators are used to dilate puncture sites. They are commonly used in Radiology and Cardiology over a 0.035" or 0.038" guide wire to dilate the site prior to placing sheaths and catheters in the femoral artery.

Squirt(R) Fluid Dispensing System.

The Squirt(R) fluid dispensing system is a unique and proprietary product designed specifically for therapeutic infusion for controlled, accurate and consistent fluid delivery. Some Fountain catheter configurations contain a Squirt(R) packaged with it.

DialEase(R) Introducer Sheath.

The DialEase(TM) Sheath is a short introducer ideally suited for dialysis graft intervention. It is commonly used in conjunction with the Fountain(R) and Mistique(TM) therapeutic infusion catheters to declot dialysis grafts.

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, (Teflon(R)), high-flow, pigtail angiographic catheters ideally suited for smaller patients.

Pericardiocentesis.

On occasion, the pericardial sack surrounding the heart becomes filled with blood or fluid. To remove the fluid and the potential for heart strangulation (tamponade), a catheter is placed in the pericardial sack to drain the excess fluid. Merit offers a complete pericardiocentesis kit which combines a high-flow drainage catheter with virtually all components needed to place the device in the pericardial sack. The kit combination saves the physician both time and money by having all components in one convenient tray.

One-Step(TM) Centesis Catheter.

The One Step(TM) Catheter launched in the first quarter of 2002 is intended to be used for short-term centesis procedures. It incorporates a luer-locked introducer needle for secure, one-handed placement. The tip of the introducer needle is echogenically enhanced for visualization during ultrasound-guided placement. The transition between the catheter and needle is perfectly smooth to facilitate insertion.

Resolve(TM) Universal Drainage Catheter with Locking Pigtail.

The Resolve(TM) Universal Drainage Catheter with locking pigtail and hydrophilic coating will be another key addition to Merit's offering of drainage catheters and accessories in 2002. It is intended for percutaneous drainage of body fluids where a locking pigtail is required for extended catheter placement. With the unique, patented pigtail release mechanism there is no need to cut the catheter for removal and exchange. With a new hub design, the clinician can close the hub and lock the pigtail with one hand. There is no longer a requirement to wind a locking suture around the hub to keep the pigtail locked in place.

Resolve(TM) Universal Drainage Catheter with Non-Locking Pigtail.

The Resolve(TM) Universal Drainage Catheter with non-locking pigtail will also be launched in 2002. It is a standard drainage catheter that will round out the Merit offering of drainage products.

Meritrans(R) Pressure Transducer and Accessories.

Diagnostic blood pressure monitoring is a critical priority in virtually all diagnostic and interventional procedures. The Meritrans(R) 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 vital component of many custom kit configurations. Pressure Monitoring Tubing and Stopcocks are common ancillary products to complement the Meritrans(R). Merit provides several reusable accessories to support the Meritrans(R). The Merit Mentor(TM) is a transducer calibration and troubleshooting device to insure accuracy and repeatability of physiologic pressure measurements. Reusable transducer cables connect the Meritrans(R) to the bedside monitor. Organizing brackets hold multiple transducers to beds and IV poles.

Pressure Infusor Bag.

In 2001 Merit signed a distribution agreement for a line of Pressure Infusor Bags. These devices are used hospital-wide to apply pressure to a sealed bag of fluid, such as IV solutions or blood products. The pressure exerted is shown by a color-coded pressure gauge, and the device has a valve that releases pressure to prevent inadvertent over-pressurization.

ShortStop(R).

In 2000, Merit introduced the ShortStop(R), a small, temporary sharps 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 help prevent inadvertent clinician injury.

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 preassembled form. Custom kits also provide cost savings over purchasing single products and reduce the hospital's administrative costs associated with maintaining inventory of individual, sterile products.

Universal Fluid Dispensing Syringe.

In 1997 the company received 510(k) approval from the U.S. Food and Drug Administration ("the FDA") for use of its digital inflation devices (Intellisystem(R) and Monarch(R)) for a wide range of additional clinical applications such as discography, esophageal dilatation, trigeminal nerve compression, and retinal detachment. Universal fluid dispensing syringes incorporate 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 pressure. Each syringe also provides a clear view of the fluid path that simplifies debubbling and contributes to accurate measurement of pressure. When used in other clinical applications such as discography, the IntelliSystem(R) accurately dispenses fluid while documenting and graphing pressures in the disc. The Company believes that electronic sensing display of such information is much more accurate and precise than the tactile feel of standard syringes and that which can be obtained from conventional analog gauges. The data is stored and may be displayed, retrieved, graphed and printed.

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, legs, 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 adult vessel-sizing catheters, which are used by radiologists to measure the internal diameter and length of a blood vessel under fluoroscopy. Procedures in which these catheters are used include angioplasty, embolization, abdominal aortic aneurysm (AAA) stent-grafts and vena cava filter placements. In 2001. Pediatric vessel-sizing catheters were introduced to complement the line

Guide Catheters.

The Mallinckrodt acquisition brought with it a line of high-quality guide catheters used in cardiology. Coronary angioplasty requires the use of a guiding catheter to place the balloon within the vasculature. The catheter is inserted through a 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 radiopaque dye that is used to provide fluoroscopic visualization during the procedure.

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 with the Company's business, 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, have 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 in 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: drug-coated stents, 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 44 direct sales representatives located in major metropolitan areas throughout the U.S. The Company's sales people are trained by 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., approximately 100 independent dealer organizations and 17 direct sales representatives in Germany, France, the United Kingdom, Belgium, Netherlands, and Ireland presently sell the Company's products. In 2001, the Company's international sales grew by 9% and accounted for approximately 23% 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, technicians and nurses, all of whom 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 where we do not have a direct sales force, independent dealers in medical products resell to hospitals and other customers.

In 2001, approximately 53% of the Company sales were made directly to domestic hospitals, 24% to custom packagers and packers and 23% to international markets. Sales to the Company's single largest customer, a packer, accounted for 7.3% of total sales during the year ended December 31, 2001. Merit manufactures products for other medical device companies through its OEM program. In 2001, OEM sales represented 8.7% of Merit's total revenue.

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 as well as its recently developed and acquired technologies of guide wires and catheters 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 $4,117,839, $3,864,171 and $3,618,041 in 2001, 2000 and 1999, respectively. There was no customer-sponsored research and development. The Company anticipates that its research and development expenses will range between approximately 3% and 4% of net sales for 2002.

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(R) and Monarch(R) 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 Merit Sensor Systems, Inc., which is engaged in development and marketing of silicon sensors. Merit Sensor Systems, Inc. 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; Santa Clara, California; 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 Merit's existing, patented 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. Merit has received 92 issued U.S. and Foreign patents and many more pending. 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(R) inflation device and for displaying, storing and retrieving inflation data. The Company has obtained other patents covering each of its Monarch(R) and Basix(R) inflation devices and additional features of the IntelliSystem(R).

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(R) and Monarch(R) inflation devices in consideration of a 5.75% ongoing royalty, not to exceed $450,000 annually. Royalties paid in each of 2001, 2000 and 1999 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 trade names 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 these 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 and Murray, Utah facilities, for its Galway, Ireland facility, and for its Angleton, Texas facility. The Company has also received the ISO 9002 certification for its Merit Sensor Systems, Inc. facility in Santa Clara, California.

EMPLOYEES

As of March 20, 2002, the Company employed 1,071 persons, including 818 in manufacturing, 112 in sales and marketing, 70 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 10 to the Consolidated Financial Statements incorporated by reference in this report.

Item 2. Properties.

The Company is the owner of approximately 26 acres of real property

situated in the City of South Jordan, Utah, surrounding an additional 10-acre site which includes 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 was constructed to the Company's specifications and is presently 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 a diagnostic 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(R) inflation device and the Company's PTCA guide wire. In 1998 Merit began the manufacture of the hemostasis valve products in Ireland. Toward the end of 2001 the Company finished an R&D project and began manufacturing a new diagnostic guide wire. The property has been improved and equipped on terms favorable to the Company in connection with economic development incentives and grants provided by the Irish Government. This lease is for 20 years at approximately $210,000 per year. The Company also has a purchase option exercisable throughout 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 the production of new products. The leases are for a term of five years with monthly lease payments of approximately $30,000.

