SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ----- TO -----

Commission File Number 0-18592

MERIT MEDICAL SYSTEMS, INC.
(Exact name of Registrant as specified in its charter)

Utah	87-0447695
(State or other jurisdiction of incorporation or organization)	(I.R.S. Identification No.)

1600 West Merit Parkway, South Jordan UT, 84095
(Address of Principal Executive Offices)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 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 the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Common Stock	7,748,021
TITLE OR CLASS	Number of Shares Outstanding at May 15, 2000

MERIT MEDICAL SYSTEMS, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1: Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2000 AND DECEMBER 31, 1999

ASSETS	March 31 2000 (Unaudited)	December 31, 1999
CURRENT ASSETS:		
Cash	$ 751,370	$ 668,711
Trade receivables - net	13,194,587	12,550,132
Employee and related party receivables	537,178	502,803
Irish Development Agency grant receivable	80,154	93,059
Inventories	28,401,576	27,521,087
Prepaid expenses other assets	856,443	564,213
Deferred income tax assets	1,029,147	1,052,745
Income tax refund receivable	217,182	210,112
Total current assets	45,067,637	43,162,862
PROPERTY AND EQUIPMENT:		
Land	1,365,985	1,365,985
Building	1,500,000	1,500,000
Manufacturing equipment	18,553,734	17,617,798
Automobiles	131,186	133,316
Furniture and fixtures	9,136,204	8,883,297
Leasehold improvements	5,216,125	5,114,964
Construction-in-progress	2,035,675	1,669,725
Total	37,938,909	36,285,085
Less accumulated depreciation and amortization	(15,247,747)	(14,277,666)
Property and equipment - net	22,691,162	22,007,419
OTHER ASSETS:		
Intangible assets - net	2,408,867	2,319,581
Deposits	111,289	51,319
Cost in excess of the fair value of assets of acquired-net	4,755,446	4,819,288
Total other assets	7,275,602	7,190,188
TOTAL	$ 75,034,401	$ 72,360,469

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See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS (Continued)
MARCH 31, 2000 AND DECEMBER 31, 1999

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31 2000	December 31, 1999
	(Unaudited)	
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 1,395,627	$ 1,001,917
Trade payables	3,986,777	4,749,432
Accrued expenses	4,178,773	3,092,280
Advances from employees	137,937	116,094
Income taxes payable		269,441
Total current liabilities	9,699,114	9,229,164
DEFERRED INCOME TAX LIABILITIES	1,727,931	1,722,094
LONG-TERM DEBT	29,297,491	27,817,308
DEFERRED CREDITS	864,781	901,767
Total Liabilities	41,589,317	39,670,333
STOCKHOLDERS' EQUITY:		
Preferred stock- 5,000,000 shares authorized as of March 31, 2000 and December 31, 1999, respectively, no shares issued		
Common stock- no par value; 20,000,000 and 10,000,000 shares authorized, respectively; 7,729,802 and 7,591,236 shares issued at March 31, 2000 and December 31, 1999, respectively	19,379,180	18,428,572
Accumulated other comprehensive loss	(565,132)	(528,954)
Retained earnings	14,631,036	14,790,518
Total stockholders' equity	33,445,084	32,690,136
TOTAL	$ 75,034,401	$ 72,360,469

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999 (Unaudited)

	March 31, 2000	March 31, 1999
SALES	$ 22,080,435	$ 17,701,723
COST OF SALES	14,446,385	11,009,621
GROSS PROFIT	7,634,050	6,692,102
OPERATING EXPENSES:		
Selling, general and administrative	6,338,539	4,819,663
Research and development	1,005,936	801,703
TOTAL	7,344,475	5,621,366
INCOME FROM OPERATIONS	289,575	1,070,736
OTHER EXPENSE - NET	517,404	230,546
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	(227,829)	840,190
INCOME TAX EXPENSE (BENEFIT)	(68,347)	255,731
MINORITY INTEREST IN INCOME OF SUBSIDIARY	0	(19,336)
NET INCOME (LOSS)	$ (159,482)	$ 565,123
EARNINGS (LOSS) PER COMMON SHARE - Basic and diluted	$ (.02)	$ .08
AVERAGE COMMON SHARES - Basic	7,622,918	7,511,095
Diluted	7,893,646	7,512,809