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, 2001, furnished herewith to the Commission as Exhibit 13.1 to this Report, is incorporated herein by reference.

Item 6. Selected Financial Data.

(In Thousands except for EPS)

Year Ended December 31,

	2001	2000	1999	1998	1997
Operating Data:					
Sales	$ 104,036	$ 91,448	$ 77,960	$ 68,377	$ 60,579
Cost of Sales	65,938	60,824	47,918	42,434	37,766
Gross Profit	38,098	30,624	30,042	25,943	22,813
Selling, General and Administrative Expenses	24,040	23,300	20,407	17,528	15,727
Research and Development Expenses	4,118	3,864	3,618	3,244	4,446
Severance Costs	--	331	--	--	--
Income from operations	9,940	3,129	6,017	5,171	2,640
Other Expense	938	2,355	1,256	881	864
Gain on sale of land	(786)	--	--	--	--
Income Before Income Tax Expense	9,788	774	4,761	4,290	1,776
Income Tax Benefit (Expense)	(3,052)	53	(1,454)	(1,687)	(945)
Minority Interest in Subsidiary	--	--	(81)	(152)	(33)
Net Income	$ 6,736	$ 827	$ 3,226	$ 2,451	$ 798
Net Income Per Share (Diluted)	$ 0.63	$ 0.08	$ 0.34	$ 0.26	$ 0.09
Weighted Average Shares Outstanding (Diluted)	10,744	9,826	9,457	9,360	9,212
Balance Sheet Data:					
Working Capital	$ 26,911	$ 32,447	$ 33,934	$ 15,780	$ 14,738
Total Assets	66,659	71,447	72,360	50,665	45,270
Long-Term Debt	5,727	24,012	27,817	3,389	3,914
Stockholders' Equity	$ 47,658	$ 34,773	$ 32,690	$ 29,086	$ 25,802

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

OVERVIEW

2001 was by far the most exciting and rewarding year in the history of Merit Medical, particularly on the heels of the challenging year preceding it. The Company has not only achieved a 14% top line growth but improved just about every area of its financial statements, especially the bottom line, up 715% over an albeit "troubled" 2000. Income for 2001 was also up 109% over 1999, the previous best year ever, and within 8% of exceeding the total net income of the previous four years (1997 - 2000).

2001 was a year of great accomplishments and important milestones. To start with Merit passed a major milestone of $100 million in revenues. The Company also passed important milestones in equity market capitalization of first $100 million, and now $200 million. Merit Medical surpassed the milestone of over $100,000 of sales per employee for 2001, up 54% from just two years ago. From January 2000 to February 2002, the Company's revenue has increased over 30% while inventory has dropped over 31%. The preceding two accomplishments, along with our upgraded MIS systems and our new incentive pay system, have worked together to make the Company much more productive. The productivity gains are evident in both the gross margin and SG&A improvements as a percent of sales. Maybe the best milestone of all is that since late August 2000 (in just 19 months), Merit Medical has paid off approximately $32 million in debt and as of March 27, 2002 the line of credit is paid in full. All of these accomplishments and milestones have contributed to a record year for "the bottom line".

So what made this happen and why do we believe it will continue? Higher productivity from all of our employees has come from a Company-wide incentive pay program that compensates each employee for individual, team and Company goals, the benefit from which it shares with the employees. The Company's new Oracle system, now learned, is increasing productivity. Management throughout the Company has learned important lessons from our 1999 to 2000 experiences. Continuing leverage of long-term investments in: (1) product breadth, quality and innovation (2) direct sales force in U.S. and Europe (3) quality systems and facilities.

With the Company's cash flow improving and its debt paid off, it is in the position to take advantage of the many opportunities now becoming available to a company with the market leadership and reputation of Merit Medical. The Company has recently added products to its offerings which "weren't invented here" because Merit is the best option for these products to get the focused exposure they needed. Management believes there are many more opportunities to grow the company in addition to the continued growth of the market in which the

Company sells, and the continued acceptance by the market of the Company's new and existing products, namely in the form of newly acquired products, technologies and/or business that will enhance and leverage further the strong position Merit Medical has achieved.

RESULTS OF OPERATIONS

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

	2001	2000	1999
Sales	100.0%	100.0%	100.0%
Gross margins	36.6	33.5	38.5
Selling, general and administrative	23.1	25.5	26.2
Research and development	4.0	4.2	4.6
Income from operations	9.6	3.4	7.7
Income before income tax expense	9.4	.8	6.1
Net Income	6.5	.9	4.1

Sales increased by $12.6 million, or 13.8%, in 2001 compared to an increase of $13.5 million, or 17.3%, in 2000, and an increase of $9.6 million, or 14.0%, in 1999. The increase in sales for 2001 came from a 19% increase in custom kits, an 18% increase in stand-alone products and a 14% increase in inflation devices. 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 1999 through 2001 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 2001 were approximately $23.8 million, or 23%, compared to $21.8 million, or 24%, in 2000, and $18.3 million, or 24%, in 1999. 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 $10.6 million, $8.6 million and $8.2 million in 2001, 2000 and 1999, respectively.

Gross profit as a percent of sales was 36.6%, 33.5%, and 38.5% in 2001, 2000, and 1999, respectively. The increase in the gross margin percentage in 2001 over 2000 was due primarily to an increase in efficiency and productivity gains by the operations group in the Utah facilities. A lower head count in both direct labor and overhead areas of production contributed to higher productivity. This margin percentage increase is expected to continue into 2002 as demonstrated by the 38.5% gross margin achieved in the fourth quarter of 2001. 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 costs per unit, lower gross margins, and lower bottom-line results. Another important factor negatively affecting 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 $1.1 million and reduced overall 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 eliminated 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.

Selling, general and administrative expenses increased $739,945, or 3.2%, in 2001 over 2000 and $2.9 million, or 14.2%, in 2000 over 1999. 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 the development of new business opportunities such as acquisitions, product distribution agreements, national accounts and the O.E.M portion 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 23.1 % in 2001, from 25.5% in 2000, and 26.2% in 1999.

Research and development expenditures for 2001 were $4.1 million, an increase of 6.6%, compared to $3.9 million for 2000, which was an increase of 6.8%, compared to $3.6 million 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 technology. Research and development costs as a percent of sales were 4.0%, 4.2% and 4.6% for 2001, 2000 and 1999, respectively.

In 2001 higher sales, better gross margins and lower selling, administrative and research costs per dollar of sales combined to increase income from operations (up 218%), income before tax (up 1,066% without the benefit of the sale of land), and net income (up 715% to record levels), compared to 2000.

In 2000, significantly lower gross margins 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 $3.1 million, 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 $6.0 million, up 16.4%. The income tax benefit for 2000 was $52,712, an effective rate of -6.8%. This negative tax rate was due principally to R&D tax credits which the Company was able to realize in the fourth quarter of 2000, including a portion of which related to prior years. Management expects the R&D tax credit to continue to favorably affect the Company's tax rate for 2002 year. The income tax provision for 1999 was $1.5 million, an effective rate of 30.6%. 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, 2001 the Company's working capital was $26.9 million, a decrease of over 17%, representing a current ratio of 3.5 to 1. This decrease was due primarily to the reduction of almost $4.5 million in inventory. The Company had $5.1 million outstanding under its line of credit at December 31, 2001. As of March 27, 2002, the line of credit balance is $0. Merit has financed leasehold improvements and equipment acquisitions through secured notes payable and capital lease arrangements with an outstanding balance of $1.2 million at December 31, 2001. For the year ended December 31, 2001 the Company generated cash from operations in the amount of $18.4 million, the most in the history of the Company, and an increase of 158% over 2000.

The Company has certain commitments related to long-term debt, operating leases, and royalty payments as set forth in Notes 6, 7 and 12 of the Notes to Consolidated Financial Statements.

Historically, the Company has incurred significant expenses in connection with product development 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.