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999 (Unaudited)

	March 31, 2000	March 31, 1999
OPERATING ACTIVITIES:		
Net income (loss)	$ (159,482)	$ 565,123
Adjustments to reconcile net income to net cash provided by (used in) in operating activities:		
Depreciation and amortization	1,081,220	744,812
Bad debt expense	390,780	8,018
(Gains) on sales and abandonment of property and equipment	(1,679)	
Amortization of deferred credits	(32,832)	(45,845)
Deferred income taxes	29,435	66,168
Minority interest in income of subsidiary		19,336
Changes in operating assets and liabilities:		
Trade receivables	(1,035,235)	(677,132)
Employee and related party receivables	(34,375)	(91,918)
Irish Development Agency grant receivable	8,751	(43,967)
Inventories	(880,489)	(604,785)
Prepaid expenses and other assets	(292,230)	(345,909)
Deposits	(59,970)	7,837
Trade payables	(762,655)	467,472
Accrued expenses	1,086,493	602,344
Advances from employees	21,843	(465)
Income taxes payable	(276,511)	101,296
Total adjustments	(757,454)	207,262
Net cash provided by (used in) operating activities	(916,936)	772,385
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for:		
Property and equipment	(1,152,049)	(947,731)
Intangible assets	(127,701)	(25,159)
Proceeds from sale of property and equipment	985	
Net cash used in investing activities	(1,278,765)	(972,890)

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See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999 (Unaudited)

	March 31, 2000	March 31, 1999
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit	1,700,576	618,639
Proceeds from issuance of common stock	950,608	95,409
Principal payments on:		
Long-term debt	(336,646)	(483,967)
Net cash provided by financing activities	2,314,538	230,081
EFFECT OF EXCHANGE RATES ON CASH	(36,178)	(406,181)
NET INCREASE (DECREASE) IN CASH	82,659	(376,605)
CASH AT BEGINNING OF PERIOD	668,711	851,910
CASH AT END OF PERIOD	$ 751,370	$ 475,305
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest (including capitalized interest of $27,037 and $28,614, respectively	$ 110,186	$ 181,366
Income taxes	$ 202,327	$ 88,267

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During the three month periods ended March 31, 2000 and 1999, the Company entered into notes payable totaling $509,963 and $50,015, respectively, for manufacturing equipment and furniture and fixtures.

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaduited)

1. Basis of Presentation. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of financial position of the Company as of March 31, 2000 and December 31, 1999, and the results of its operations and cash flows for the three months ended March 31, 2000 and 1999. The results of operations for the three months ended March 31, 2000 and 1999 are not necessarily indicative of the results for a full year period.

2. Inventories. Inventories at March 31, 2000 and December 31, 1999 consisted of the following:

	March 31, 2000	December 31, 1999
Raw materials	$8,068,926	$8,554,635
Work-in-process	3,679,223	3,270,163
Finished goods	17,939,962	16,816,578
Less reserve for obsolete inventory	(1,286,535)	(1,120,289)
Total	$28,401,576	$27,521,087

3. Income Taxes. The Company has not fully allocated income tax expense between current and deferred for the quarters ended March 31, 2000 and 1999. The effective tax rate for the three months ended March 31, 2000 and 1999 is below the 35% federal statutory tax rate, as the result of the Company's profitable operations in Ireland which are taxed at a tax rate that is lower than the Company's U.S. overall effective tax rate.

4. Reporting Comprehensive Income - In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No.130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. This statement requires that an enterprise (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in-capital in the equity section of a statement of financial position.

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 130. Accordingly, the Company determined that the only transaction considered to be an additional component of comprehensive income is the cumulative effect of foreign currency translation adjustments. As of March 31, 2000 and December 31, 1999, the cumulative effect of such transactions reduced stockholders' equity by approximately $565,132 and $528,954, respectively. Comprehensive income for the three months ended March 31, 2000 and 1999 is computed as follows:

	Three Months Ended March 31,	
	2000	1999
Net income (loss)	$ (159,482)	$ 565,123
Foreign currency translation	(36,178)	(406,181)
Comprehensive income (loss)	$ (195,660)	$ 158,942

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Acquisitions. On July 27, 1999, the Company acquired the 28% minority interest in its subsidiary, Sentir. The acquisition has been accounted for using the purchase method of accounting; as such, 100 percent of Sentir's results of operations have been included in the accompanying consolidated financial statements from the date of acquisition. Previous to the acquisition date, the minority interest's share of operations was excluded from net income on the consolidation statements of operations. The cost of this acquisition exceeded the estimated fair value of the acquired net assets by $2,825,640.

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. Angleton is a manufacturer and marketer of medical catheters, introducers, guide wires, and needles. The acquisition has been accounted for using the purchase method of accounting; as such, 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 $1,949,380.

6. Line of Credit. On March 14, 2000 the Company increased it's available line of credit to $35 million.

MERIT MEDICAL SYSTEMS, INC

ITEM 2:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

In the quarter ended March 31, 2000, the Company experienced a significant growth in revenues due in large part to the successful addition of the Angleton Catheter division. Despite the increase in sales the Company reported the first quarter loss since 1988. The loss was attributable primarily to two developments discussed below.

During the first half of 1999, shortly after the implementation of the Company's new comprehensive Oracle software system, the planning, scheduling and purchasing group, as well as many other areas of the Company, experienced difficulty in learning to effectively operate the system. One of the first concerns was an increase in back orders to our customers, and Merit, being a customer- driven company, responded by building more inventory than the rate of sales. By doing so we were successful in working out of back orders in most catalog numbers. The Company also believed there should be higher safety stock levels of inventory in the expectation of higher quantities ordered by hospitals in anticipation of possible Y2K problems.

The combination of these increased production demands created a build-up of capacity in labor and overhead. Also, in the third quarter of 1999 the Company made an important acquisition of the Angleton Catheter division of Mallinckrodt Medical and with it came the purchase of eight million dollars worth of assets including 2.5 million in inventory and a catheter facility with excess capacity. A decision was made to continue to utilize this excess capacity and build inventory in the Angleton facility to accommodate sales increases that were anticipated as a result of the efforts of Merit's worldwide sales force. As the end of 1999 approached, however, we recognized that inventory levels were in excess of the sales rate and we needed to reduce productivity levels to match cash flow expectations. The reduced production volumes created lower gross margins, and therefore lower bottom line results.

The Company has implemented a plan to address these problems. First, we have reduced substantially the amount of discretionary spending such as travel, advertising and trade shows. Second, we have reduced, through attrition and other means, the number of employees and will continue to do so as the circumstances warrant. We have also pulled back a number of management salaries. Expenses related to consultants and other programs have been reduced or discontinued. The most important issue will be to balance our overhead and production costs. Ongoing and new cost-reduction programs have been and will continue to be implemented

In mid-April the Company also received notice that a large custom packer of procedure trays for interventional cardiology and radiology (Clinipad Corporation), had been forced by the FDA into a significant recall for the majority of their products. As result of this recall, Clinipad ceased its operations and informed its vendors that there would be no assets left after the secured lender satisfied its priority position. Therefore, the receivable the Company had with Clinipad is expected to be uncollectible. This type of subsequent event was determined to be applicable to the first quarter of 2000 and therefore an adjustment of $340,000 to write off the entire outstanding balance of the Clinipad receivable was made in the first quarter.

Operations. The Company's sales increased for the three months ended March 31, 2000 compared to the same period in 1999; however, the Company experienced a net loss of $159,482 for the three months ended March 31, 2000, compared to the net income of 565,123 for the same period of 1999. The following table sets forth certain operational data as a percentage of sales for the three months ended March 31, 2000 and 1999:

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Sales	100.0 %	100.0%
Gross Profit	34.6	37.8
Selling, general and administrative	28.7	27.2

Research and development	4.6	4.5
Income From Operations	1.3	6.0
Other Expense	2.3	1.4
Net Income (Loss)	(.7)	3.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)
- ---

Sales for the first quarter of 2000 increased by 25%, or $4,378,712, compared to the same period for 1999. This increase is in large part due to the acquisition of the new catheter and wire products. The Company also experienced increased sales of many of its stand- alone products (up 39%), as well as increased OEM sales to other medical products companies. To a lesser degree, this increase was attributable to growth in sales of inflation devices (up 7%) and custom kits (up 2%).