Critical Accounting Policies and Estimates

In December 2001, the SEC requested that all registrants discuss their most critical accounting policies in their MD&A. The SEC indicated that a "critical accounting policy" is one which is both important to the representation of the Company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company bases estimates on past experience and on various other

assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following are the Company's most critical accounting policies:

Inventory Obsolescence Reserve: The Company writes down its inventory for estimated obsolescence for unmarketable products and slow moving products that may expire prior to being sold. If market conditions become less favorable than those projected by management, additional inventory write-downs may be required.

Allowance for Doubtful Accounts: The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The allowance is based upon historical experience. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

The Company principally hedges the Euro. The Company enters into a forward foreign exchange contract 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, 2001 the Company had $5.1 million (2000- $ 23.0 million) of variable rate debt, all denominated in U.S. dollars. Annual interest expense would change by approximately $51,000 for every 1% change in interest rates.

Item 8. Financial Satements and Supplementary Data

DEPENDENT 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, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. 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, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 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 15, 2002
(March 27, 2002 as to the effects of the stock split described in Note 15)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

ASSETS	2001	2000
CURRENT ASSETS:		
Cash and cash equivalents	$ 341,690	$ 412,384
Short-term investments	85,286	--
Trade receivables - net of allowance for uncollectible accounts: 2001 - $408,851; 2000 - $440,275	14,748,021	13,235,858
Employee and related party receivables	266,905	440,654
Irish Development Agency grant receivable	98,081	177,477
Inventories	20,823,616	25,273,428
Prepaid expenses and other assets	514,786	663,101
Deferred income tax assets	723,299	1,183,944
Income tax refund receivable	--	588,640
Total current assets	37,601,684	41,975,486
PROPERTY AND EQUIPMENT:		
Land	1,252,066	1,260,985
Building	1,500,000	1,500,000
Automobiles	91,573	131,036
Manufacturing equipment	23,289,880	19,696,550
Furniture and fixtures	9,963,045	9,576,084
Leasehold improvements	5,659,457	5,420,194
Construction-in-progress	1,738,540	2,120,671
Total	43,494,561	39,705,520
Less accumulated depreciation and amortization	(21,671,501)	(17,860,490)
Property and equipment - net	21,823,060	21,845,030
OTHER ASSETS:		
Patents and trademarks - net of accumulated amortization: 2001 - $1,630,528; 2000 - $1,382,672	2,434,632	2,522,384
Cost in excess of the fair value of assets acquired - net of accumulated amortization: 2001 - $712,760; 2000 - $417,398	4,764,596	5,062,458
Deposits	34,843	41,273
Total other assets	7,234,071	7,626,115
TOTAL ASSETS	$ 66,658,815	$ 71,446,631

Continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

LIABILITIES AND STOCKHOLDERS' EQUITY	2001	2000

CURRENT LIABILITIES:		
Current portion of long-term debt	$ 598,086	$ 1,091,725
Trade payables	4,659,295	4,835,517
Accrued expenses	4,817,595	3,471,039
Advances from employees	128,624	96,778
Income taxes payable	486,763	33,420
Total current liabilities	10,690,363	9,528,479
DEFERRED INCOME TAX LIABILITIES	1,654,383	2,177,833
LONG-TERM DEBT	5,727,381	24,011,778
DEFERRED CREDITS	928,280	955,839
Total liabilities	19,000,407	36,673,929
COMMITMENTS AND CONTINGENCIES (Notes 6, 7 and 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock - 5,000,000 shares authorized as of December 31, 2001 and 2000, no shares issued		
Common stock - no par value; 20,000,000 shares authorized; 10,701,617 and 9,735,260 shares issued at December 31, 2001 and 2000, respectively	25,958,295	19,779,765
Retained earnings	22,353,053	15,617,075
Accumulated other comprehensive loss	(652,940)	(624,138)
Total stockholders' equity	47,658,408	34,772,702
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 66,658,815	$ 71,446,631

See notes to consolidated financial statements. (Concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

	2001	2000	1999
NET SALES	$ 104,035,806	$ 91,447,512	$ 77,959,576
COST OF SALES	65,938,044	60,823,459	47,917,815
GROSS PROFIT	38,097,762	30,624,053	30,041,761
OPERATING EXPENSES:			
Selling, general, and administrative	24,040,297	23,300,352	20,406,927
Research and development	4,117,839	3,864,171	3,618,041
Severance costs	--	330,975	--
Total operating expenses	28,158,136	27,495,498	24,024,968
INCOME FROM OPERATIONS	9,939,626	3,128,555	6,016,793
OTHER INCOME (EXPENSE):			
Interest income	40,530	39,091	50,391
Interest expense	(978,009)	(2,319,500)	(1,293,023)
Miscellaneous income (expense)	786,248	(74,301)	(12,732)
Other expense - net	(151,231)	(2,354,710)	(1,255,364)

INCOME BEFORE INCOME TAXES	9,788,395	773,845	4,761,429
INCOME TAX BENEFIT (EXPENSE)	(3,052,417)	52,712	(1,454,762)
MINORITY INTEREST IN INCOME OF SUBSIDIARY	--	--	(81,077)
NET INCOME	$ 6,735,978	$ 826,557	$ 3,225,590
EARNINGS PER COMMON SHARE -			
Basic	$ .66	$ .09	$ .34
Diluted	$ .63	$ .08	$ .34
AVERAGE COMMON SHARES:			
Basic	10,142,089	9,661,618	9,426,953
Diluted	10,743,668	9,826,131	9,457,091
PROFORMA EARNINGS PER COMMON SHARE (see Note 15):			
Earnings per common share:			
Basic	$ 0.53	$ 0.07	$ 0.27
Diluted	$ 0.50	$ 0.07	$ 0.27
Average common shares:			
Basic	12,677,611	12,077,023	11,783,691
Diluted	13,429,585	12,282,664	11,821,364

See notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

	Total	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings
BALANCE, JANUARY 1, 1999	$ 29,086,368	9,386,143	$ 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	13,738	62,600	--	--
Issuance of common stock under Employee Stock Purchase Plans	312,027	82,913	312,027	--	--
Options and warrants exercised	114,746	27,600	114,746	--	--
Shares surrendered in exchange for the payment of payroll tax liabilities	(1,583)	(330)	(1,583)	--	--
Shares surrendered in exchange for the exercise of stock options	(97,512)	(21,018)	(97,512)	--	--
BALANCE, DECEMBER 31, 1999	32,690,136	9,489,046	18,428,572	(528,954)	14,790,518
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	80,215	350,248	--	--
Options and warrants exercised	933,605	183,325	933,605	--	--
Shares surrendered in exchange for the payment of payroll tax liabilities	(9,109)	(1,339)	(9,109)	--	--

Shares surrendered in exchange for the extinguishment of related party receivable	(45,004)	(8,183)	(45,004)	--	--
Shares surrendered in exchange for the exercise of stock options	(51,365)	(7,804)	(51,365)	--	--
BALANCE, DECEMBER 31, 2000	34,772,702	9,735,260	19,779,765	(624,138)	15,617,075
Comprehensive income:					
Net income	6,735,978	--	--	--	6,735,978
Other comprehensive loss - Foreign currency translation adjustment (net of tax)	(28,802)	--	--	(28,802)	--
Comprehensive income	6,707,176	--	--	--	--
Tax benefit attributable to appreciation of common stock options exercised	2,514,392	--	2,514,392	--	--
Deferred compensation	(37,084)	(5,960)	(37,084)	--	--
Issuance of common stock under Employee Stock Purchase Plans	257,702	44,479	257,702	--	--
Options and warrants exercised	5,019,939	1,036,279	5,019,939	--	--
Shares surrendered in exchange for the payment of payroll tax liabilities	(537,375)	(34,644)	(537,375)	--	--
Shares surrendered in exchange for the extinguishment of related party receivable	(214,558)	(19,427)	(214,558)	--	--
Shares surrendered in exchange for the exercise of stock options	(824,486)	(54,370)	(824,486)	--	--
BALANCE, DECEMBER 31, 2001	$ 47,658,408	10,701,617	$ 25,958,295	$ (652,940)	$ 22,353,053