Gross Profit. Gross profit as a percentage of sales decreased in the first quarter of 2000 to 34.6% as compared to 37.8% in the first quarter of 1999. Factors contributing to the decrease were primarily higher costs per unit of product produced in December and the first quarter of 2000, due to higher overhead costs to be applied over smaller production volumes. The Company believes these higher production costs will affect gross margins during the second quarter of 2000 to an even greater extent and will carry on into at least the third quarter as well.

Operating Expenses. Operating expenses increased as a percentage of sales to 33.3% of sales in the first quarter of 2000 compared to 31.8% in the first quarter of 1999. Selling, general and administrative costs as a percentage of sales increased to 28.7%, compared to 27.2% for the first quarter of 1999. The increase as a percentage of sales in the current period was due primarily to a sudden and very unusual financial adjustment caused by the surprising closure of a major customer of the Company (Clinipad Corp) on the last day of the quarter. Upon hearing rumors of the closure, the Company moved to recover any inventory to meet hospital demand as well as minimize the financial loss. In mid-April, the Company determined that a total loss of the remaining approximately $340,000 was likely and made the appropriate adjustment required for financial accounting purposes. If not for this unusual adjustment, there would have been a slight decrease as a percentage of sales in selling, general and administrative expense, in spite of an increase of seven new sales people, compared to the first quarter of 1999. Research and development expenses rose by $204,233 and were 4.6% of sales in the first quarter of 2000 compared to 4.5% of sales for the first quarter of 1999. This increase in expense was due primarily to the addition of new R&D resources associated with the acquisition of the Angleton, Texas catheter division.

Income. During the quarter ended March 31, 2000, the Company reported income from operations of $289,575, a decrease of 73% from income from operations of $1,070,936 for the comparable period in 1999. Lower operating income for the most recent quarter was attributable primarily to lower gross margins as a percentage of sales. Net income was further negatively impacted by higher interest costs of $517,404 for the first quarter of 2000, compared to $230,546 for the first quarter of 1999. This combined for a net loss of $159,482 for the quarter ended March 31, 2000 compared to $565,123 of net income for the same quarter of 1999.

Liquidity and Capital Resources. At March 31, 2000, the Company's working capital was $35,368,523, which represented a current ratio of 4.6 to 1. During August 1999, the Company increased an available secured bank line of credit to $28 million. In March, 2000 this line of credit was increased to $35 million. In 1999, the Company also negotiated a reduction in the interest rate and fees for its line of credit. At March 31, 2000, the outstanding balance under the line of credit was $27,608,172. The increase in the line of credit was due to the two cash acquisitions the Company completed in the last half of 1999, as well as the increased inventory and equipment the Company purchased in the past year. Historically, the Company has incurred significant expenses in connection with product development and introduction of new products. Substantial capital has also been required to finance growth in inventories and receivables. The Company's principal source of funding for these and other expenses has been the sale of equity and cash generated from operations, secured loans on equipment and bank lines of credit. The Company believes that its present sources of liquidity and capital are adequate for its current operations.

Forward Looking Statements. Statements contained in this document which are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These encompass Merit's beliefs, expectations, hopes or intentions regarding the future. 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. It is important to note that actual outcomes and Merit's actual results could differ materially from those in such forward-looking statements. Factors that could cause actual results to differ materially include risks and uncertainties related to future market growth, delays in product introductions, product acceptance, product recalls, delays in obtaining regulatory approvals, cost increases, price and product competition, availability of labor and materials related to health care reform initiatives, product obsolescence relating to changes in product technology or other factors relating to the success of the Company's business.

ITEM 3:

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

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

PART II - OTHER INFORMATION

ITEM 6: Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
10.1	Agreement to Loan Agreement with Zions First National Bank dated March 14, 2000
27	Financial Data Schedule

(b) Reports on Form 8-K - none

MERIT MEDICAL SYSTEMS, INC

SIGNATURES

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

MERIT MEDICAL SYSTEMS, INC.

REGISTRANT

Date: May 12, 2000

/s/FRED P. LAMPROPOULOS

FRED P. LAMPROPOULOS
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Date: May 12, 2000

/s/KENT W. STANGER

KENT W. STANGER
SECRETARY AND CHIEF FINANCIAL OFFICER

REPLACEMENT PROMISSORY NOTE

Revolving Line of Credit
Variable Rate

March 14, 2000

Borrowers: Merit Medical Systems, Inc., Merit Holdings, Inc., and Sentir Semiconductor, Inc.

Lender: Zions First National Bank

Amount: $35,000,000.00

Maturity: July 31, 2006

For value received, Borrowers promise to pay to the order of Lender at its Commercial Banking Department in Salt Lake City, Utah, the sum of thirty-five million dollars ($35,000,000.00) or such other principal balance as may be outstanding hereunder in lawful money of the United States with interest thereon calculated and payable as provided herein.

This Replacement Promissory Note shall be a revolving line of credit under which Borrowers may repeatedly draw and repay funds, so long as no default has occurred hereunder or under the Amended and Restated Loan Agreement dated August 11, 1999, between Lender and Borrowers (as amended or otherwise modified from time to time, the "Loan Agreement") and so long as the aggregate, outstanding principal balance at any time does not exceed the Reducing Available Borrowing Base (as defined in the Loan Agreement). Disbursements under this Replacement Promissory Note shall be made in accordance with the Loan Agreement.

In connection with each request for an advance under this Replacement Promissory Note, the applicable Borrower shall specify whether the advance shall bear interest based on the Prime Rate (as defined below) or the LIBOR Rate (as defined below) and, if the LIBOR Rate is selected, the applicable Interest Period (as defined below). The specification made by such Borrower may not be changed without consent of Lender. If no specification is made by such Borrower, the advance shall bear interest based on the Prime Rate.

Interest on advances based on the Prime Rate shall be calculated as follows:

1. Interest shall be at a variable rate computed on the basis of a three hundred sixty (360) day year as follows: the Prime Rate of Lender from time to time in effect plus the Prime Rate Performance Percent (as defined below) per annum, adjusted as of the date of any change in the Prime Rate.

2. The Prime Rate Performance Percent shall be determined as follows:

(a) If the Performance Pricing Ratio (as defined in the Loan Agreement) is equal to or greater than three to one (3.0:1), the Prime Rate Performance Percent will be zero (0).

(b) If the Performance Pricing Ratio is equal to or greater than two to one (2.0:1) but less than three to one (3.0:1), the Prime Rate Performance Percent will be minus fifteen-hundredths (-.15).

(c) If the Performance Pricing Ratio is less than two to one (2.0:1), the Prime Rate Performance Percent will be minus thirty-five hundredths (-.35).

The Prime Rate Performance Percent shall be determined based upon the most recent quarterly or annual financial statements of Borrowers provided pursuant to the Loan Agreement and shall be adjusted as of the first day of the month following the month in which Borrowers are required to deliver such reports to Lender pursuant to the Loan Agreement.

3. Prime Rate means an index which is determined daily by the published commercial loan variable rate index held by any two of the following banks: Chase Manhattan Bank, Wells Fargo Bank N. A., and Bank of America N. T. & S. A. In the event no two of the above banks have the same published rate, the bank having the median rate will establish Lender's Prime Rate. If, for any reason beyond the control of Lender, any of the aforementioned banks becomes unacceptable as a reference for the purpose of determining the Prime Rate used herein, Lender may, five days after posting notice in Lender's bank offices, substitute another comparable bank for the one determined unacceptable. As used in this paragraph, "comparable bank" shall mean one of the ten largest commercial banks headquartered in the United States of America. This definition of Prime Rate is to be strictly interpreted and is not intended to serve any purpose other than providing an index to determine the variable interest rate used herein. It is not the lowest rate at which Lender may make loans to any of its customers, either now or in the future.

Interest on advances based on the LIBOR Rate shall be calculated as follows:

1. Interest shall be at a rate computed on the basis of a three hundred sixty (360) day year equal to the LIBOR Rate of Lender for the applicable Interest Period plus the LIBOR Rate Performance Percent (as defined below).

2. The LIBOR Rate Performance Percent shall be determined as follows:

(a) If the Performance Pricing Ratio (as defined in the Loan Agreement) is equal to or greater than three to one (3.0:1), the LIBOR Rate Performance Percent will be one and sixty-five hundredths (1.65).