See notes to consolidated financial statements

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 6,735,978	$ 826,557	$ 3,225,590
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,767,588	4,486,291	3,757,539
(Gain) losses on sales and abandonment of property and equipment	(784,729)	49,833	8,339
Write-off of certain patents and trademarks	93,291	--	--
Amortization of deferred credits	(203,131)	(166,609)	(215,894)
Deferred income taxes	(45,152)	389,635	450,734
Tax benefit attributable to appreciation of common stock options exercised	2,514,392	172,818	245,200
Minority interest in income of subsidiary	--	--	81,077
Changes in operating assets and liabilities, net of effects from acquisitions:			
Short-term investments	(85,286)	--	--
Trade receivables	(1,512,163)	(685,726)	(2,113,647)
Employee and related party receivables	(40,809)	17,145	(29,809)
Irish Development Agency grant receivable	79,396	(84,418)	105,386
Inventories	4,449,812	2,274,934	(7,150,393)
Prepaid expenses and other assets	148,315	6,112	71,911
Income tax refund receivable	588,640	(378,528)	(210,112)
Deposits	6,430	10,046	22,899
Trade payables	(176,222)	86,085	1,176,099
Accrued expenses	1,346,556	378,759	771,936
Advances from employees	31,846	(19,316)	42,004
Income taxes payable	453,343	(236,021)	74,719
Total adjustments	11,632,117	6,301,040	(2,912,012)
Net cash provided by operating activities	18,368,095	7,127,597	313,578
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for:			
Property and equipment	(4,091,399)	(4,690,107)	(4,750,608)
Patents and trademarks	(263,427)	(406,229)	(269,388)
Acquisitions	--	(607,129)	(11,322,916)

Proceeds from the sale of property and equipment	952,308	1,347,613	--
Net cash used in investing activities	(3,402,518)	(4,355,852)	(16,342,912)

(Continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

	2001	2000	1999
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net payments on revolving credit facility	$(17,884,761)	$ (2,907,596)	$ (7,567,655)
Proceeds from:			
Issuance of common stock	3,915,780	1,223,379	390,278
Notes payable to financial institutions and capital lease	--	--	25,907,596
Deferred credits	175,572	132,513	93,800
Principal payments on notes payable to financial institutions and capital leases	(1,164,444)	(1,316,089)	(2,403,143)
Purchase of treasury stock for deferred compensation	(37,084)	--	--
Net cash provided by (used in) financing activities	(14,994,937)	(2,867,793)	16,420,876
EFFECT OF EXCHANGE RATES ON CASH	(41,334)	(160,279)	(574,741)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(70,694)	(256,327)	(183,199)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	412,384	668,711	851,910
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 341,690	$ 412,384	$ 668,711
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION - Cash paid during the year for:			
Interest (including capitalized interest of approximately $105,000, $128,000, and $143,000 during 2001, 2000, and 1999, respectively)	$ 1,286,872	$ 2,309,634	$ 1,288,301
Income taxes	$ 127,553	$ 172,202	$ 684,109

(Continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:

- During 2001, 2000, and 1999, the Company entered into capital lease obligations and notes payable for approximately $271,000, $508,000, and $50,000, respectively, for manufacturing equipment.

- During 2001, 2000, and 1999, options to purchase 34,644, 1,339, and 330 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 $537,000, $9,000, and $1,600.

- During 2001, 2000, and 1999, 54,370, 7,804, and 21,018 shares of Company common stock with a value of approximately $824,000, $51,000, and $98,000, respectively, were surrendered in exchange for the exercise of stock options.

- During 1999, the Company acquired substantially all of the assets of the "Angleton Division" of Mallinckrodt Inc. (Angleton) 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 goodwekk 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, Merit Sensor Systems, Inc. (formerly 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)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Merit Medical Systems, Inc. (Merit) and its wholly-owned subsidiaries, Merit Holdings, Inc. (MHI), and Merit Sensor Systems, Inc. collectively own 100% of Merit Medical Systems LP (MMSLP). Combined with its other wholly-owned subsidiary, Merit Medical International, Inc. (MMI), Merit, MHI, and Merit Sensor Systems, Inc. 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, and Western Europe (see Note 10).

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 Merit Sensor systems, Inc. All material intercompany balances and transactions have been eliminated in consolidation.

Receivables - The allowance for uncollectible accounts receivable is based on the Company's historical bad debt experience and on management's evaluation of collectibility of the individual outstanding balances.

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, 2001 or 2000.

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.

Accrued Expenses - Accrued expenses consist of the following at December 31, 2001 and 2000:

	December 31,	
	2001	2000
Accrued payroll taxes	$ 377,254	$ 213,322
Accrued payroll	706,538	724,764
Accrued bonuses	883,056	34,502
Accrued commissions	278,675	230,857
Accrued vacation	836,380	713,225
Other accrued expenses	1,735,692	1,554,369

Total	$4,817,595	$3,471,039

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

Stockholders' Equity - On August 14, 2001, the Company's Board of Directors approved a five-for-four split of the Company's common stock effective August 27, 2001 for stockholders of record as of August 24, 2001. All historical share and per share amounts have been restated to reflect the stock split.

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.

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.

In June 2001, SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets were issued. Statement 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Statement 142 became effective January 1, 2002 and eliminates the amortization of goodwill relating to past and future acquisitions. Instead, goodwill is subject to an impairment assessment that must be performed upon adoption of Statement 142 and at least annually thereafter.

The initial application of Statements 141 and 142 will not have a material impact on the results of operations or financial condition of the Company. However, the adoption of Statements 141 and 142 will

eliminate approximately $300,000 of goodwill amortization expense on an annual basis.

In August of 2001, SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets, was issued which addresses accounting and financial reporting for the impairment or disposal of long-lived assets. This statement was effective for the Company beginning January 1, 2002. The effect on the Company's financial statements of adopting this statement was not significant.

Short-term Investments - Trading securities are recorded at estimated fair value with unrealized gains and losses included in income. The basis of cost used in determining realized gains and losses is specific identification. The estimated fair value of all securities is determined by quoted market prices.

Deferred Compensation - During 2001, the Company established certain deferred compensation plans (the "deferred compensation plans") for eligible participants. The deferred compensation plans permit each participant to defer a portion of their salary until the future. As permitted by the deferred compensation plans, the deferred salary may be invested on behalf of the participant in marketable securities, money market funds or the company's own stock. However, as the Company is the owner of the invested assets, such assets are reflected in the consolidated balance sheet at December 31, 2001. Short-term investments in marketable securities are classified as trading and recorded at fair value with unrealized gains and losses included in income. Common stock of the Company held for the deferred compensation plans is reported as a contra-equity account and is recorded at original cost. The deferred compensation obligation is classified as an accrued expense and adjusted, with a corresponding charge (or credit) to compensation cost, to reflect changes in the fair value of the underlying assets. Because the deferred compensation obligation may be settled by delivery of cash, shares of Company stock, or diversified assets, Company shares acquired are not included in basic earnings per share but are included in the calculation of diluted earnings per share.

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.

3. ACQUISITIONS

On July 27, 1999, the Company acquired the 28% minority interest in its subsidiary, Merit Sensor Systems, Inc., 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 Merit Sensor Systems, Inc.'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 Angleton Division of Mallinckrodt, Inc. (Angleton) 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. Angleton is a manufacturer of medical catheters. The acquisition has been accounted for using the purchase method of accounting; as such, Angleton'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 year ended December 31, 1999 (assuming the acquisition of Angleton had occurred as of January 1, 1999) are as follows:

	1999
Net Sales	$87,606,126
Net Income	3,944,207
Net income per share (basic and diluted)	0.52

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, 2001 and 2000:

	2001	2000
Finished goods	$ 13,716,474	$ 15,255,622
Work-in-process	3,001,250	3,678,807
Raw materials	7,501,253	8,325,314
Less reserve for obsolete inventory	(3,395,361)	(1,986,315)
Total	$ 20,823,616	$ 25,273,428

5. INCOME TAXES

Deferred income tax assets and liabilities at December 31, 2001 and 2000 consist of the following temporary differences and carry forward items:

	Current		Long-Term	
	2001	2000	2001	2000
Deferred income tax assets:				
Allowance for uncollectible accounts receivable	$ 163,540	$ 17,788	--	--
Accrued compensation expense	263,126	198,338	--	$ 9,612
Tax credits	--	--	$ 813,599	282,630
Inventory capitalization for tax purposes	106,937	137,513	--	--
Inventory obsolescence reserve	1,427,188	576,319		
Net operating losses of subsidiaries	120,779	95,704	278,639	231,989
Other	65,004	192,113	444,915	407,810
Total deferred income tax assets	2,146,574	1,217,775	1,537,153	932,041
Deferred income tax liabilities:				
Prepaid expenses	(1,419,916)	--	--	--
Differences between tax basis and financial reporting basis of property and equipment	--	--	(2,880,088)	(3,098,747)
Other	(3,359)	(33,831)	(311,448)	(11,127)
Net	$ 723,299	$ 1,183,944	$(1,654,383)	$(2,177,833)

Income tax expense for the years ended December 31, 2001, 2000, and 1999 differs from amounts computed by applying the statutory Federal rate to pretax income as follows:

	2001	2000	1999
Computed Federal income tax expense at statutory rate of 35%	$ 3,425,938	$ 270,846	$ 1,666,500
State income taxes	159,770	25,153	124,352
Creation of tax credits	(399,001)	(444,551)	(140,369)
Tax benefit of foreign sales corporation	(141,565)	(53,139)	(109,579)
Income of subsidiaries recorded at foreign tax rates	(63,517)	(13,746)	(115,803)
Other - including the effect of graduated rates	70,792	162,725	29,661
Total income tax (benefit) expense	$ 3,052,417	$ (52,712)	$ 1,454,762

The components of the provision for income taxes are as follows:

	2001	2000	1999
Current expense (benefit):			
Federal	$ 2,608,391	$ (423,470)	$ 735,293
State	370,707	(29,922)	196,642
Foreign	118,471	11,045	72,093
	3,097,569	(442,347)	1,004,028
Deferred expense (benefit):			
Federal	(57,070)	196,470	509,077
State	(124,908)	132,281	(8,230)
Foreign	136,826	60,884	(50,113)
	(45,152)	389,635	450,734
Total	$ 3,052,417	$ (52,712)	$ 1,454,762

6. REVOLVING CREDIT FACILITY AND LONG-TERM DEBT

Revolving Credit Facility - The Company maintains a 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. Then, during September 2001, the Company voluntarily reduced the facility to $8 million. The Facility is fully due and payable on June 30, 2006. Additionally, the facility is reduced by $375,000 on the last day of each quarter commencing with the quarter ending September 30, 2001. The weighted average interest rates applied to the outstanding balances at December 31, 2001 and 2000 were 3.42% and 8.20%, 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, 2001 and 2000, management of the Company believes the Company was in compliance with all debt covenants. As of December 31, 2001 and 2000, the Company owed $5,115,239 and $23,000,000 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, 2001 and 2000:

	2001	2000
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	$ 1,210,228	$ 1,963,368
Capital lease obligations (see Note 7)	--	140,135
Revolving credit facility (see above)	5,115,239	23,000,000
Total	6,325,467	25,103,503
Less current portion	598,086	1,091,725
Long-term portion	$ 5,727,381	$24,011,778

Scheduled maturities of long-term debt at December 31, 2001 are as follows:

Year ending December 31:	
2002	$ 598,086
2003	457,508
2004	78,266
2005	66,137
2006	5,125,470
Total	$6,325,467

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. 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, 2001, 2000, and 1999 approximated $2,539,000, $2,539,000, and $3,094,000, 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 194,326 shares of the Company's common stock at $3.96 per share subject to carrying cost increases of 3% per year ($4.73 as of December 31, 2001). 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 future minimum lease payments for operating leases as of December 31, 2001, are as follows:

	Operating Leases
Year ending December 31:	

2002	$ 2,490,777
2003	2,226,808
2004	2,167,641
2005	2,101,241
2006	2,096,110
Thereafter	21,566,087
Total minimum lease payments	$32,648,664

Irish Government Development Agency Grants - Through December 31, 2001, the Company has entered into several grant agreements with the Irish Government Development Agency of which approximately $98,000 and $177,000 remained in receivables at December 31, 2001 and 2000, 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 2001, 2000, and 1999 in the amounts of approximately $36,000, $67,000, and $154,000, 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 2001, 2000, and 1999, approximately $175,000, $149,000, and $142,000, respectively, of the deferred credit was amortized as a reduction of operating expenses. There is a commitment to repay the government grants if Merit Medical were to cease production in Ireland within 10 years of the receipt of the last grant payment.

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. EARNINGS PER COMMON SHARE (EPS)

The following table sets forth the computation of basic diluted earnings per common share:

	Net Income	Shares	Per Share Amount
Year ended December 31, 2001:			
Basic EPS	$6,735,978	10,142,089	$ 0.66
Effect of dilutive stock options and warrants	--	601,579	--
Diluted EPS	$6,735,978	10,743,668	$ 0.63
Year ended December 31, 2000:			
Basic EPS	$ 826,557	9,661,618	$ 0.09
Effect of dilutive stock options and warrants	--	164,513	--
Diluted EPS	$ 826,557	9,826,131	$ 0.08

Year ended December 31, 1999:			
Basic EPS	$3,225,590	9,426,953	$ 0.34
Effect of dilutive stock options and warrants	--	30,138	--
Diluted EPS	$3,225,590	9,457,091	$ 0.34

For the years ended December 31, 2001, 2000, and 1999, approximately 486,000, 928,000, and 960,000 respectively, of stock options were not included in the computation of diluted earnings per share because they would have been antidilutive. See Note 15.

9. 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 625,000 of which 281,400 have been purchased as of December 31, 2001.

The Company has a long-term incentive plan which provides for the issuance of incentive stock options, non-statutory stock options, and certain corresponding stock appreciation rights. The maximum number of shares of common stock for which options may be granted is 3,000,000. 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, 2001, 2000, and 1999 are as follows:

	Options		Warrants	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
2001:				
Granted	1,131,911	$10.05		
Exercised	1,036,279	4.84		
Forfeited/expired	248,425	6.57		
Outstanding at December 31	2,007,140	7.64	194,326	$4.73
Exercisable	644,373	4.57	194,326	4.73
Weighted average fair value of options granted during year		$5.49		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		$1.02		

	Options		Warrants	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
2000:				
Granted	607,000	$3.60		
Exercised	183,325	5.10		
Forfeited/expired	155,550	5.55		
Outstanding at December 31	2,159,933	4.91	194,326	$4.59
Exercisable	1,025,250	5.58	194,326	4.59
Weighted average fair value of options granted during year		$1.60		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		$0.77		

	Options		Warrants	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
1999:				
Granted	561,125	$4.67		
Exercised	27,600	3.97		
Forfeited/expired	76,438	4.56		
Outstanding at December 31	1,891,808	5.62	194,326	$4.46
Exercisable	925,600	5.76	194,326	4.46
Weighted average fair value of options granted during year		$2.38		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		$0.66		

The following table summarizes information about stock options and warrants outstanding at December 31, 2001:

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:					
$3.60-$6.33	1,508,355	5.03	$ 4.64	644,373	$ 4.57
$9.02-$16.91	498,785	9.93	16.71		
Warrants:					
$4.73	194,326	3.08	4.73	194,326	4.73

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:

	2001	2000	19999
Net income:			
As reported	$ 6,735,978	$ 826,557	$ 3,225,590
Pro forma	5,379,236	140,145	2,480,928
Net income per common share:			
Basic:			
As reported	$ 0.66	$ 0.09	$ 0.34
Pro forma	0.53	0.00	0.24
Diluted:			
As reported	0.63	0.08	0.34
Pro forma	0.50	(0.01)	0.24

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 2001, 2000, and 1999: dividend yield of 0%; expected volatility of 63.48%, 61.04%, and 56.0% for 2001, 2000, and 1999, respectively; risk-free interest rates ranging from 4.58% to 6.71%; and expected lives ranging from 2.33 to 4.58 years.