(b) If the Performance Pricing Ratio is equal to or greater than two to one (2.0:1) but less than three to one (3.0:1), the LIBOR Rate Performance Percent will be one and five-tenths (1.50).

(c) If the Performance Pricing Ratio is less than two to one (2.0:1), the LIBOR Rate Performance Percent will be one and four-tenths (1.40).

The LIBOR Rate Performance Percent shall be determined based upon the most recent quarterly or annual financial statements of Borrowers provided pursuant to the Loan Agreement and shall remain in effect for the applicable Interest Period.

3. The LIBOR Rate applicable to any Interest Period means the rate per annum quoted by Lender as its LIBOR Rate. The LIBOR Rate shall be related to quotes for the London Interbank Offered Rate from the British Bankers Association Interest Settlement Rates, Lasser Marshall Inc., or other comparable services for the applicable Interest Period. This definition of LIBOR Rate is to be strictly interpreted and is not intended to serve any purpose other than providing an index to determine the interest rate used herein. The LIBOR Rate of Lender may not necessarily be the same as the quoted London Interbank Offered Rate quoted by any particular institution or service applicable to any Interest Period.

4. Banking Business Day means any day other than a Saturday, Sunday or other day on which commercial banks in the State of Utah are authorized or required to close and a day on which dealings in dollar deposits are also carried on in the London Interbank market and banks are open for business in London.

5. Dollars and the sign "$" mean lawful money of the United States.

6. Interest Period means, with respect to any LIBOR Rate advance, the period commencing on the date such advance is made and ending, as the applicable Borrower may select, on the numerically corresponding day in the first, second, third, sixth, twelfth, twenty-fourth, thirty-sixth, forty-eighth, or sixtieth calendar month thereafter, except that each such Interest Period that commences on the last Banking Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Business Day of the appropriate subsequent calendar month; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(a) No Interest Period may extend beyond the termination of the Loan Agreement;

(b) No Interest Period may extend beyond the aforesaid Maturity Date or such later date to which it is extended; and

(c) If an Interest Period would end on a day that is not a Banking Business Day, such Interest Period shall be extended to the next Banking Business Day unless such Banking Business Day would fall in the next calendar month, in which event such Interest Period shall end on the immediately preceding Banking Business Day.

7. Notwithstanding any other provision in this Replacement Promissory Note, if the adoption of any applicable law, rule, or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by Lender with any request or directive (whether or not having the force of law) of any such authority, central bank, or comparable agency shall make it unlawful or impossible for Lender to maintain or fund advances based on the LIBOR Rate, then upon notice to Borrowers by Lender the outstanding principal amount of the advances based on the LIBOR Rate, together with interest accrued thereon, shall, at the election of Lender, be (1) immediately converted to an advance based on Prime Rate; (2) repaid immediately upon demand of Lender if such change or compliance with such request, in the judgment of Lender, requires immediate repayment; or (3) repaid at the expiration of the last Interest Period to expire before the effective date of any such change or request.

8. Notwithstanding anything to the contrary herein, if Lender determines (which determination shall be conclusive) that:

(a) Quotations of interest rates for the relevant deposits referred to in the definition of LIBOR Rate are not being provided in the relevant amounts or for the relative maturities for purposes of determining the LIBOR Rate; or

(b) The LIBOR Rate does not accurately cover the cost to Lender of making or maintaining advances based on the LIBOR Rate, then Lender may give notice thereof to Borrowers, whereupon until Lender notifies Borrowers that the circumstances giving rise to such suspension no longer exist, (1) the obligation of Lender to make advances based on the LIBOR Rate shall be suspended; and (2) Borrowers shall repay in full the then outstanding principal amount of each advance based on LIBOR Rate together with accrued interest thereon, on the last day of the then current Interest Period applicable to such advance, or, at Borrowers' option, convert the advances based on LIBOR Rate to advances based on Prime Rate on the last day of the then current Interest Period applicable to such advance.