10. SEGMENT REPORTING AND FOREIGN OPERATIONS

During the years ended December 31, 2001, 2000, and 1999, the Company had foreign sales of approximately $23,801,000, $21,773,000, and $18,336,000 or approximately 23%, 24%, and 24%, 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 2001, 2000, and 1999:

	Sales to Unaffiliated Customers	Transfers Between Geographic Areas	Revenue	Net Income (Loss)	Identifiable Assets
Fiscal year ended December 31, 2001:					
United States, Canada, and international distributors	$ 89,208,943	$ 1,770,388	$ 90,979,331	$ 7,807,510	$ 57,151,956
Europe direct and European distributors	14,826,863	6,101,400	20,928,263	(884,181)	9,506,859
Eliminations	--	(7,871,788)	(7,871,788)	(187,351)	--
Consolidated	$ 104,035,806	None	$ 104,035,806	$ 6,735,978	$ 66,658,815
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

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.

11. RELATED PARTY TRANSACTIONS

Receivables from employees and related parties at December 31, 2001 and 2000 totaled approximately $267,000 and $441,000, respectively, (including approximately $15,000 and $208,000, respectively, from officers of the Company). During 2001, approximately 19,427 shares of Company stock were surrendered in exchange for the extinguishment of a related party receivable in the amount of approximately $215,000.

12. ROYALTY AGREEMENT

In 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. 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, 2001, 2000, and 1999.

13. 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 18 years of age. The Plan has no minimum service requirement. 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, 2001, 2000, and 1999 totaled approximately $361,000, $258,000, and $88,000, respectively.

The Plan purchased unissued shares of the Company's common stock at market value during each of the three years ended December 31, 2001 as follows:

	Shares	Market Value
Years ended December 31:		
2001	None	None
2000	None	None
1999	13,819	$81,850

14. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly data (unaudited) for the years ended December 31, 2001, 2000, and 1999 is as follows:

	Quarter Ended			
2001	March 31	June 30	September 30	December 31
Net sales	$ 26,788,373	$ 26,264,015	$ 25,694,128	$ 25,289,290
Gross profit	9,219,374	9,426,157	9,725,611	9,726,620
Income from operations	2,083,229	2,177,236	2,730,338	2,948,823
Income tax expense	460,737	785,935	854,528	951,217
Net income	1,186,425	1,858,793	1,744,996	1,945,764
Basic earnings per common share	0.12	0.19	0.17	0.18
Diluted earnings per common share	0.12	0.18	0.16	0.17
2000				
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 earnings (loss) per common 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 earnings per common share	0.06	0.08	0.10	0.10

15. SUBSEQUENT EVENT

On March 27, 2002, the Company's Board of Directors approved a five-for-four stock split of the Company's common stock which is expected to be effective April 11, 2002 for stockholders of record as of April 8, 2002. Average dilutive common stock shares outstanding,

giving retroactive effect to the stock split, at December 31, 2001, 2000, and 1999 are 13,429,585, 12,282,664, and 11,821,364. Proforma earnings per dilutive common stock share, giving retroactive effect to the stock split, at December 31, 2001, 2000, and 1999 are $0.50, $0.07, and $0.27.

.....

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

None

PART III

Item 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, 2002. The definitive Proxy Statement will be filled with the Commission not later than 120 days after December 31, 2001, 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

VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

Description	Balance at Beginning of Year	Additions Charged to Costs Expenses	Deductions	Balance at End of Year
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS:				
1999	$(197,331)	$(158,722)	$50,578	$(305,475)
2000	(305,475)	(626,263)	491,463	(440,275)

2001	(440,275)	(50,892)	82,316	(408,851)

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 October 10, 1998	[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 August 11, 1999	[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 Zion's First National Bank 3/11/2000	[Form 10-K for year ended December 31, 2000, Exhibit 10.10]
10.11	Merit Medical Systems, Inc. Highly Compensated Deferred Compensation Plan.	[Form 10-K for year ended December 31, 2000, Exhibit 10.11]
13.1	Annual Report to Shareholders for the year ended December 31, Filed herewith[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

* 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, 2002.

MERIT MEDICAL SYSTEMS, INC.

By: /s/ 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, 2002.

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

2001 ANNUAL REPORT

PRESIDENT'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders:

2001 was the most rewarding year Merit has experienced to date. In the 2000 annual report, I discussed the issues facing the Company and the plan we had constructed to address these issues. We had too much inventory and excess capacity, too much debt, low productivity and margins and, consequently, low profits.

We set goals for ourselves that included increasing margins and profits, reducing inventories, and eliminating long-term debt, all of which helped increase shareholder value. During 2000 and 2001, we put several cost-saving programs in place including renegotiating vendor and shipping contracts, which will save us almost half a million dollars in costs this year. We also made several improvements in our warehouse management systems for our raw materials and finished goods warehouses, allowing us to become much more productive and track our inventories better.

The management team adopted a more aggressive philosophy in terms of creating a more productive organization and, together with our employees, adopted and implemented cost-saving programs which are beginning to produce favorable results. The management team took on the challenge of reducing inventory levels, which decreased by almost $5 million in 2001, while growing revenues by 14 percent. Last year, our new operating system, which caused us pain in 1999 and 2000, became a wonderfully productive asset--allowing us to leap ahead in terms of managing our operations systems, including raw materials, planning, purchasing, production, packaging, sterilization, warehousing and shipping. This new system will allow us to continue to grow our business for many years.

Cash flows from operations were a record $18.2 million, and the inventory reduction program contributed $4.5 million of that amount. These improvements helped us to completely repay our line of credit from over $30 million in August 2000 to $0 in March 2002. Other areas contributing to cash flow were manufacturing efficiencies from overhead and headcount reductions, lower operating expenses as a percent of sales, lower interest costs as our debt was repaid, and taxes saved as a result of the exercise of employee stock options.

In addition to cash flow from operations, an additional source of cash was received from a large number of employee stock options exercised as the stock price rose to new heights. We also received almost $600,000 after tax in the second quarter of 2001 from the sale of 9 acres of land adjacent to the

Company headquarters in South Jordan, Utah. All these sources of cash were used to reduce debt. It is important to note that, although our profits are expected to increase, we anticipate our cash flow from operations to be lower in 2002, as we will not reduce inventory as dramatically as last year, nor have as large a tax benefit from the exercise of stock options.

FINANCIAL PERFORMANCE

Our increased productivity, benefits from the introduction of new, higher-margin products and unit volume growth resulted in margins increasing from 33.5 percent in 2000 to 36.6 percent in 2001. By the fourth quarter of last year, our margins had risen to 38.5% of sales.

Revenues were $104 million for 2001, compared with $91.5 million in 2000, a gain of 14 percent. Net income, which included a one-time gain, was a record $6.7 million, or $0.63 per share, compared with $826,557, or $0.08 per share, in 2000. The one-time gain was from the 9-acre land sale in the amount of $528,673, or $0.05 per share. Therefore, net income from normal operations was a record $6.2 million, or $0.58 per share.

Selling, general and administrative expenses continued to decline as a percent of sales to 23.1 percent from 25.5 percent in 2000. R&D expenses declined marginally as a percent of sales in 2001 from 2000 as we introduced new products to market and our sales increased.

As inventory levels and long-term debt were reduced, our interest costs declined significantly during the year from $2.3 million in 2000 to $1 million in 2001. With the increase in profits, our tax rate increased to 31.2 percent in 2001 from -6.8 percent in 2000. The unusual tax rate in 2000 was primarily due to R&D tax credits which the Company was able to realize in the fourth quarter of 2000 including amended returns for prior years.

All of these components produced record results for your company, at a time when stock market performance and the freedoms of our country and its citizens were being severely challenged. As a result of the many programs we implemented during 2000 and 2001 mentioned above, our financial performance was recognized by Forbes Magazine as one of the 200 Best Small Companies in America. That designation was based on revenue and earnings growth, and return on equity, measured for the most recent four quarters and the past five years. Merit's ranking was 185. It is our hope that, with all the continued improvements we are making, our financial performance will again be recognized in 2002 with this prestigious honor.

NEW PRODUCT STRATEGY

Merit Medical has gained a worldwide reputation for product quality, customer service and innovation. One of the vital keys to its revenue growth has been the introduction of new products. We are developing a number of new products which will be introduced this year and in future years which address market niches primarily in radiology. It is Merit's continued strategy to maintain our presence in radiology and cardiology where we dominate the landscape, and to increase our footprint in those arenas by extending our product offerings. There are many small-to-medium-sized market niches in radiology ($5 million to $100 million per year in size) into which we could penetrate by adding new products.

Last year, we introduced at least eight new products that are used in radiology, which comprises procedures performed on all areas of the body excluding the heart. Our product pipeline is brimming from new product ideas, which we receive from physicians all over the world. A number of these products will be introduced this year, including a line of drainage catheters and a shielded needle (safety needle) used exclusively for arterial or venous access. The shielded needle is an increment to the line of safety products we provide for the safety of health care workers around the world.

Among the products we introduced last year is a new control syringe, the Inject8(TM), which is used to inject contrast solution through smaller catheters. We also introduced the ShortStop(TM), a temporary sharps container which allows clinicians to conveniently store and retrieve their needles or scalpels; the InQwire(TM), a very high-quality diagnostic guide wire; the RingMaster(TM), a basin for the InQwire which allows clinicians to conveniently store, hydrate and retrieve the guide wire; another model of the MDD Disposal Bag, which is used for fluid drainage; the PercuStay(TM), a drainage catheter fixation bandage; a pressure infusor bag, which allows fluid bags to be pressurized; and a line of vessel-sizing catheters, including pediatric sizes, which are used to measure the dimensions of a patient's abdominal aorta for abdominal aortic aneurysm (AAA) procedures. All of these products are discussed in more detail in the Products and Technology section following this letter.

LOOKING AHEAD

We are frequently asked how we motivate all of our employees to participate in the plan we have initiated for our recovery and continued growth. One of my favorite projects which we implemented last year was the implementation of a company-wide employee incentive bonus program. This program allows all employees to participate in the Company's profitability, through a bonus, by attaining individual and team goals which contribute to the Company's profits. The response from employees has been a resounding approval, and your management believes this program provides a strong incentive for employees to continue with opportunities for cost-saving and productivity gains.

When we founded Merit Medical in 1987, we considered ourselves to be a management team of long-term vision. Then it was our goal to bring the Company to $100 million in sales. During past years, we put into place the infrastructure necessary to bring our company to that level. This included a direct sales force both domestically and in Europe, a manufacturing facility in Ireland and a distribution center in the Netherlands, a new corporate headquarters and manufacturing facility on 36 acres of land in Salt Lake City, a catheter manufacturing facility in Texas, and a wafer fabrication plant in California. To facilitate further expansion, we can now leverage our existing infrastructure, reducing the need for large, incremental expenses or capital investments that have negatively impacted our bottom-line results in the past.

Some questioned our ability to bring the Company to $100 million in sales, and we accomplished it. This achievement gives us confidence to broaden our vision to the $1 billion sales level. In order to achieve a sales level of that magnitude, we will need to accomplish several things. To begin with, new, alternative technologies are already affecting which new products we introduce. These decisions are influenced by interventional market growth from emerging new technology, such as vertebroplasty, discography, AAA's, and drug-coated stenting. Merit's innovation has resulted in its products being used in all of these exciting, rapidly growing areas.

In addition, we will continue to increase our sales at the organic level by gaining market share with existing products and introducing new products into market niches that provide clinicians with additional features and benefits at a reasonable price. Merit has an excellent track record of effecting this strategy, and new products have contributed over $50 million to our revenues in the last five years. To address the increased demand for our products overseas and domestically, we are making arrangements to expand our facility in Ireland to more than double its present capacity. This expansion will cost approximately $5 million, which will be financed through debt. Finally, we will grow our business through procedural growth rates, as the population ages.

In ten years, by utilizing our growth rate of 14 percent which we achieved last year, Merit's sales would reach about $400 million. With our improved financial health and our strong market presence, we are in the position to compound that momentum by entering into distribution agreements and making acquisitions of either products or companies, or both. We have entered into two distribution agreements for the PercuStay(R) drainage catheter bandage and the pressure infusor bag. Sales of these products have greatly improved from when we began, utilizing the considerable resources of our direct sales force.

As we have mentioned many times this past year, we are actively seeking candidates to help meet our goals for expansion and growth. There are more opportunities for acquisition or distribution today than ever before. These opportunities may include small companies with a good product but without the means to take that product to market, or business segments of large companies that have become incompatible with their overall strategy. It is our goal sometime during 2002 to make an acquisition of a substantive nature that will round out our product lines and help to create additional growth for the Company.

Much like the spirit of the 2002 Winter Games in Salt Lake City that fueled the world with hope and optimism, we are very optimistic as we press forward. I want to personally thank all of our employees, as well as our management team, who responded to the challenge and were willing to change their views and adjust their thoughts in order to make our recovery happen. In addition, I also thank all of our shareholders who have remained faithful and who believe in Merit Medical's ability to become one of the world's premier medical device companies.

Best personal regards,

By: /s/ Fred P. Lampropoulos

Fred P. Lampropoulos
Chairman and President

PRODUCTS AND TECHNOLOGY

Merit Medical manufactures and markets disposable devices used for cardiology and radiology. Its primary focus is cardiology, where physicians use Merit's custom kits, stand-alone devices (those sold separately from kits), diagnostic catheters and inflation devices to perform angiograms, therapeutic balloon angioplasties and stent placement.

Physicians around the world perform over 5 million angiograms each year. This procedure, with the aid of fluoroscopy, allows clinicians to visually map the arteries of a patient's heart and diagnose cardiovascular disease. In order to perform a diagnostic procedure, clinicians must use a variety of products that directly or indirectly connect to diagnostic catheters, all of which are manufactured by Merit. Merit is second in the world in diagnostic custom kits for these procedures. Sales of Merit's custom kits and stand-alone devices used in angiograms grew by more than 18 percent in 2001.

There are about 1.2 million balloon angioplasties performed each year worldwide, and each of them must use an inflation device to expand the tiny balloon placed inside a patient's heart artery. Merit's inflation devices are the most widely sold in the world because Merit has developed patented, digital technology which offers physicians considerable upgrades in technology and features for a reasonable price.

About five years ago, Merit's inflation devices, the IntelliSystem(R) and Monarch(R), were approved by the FDA for use as universal fluid dispensing syringes. In addition to angioplasty procedures, these devices can now be used in other procedures such as discography, trigeminal nerve compression, kyphoplasty and esophageal dilatation.

Discography, a diagnostic procedure adopted by pain management clinicians, measures the integrity of a disc in the spine, thereby allowing doctors to determine the correct therapeutic path. Merit's digital universal fluid dispensing syringes are the only devices in the world sensitive enough to read the minute fluctuations in pressures during these procedures. Because of the continued demand for digital pressure measurement, sales of these devices have significantly contributed to the growth of Merit's inflation device product group, which grew by 14 percent in 2001.

Merit expects sales of its inflation device product group to continue to grow more rapidly than procedures for several years. One factor is discography, as it is still a relatively new procedure and continues to expand. The second factor is the development of drug-coated stents, which must have an inflation device to

deploy them. Outside sources indicate that Johnson & Johnson is the leader by approximately 24 months in the development and testing of its drug-coated stent. It recently announced the results of a 12-month clinical trial, which reported that its new stent was 100% effective in preventing reclosure of the artery following balloon angioplasty. Because Johnson & Johnson does not manufacture an inflation device, Merit believes it will be the direct beneficiary of increased use of J&J's stent when it goes to market.

Merit's sales grew by 14 percent in 2001, double that of procedures. Merit's sales have expanded at a more rapid rate by contributions from growth of its existing product lines mentioned above and growth from the introduction of new products. New product introductions have contributed almost $50 million in new revenues during the last five years. The contribution from new products should accelerate going forward, as Merit continues to introduce new products such as drainage catheters and diagnostic guide wires that address markets approaching $100 million each per annum.

Merit has a strong presence in the cardiology lab, and its innovative products are well known throughout the U.S. and the remainder of the world. Because of this strong market presence, the potential for innovation has diminished, causing Merit to look outside its normal arena. Radiology is a natural

selection, as some of Merit's products are used by clinicians in that discipline as well. Radiology provides an excellent opportunity for Merit to introduce new products, as this arena contains hundreds of small market niches ($1 million to $100 million in size).