On or before the last day of the applicable Interest Period for which an advance has been made, the applicable Borrower shall specify whether the outstanding balance owing on the advance shall bear interest after the applicable Interest Period based on the Prime Rate or the LIBOR Rate and, if the LIBOR Rate is selected, the applicable Interest Period. The specification made by such Borrower may not be changed without consent of Lender. If no specification is made by such Borrower, the advance shall bear interest based on the Prime Rate.

Principal and interest on advances based on the Prime Rate shall be payable as follows: Interest accrued is to be paid monthly commencing September 1, 1999 and on the same day of each month thereafter. All principal and unpaid interest shall be paid in full on July 31, 2005.

Principal and interest on advances based on the LIBOR Rate shall be payable as follows: Interest accrued is to be paid monthly commencing September 1, 1999 and on the same day of each month thereafter and on the last day of the Interest Period. All principal and unpaid interest shall be paid in full upon the earlier of maturity of the applicable Interest Period or July 31, 2005.

As to all advances, whether based on the Prime Rate or the LIBOR Rate:

1. Interest shall accrue from the date of disbursement of the principal amount or portion thereof until paid, both before and after judgment, in accordance with the terms set forth herein.

2. All payments shall be applied first to accrued interest and the remainder, if any, to principal. Lender may apply payments to Prime Rate based or LIBOR Rate based advances in any order determined by Lender in its sole discretion.

3. Notwithstanding anything to the contrary herein, all principal and unpaid interest shall be paid in full on July 31, 2005.

4. Upon default in payment of any principal or interest when due, whether due at stated maturity, by acceleration, or otherwise, all outstanding principal shall bear interest at a default rate from the date when due until paid, both before and after judgment, which default rate shall be three percent (3.0%) per annum above the Prime Rate.

If, at any time prior to the maturity of this Replacement Promissory Note, this Replacement Promissory Note shall have a zero balance owing, this Replacement Promissory Note shall not be deemed satisfied or terminated but shall remain in full force and effect for future draws unless terminated upon other grounds.

Borrowers may prepay all or any portion of all Prime Rate based advances at any time without penalty. Any prepayment of a LIBOR Rate based advance shall be subject to a prepayment fee if the Original LIBOR Rate is greater than the Current LIBOR Rate on the prepayment date. The prepayment fee shall be an amount equal to the prepaid principal amount multiplied by the product of the Original LIBOR Rate less the Current LIBOR Rate multiplied by the number of years and fractional portion of a year remaining until maturity of the Interest Period. Current LIBOR Rate means the LIBOR Rate in effect on the date the prepayment is made for the Interest Period from that prepayment date to the date of maturity of the Interest Period. Original LIBOR Rate means the LIBOR Rate in effect on the date the LIBOR Rate based advance which is being prepaid was made for the Interest Period selected by the applicable Borrower for that advance. Any prepayment received by Lender after 2:00 p.m. mountain standard or daylight time (whichever is in effect on the date the prepayment is received) shall be deemed received on the following Banking Business Day.

This Replacement Promissory Note is made in accordance with the Loan Agreement and is secured by the collateral identified in and contemplated by the Loan Agreement.

If default occurs in the payment of any principal or interest when due, or if any Event of Default (as defined in the Loan Agreement) occurs under the Loan Agreement, time being the essence hereof, then the entire unpaid balance, with interest as aforesaid, shall, at the election of the holder hereof and without notice of such election, become immediately due and payable in full.

If this Replacement Promissory Note becomes in default or payment is accelerated, Borrowers agree to pay to the holder hereof all collection costs, including reasonable attorney fees and legal expenses, in addition to all other sums due hereunder.

This Replacement Promissory Note is issued in replacement of the promissory note dated August 11, 1999 issued by the Borrowers to Lender in the original principal amount of $28,000,000.00.

All obligations of Borrowers under this Replacement Promissory Note shall be joint and several.

Borrowers and all endorsers, sureties and guarantors hereof hereby jointly and severally waive presentment for payment, demand, protest, notice of protest, notice of protest and of non- payment and of dishonor, and consent to extensions of time, renewal, waivers or modifications without notice and further consent to the release of any collateral or any part thereof with or without substitution.

Borrowers:

Merit Medical Systems, Inc.

By:
Title:

Merit Holdings, Inc.

By:
Title:

Sentir Semiconductor, Inc.

By:
Title:

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