Merit routinely introduces eight to ten new products each year. These products are a direct response to listening to clinicians and how they perform procedures. Most of the products are simple line extensions and contribute to sales in a minor fashion. However, in 2002 Merit will introduce a line of drainage catheters--the One-Step centesis catheter, the Resolve locking drainage catheter, and the Non-Locking Resolve--as well as a shielded needle (safety needle), all of which have the potential to fuel Merit's revenue growth for several years. The new products which were introduced in 2001 are highlighted below.

INJECT8(TM) CONTROL SYRINGE

Merit is the No. 2 manufacturer and marketer of control syringes, which are used for injecting contrast solution into a patient's blood vessels for visualization during an angiography procedure. This procedure is used to map the vascular system in the coronary arteries in order to diagnose vascular disease. Merit's control syringe has features which we believe are superior to others on the market, and Merit is slowly gaining market share from the leader as this fine product continues to penetrate the market.

During the last couple of years, newer methods of performing an angiography have developed, requiring the use of smaller-diameter catheters. These small catheters create a problem for the clinician when using standard contrast syringes, because it is very difficult to inject the proper amount of contrast solution into a blood vessel in the time required to achieve good visualization between heart beats. In response to this problem, Merit introduced the Inject8 control syringe, which is an 8ml syringe with a smaller-diameter barrel. The Inject8 is the only syringe in the world specially created for procedures utilizing smaller catheters, and sales of this product are above the Company's expectations.

INQWIRE(TM) DIAGNOSTIC GUIDE WIRE

Introduced in December 2001, the InQwire is Merit's response to a need for a diagnostic wire with better flexibility and ease of use. Merit's guide wire center of excellence located in Ireland has been developing this new product for over 2 years, and sales of the InQwire have begun to build over the last few months. The new InQwire addresses a worldwide market of approximately $100 million annually, and it is expected that this new product will significantly contribute to Merit's sales in 2002.

RINGMASTER(TM)

The RingMaster is an innovative guide wire basin, sold separately or in conjunction with the InQwire. It is another product which directly addresses difficulties clinicians have in the procedure lab. The RingMaster allows clinicians to conveniently store, hydrate and re-use guide wires, which are used 2-3 times on average per procedure. This product has helped drive sales of the InQwire when clinicians are reluctant to change from using their current wire.

MDD DRAINAGE BAG

Last year, Merit introduced a new drainage bag which is available in open-waste systems for short- and long-term drainage. This product will be used with Merit's line of drainage catheters, which is being introduced in 2002. The One-Step centesis catheter has already been introduced in February 2002, while two other models--the Resolve locking catheter and the Non-Locking Resolve will be introduced this summer. The drainage system with the MDD bag includes the PercuStay(R) catheter fastening device, a 60cc VacLok(TM) syringe for creating negative pressure, a new large-bore stopcock introduced in the first quarter of 2001 that has an inner diameter 35% larger than standard stopcocks, and kink-resistant tubing. Together with the drainage catheter line, these products address a worldwide market of approximately $100 million.

PRESSURE INFUSOR BAG

A key part of Merit's strategy for continued growth is that of licensing products which Merit does not produce. Nearly 95 percent of all Merit's products are manufactured by Merit. Capitalizing upon the strengths of its direct sales force, Merit finds itself being increasingly approached by other companies who do not have the means to distribute a promising product.

In late 2001 Merit introduced to market a pressure infusor bag which it licensed from Ethox Corporation for worldwide distribution. A bag of intravenous solution or blood products can be placed inside the pressure infusor sleeve. The pressure infusor bag manually inflates, providing continuous, measurable fluid introduction. The infusor bag is used in many parts of the hospital where fluids are administered to patients. The market potential for this product is estimated to be approximately $20 million.

SHORTSTOP(TM) TEMPORARY SHARPS HOLDER

The ShortStop is Merit's response to a request from clinicians concerning sharps containment during a procedure. The ShortStop is a sterile, easily visible receptacle which allows clinicians to park a sharp instrument such as a scalpel or a needle. The ShortStop is a very popular product and has become a favorite in many custom kit configurations.

PEDIATRIC VESSEL-SIZING CATHETERS

The acquisition in 1999 of the Mallinckrodt catheter division located in Angleton, Texas, provided Merit access to catheter technology. Leveraging upon this acquired technology, Merit developed a line of vessel-sizing catheters-introduced in late 2000-to precisely measure the internal dimensions of a patient's blood vessels. Procedures in which these catheters are used include angioplasty, embolization, abdominal aortic aneurysm (AAA), stent-grafts and vena cava filter placements. The predominant procedure, AAA, prepares and inserts a custom-made stent graft which fits inside the abdominal aorta and provides relief to the stressed wall. Two catheters are used per repair-one for measuring the aorta to prepare the custom stent graft and one to make certain the graft fits properly once installed. Sales of these catheters are proceeding well and continue to contribute to Merit's sales and earnings. This same technology has been used to develop a pediatric version, launched in 2001, for tiny patients. The market for pediatric vessel-sizing catheters is small, but there is a worldwide need for these devices. Merit is one of just a few companies that offer this product for infants.

EXECUTIVE OFFICERS

Fred P. Lampropoulos
Chairman, President/Chief Executive Officer

Kent W. Stanger
Secretary-Treasurer, Chief Financial Officer

B. Leigh Weintraub
Chief Operating Officer

Brian L. Ferrand
Vice President, Sales

Rashelle Perty
General Counsel, Vice President, Legal

BOARD OF DIRECTORS

Fred P. Lampropoulos
Chairman, President/Chief Executive Officer

Kent W. Stanger
Secretary-Treasurer, Chief Financial Officer

Rex C. Bean, Private Investor

FORM 10-K

Merit Medical Systems, Inc. filed an annual report on Form 10-K with the Securities and Exchange Commission for the fiscal year ended December 31, 2001. A copy may be obtained by written request from Kent W. Stanger, Secretary, at the Company's offices.

ANNUAL MEETING

All shareholders are invited to attend our Annual Meeting on Thursday, May 23, 2002, 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. O. Box 30880
Salt Lake City, Utah 84130

MARKET INFORMATION

The Company's common stock is traded on the NASDAQ National Market System under the symbol "MMSI." As of December 31, 2001, there were 10,701,617 shares of common stock outstanding. The following chart sets forth

Ogden, Utah

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

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

Michael E. Stillabower, M.D.
Director, Cardiovascular Research
Christiana Hospital
President, Cardiology Consultants PA
Wilmington, Delaware

CORPORATE OFFICES
Merit Medical Systems, Inc.
1600 West Merit Parkway
South Jordan, Utah 84095
(801)253-1600

INDEPENDENT ACCOUNTANTS
Deloitte & Touche LLP
Salt Lake City, Utah

LEGAL COUNSEL
Parr Waddoups Brown Gee & Loveless
Securities Counsel
Workman, Nydegger & Seeley
Intellectual Property Counsel

the high and low closing sale prices for the Company's common stock for the last two years:

	High	Low
2001		
First Quarter	$ 5.20	$ 4.00
Second Quarter	7.60	4.40
Third Quarter	20.55	6.08
Fourth Quarter	20.00	12.06
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

As of March 27, 2002, 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 E. Schultz, Director, Corporate Communications
(801) 253-1600

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

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULES

We consent to the incorporation by reference in Registration Statement Nos. 33-48227, 33-46964, 33-10509, 333-92053, 333-58112, and 333-58162 of Merit Medical Systems, Inc. on Form S-8 of our report dated February 15, 2002 (March 27, 2002 as to the effects of the stock split described in Note 15), appearing in this Annual Report on Form 10-K of Merit Medical Systems, Inc. and subsidiaries for the year ended December 31, 2001.

Our audits of the consolidated financial statements referred to in our aforementioned report also included the financial statement schedule of Merit Medical Systems, Inc. and subsidiaries, 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 consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

By: /s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP
Salt Lake City, Utah
March 28, 2002