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, 1999 or

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

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

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

1600 WEST MERIT PARKWAY
SOUTH JORDAN, UTAH 84095
(Address of principal executive offices, including zip code)

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

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

NONE

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

TITLE OF CLASS
Common Stock, No Par Value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /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. / /

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, 2000, was approximately $60,628,323. 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, 2000 the Registrant had 7,683,372 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 24, 2000 (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, 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, 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 innovative 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 series of sensor-based products that address a broad range of needs related to diagnostic and interventional catheterization procedures performed in hospitals. Since 1997 the Company has expanded its product offerings to include catheters, guide wires, sheath introducers, needles and drug infusion devices.

The Company's strategy is to offer a broad line of innovative, disposable products for diagnosis and intervention in radiology and cardiology. Merit continues to increase market acceptance and penetration for both its existing and new products in the U.S. and in international markets. Longer term, the Company's strategy is to extend the application of its sensor-based technologies, plastics molding, catheter, guide wire, and electronic capabilities and to develop products for diagnostic and interventional procedures in additional markets such as neuroradiology, nephrology, pain management and critical care. The Company's sales of stand-alone products in combination with custom kits have increased as additions have been made to the Company's product lines. In 1999,

approximately 51% of the Company's sales were made directly to U.S. hospitals and approximately 25% of sales were made to custom packagers, distributors and O.E.M. companies who also distribute to U.S. hospitals. Approximately 24% of the Company's sales in 1999 were made in international markets.

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

PRODUCTS

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

The Company has not experienced any product liability claims; however, the sale and use of its products entails an inherent risk that product liability claims may be asserted against the Company. The Company maintains product liability insurance in the amount of $5,000,000 per occurrence and in the aggregate, which may not be adequate for expenses or liabilities actually incurred.

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

The Company's IntelliSystem 25 inflation device, which was the

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

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

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

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

SPECIALTY SYRINGES. Merit's Medallion syringes, a line of disposable, latex-free, color-coded specialty syringes are used for injection of medications, flushing of manifolds and other general purposes. These syringes are molded of polycarbonate material for added strength and are available in hundreds of sizes, colors and custom printing combinations. The color coding allows a clinician to assign a color for each medication to be dispensed and to differentiate syringes by their contents. The syringes can also be custom printed to the specifications of the user. In response to customer requests, the Company has developed and added additional sizes of its specialty syringes which have applications in dispensing various medications required in a broader range of peripheral procedures. The Company believes that the design, color coding and materials used in its specialty syringes contribute to patient safety and more efficient procedures. The specialty syringes are sold separately but are an important component of the Company's custom kits.

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

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

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

HEMOSTASIS VALVES. The Passage, Access 9, Access Plus and MBA 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 with polycarbonate plastic for clarity and include Sherlock connectors. The devices differ in size and function. The MBA features a valve mechanism that minimizes blood loss.

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

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

CONTRAST MANAGEMENT SYSTEMS. The Miser and the In-Line Contrast Management System have been designed to increase catheterization lab efficiencies by reducing contrast media waste.

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

CAPTIVA BLOOD CONTAINMENT DEVICE. The Captiva helps protect health care workers from the potential of blood-borne pathogens by minimizing the escape of blood during an initial needle puncture in vascular access procedures. This product is complementary to the angiographic needles and can be utilized in virtually every diagnostic and interventional case where needle introducers are used.

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

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

SQUIRT WOUND IRRIGATION. In any traumatic wound, the risk of

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

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

PERICARDIOCENTESIS. Merit offers a complete pericardiocentesis kit which combines a high-flow drainage catheter and virtually all components needed to place the device in the pericardial sack. This combination saves the physician both time and money by having all components in one convenient tray. On occasion, the sack surrounding the heart becomes filled with blood or fluid. To remove the fluid and the potential for cardiac tamponade, a catheter is placed in the pericardial sack. The Company designed, manufactured and launched two proprietary kits (pigtail and straight) including the catheter and necessary components to perform the procedure.

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

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

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

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

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

DIAGNOSTIC GUIDE WIRES. Guide wires are relatively simple, spring-type products that provide the necessary firmness and control to advance catheters to the site where angiograms will be taken. Guide wires vary in length, outside diameter and tip configuration. The Company distributes an OEM wire made to exact specifications.

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

KEEP ACCESSORY ORGANIZER. In 1999 the Company designed and launched a unique, proprietary accessory organizer that affixes to the sterile field

to hold guide wires, catheters and cables. The product was launched late in the year and increased sales are projected for 2000 and beyond.

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 other technicians who perform the clinical procedures.

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

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

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

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

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

INTERNATIONAL SALES. Outside of the U.S., the Company's products are presently sold by 42 independent dealer organizations and 15 direct sales representatives in Germany, France, the United Kingdom, Canada, Belgium, Netherlands, and Ireland. In 1999, the Company's international sales grew by 21% and accounted for approximately 24% of total sales. The Company has appointed a vice president for international sales and established an international sales and distribution office in Maastricht, The Netherlands.

With the recent and planned additions to its product lines, the Company believes that international sales will continue to increase.

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

CUSTOMERS

The Company serves hospital-based cardiologists, radiologists, anesthesiologists, physiatrists (pain management), neurologists, ER physicians, technicians and nurses who influence the purchasing decision for Merit's products. Hospitals also purchase the Company's products in the U.S. through custom packagers and packers who assemble and combine products in custom kits and packs. The Company's customers outside the U.S. are hospitals and other end users in those countries where a direct sales force has been established, and in other countries are independent dealers in medical products who resell to hospitals and other customers.

In 1999, approximately 51% of the Company sales were made directly to domestic hospitals, 25% to custom packagers and packers and 24% to international markets. Sales to the Company's single largest customer, a foreign dealer, accounted for 6.2% of total sales during the year ended December 31, 1999. In 1999 OEM sales represented

4.4 % of Merit's total revenue. The Company is investing heavily in people and programs to expand the OEM business. Merit recognizes the growth opportunity in this area.

RESEARCH AND DEVELOPMENT

The Company believes that one of its important strengths is its ability to quickly adapt its expertise and experience in injection molding and to apply its electronic and sensor technologies to a perceived need for a new product or product improvement. The Company's development efforts are presently focused on disposable, innovative single-patient or single-use items which can be included in the Company's custom kits or sold separately. Longer-term projects include use of sensor-based technologies in a variety of applications and additional inflation devices with added capacities and features. There is a new focus on interventional vascular access products, such as needles, guide wires, and catheters. Certain of the Company's executive officers also devote a substantial portion of their time to research and development. Research and development expenses were $3,618,041, $3,244,477 and, $4,446,795, in 1999, 1998 and 1997, respectively. There was no customer-sponsored research and development. The Company anticipates that such expenses will range between approximately 4.0% to 6.0% of sales for 2000.

MANUFACTURING

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

The electronic monitors and sensors used in the Company's IntelliSystem and Monarch inflation devices are assembled from standard electronic components or purchased from suppliers. In July 1994, the Company acquired a 73% interest and in August 1999 the Company acquired the remaining interest in Sentir, which is engaged in development and marketing of silicon sensors. Sentir was founded in 1991 by the Company's President and Chief Executive Officer, Fred P. Lampropoulos, to develop micromachine technology and silicon sensors. Sentir is presently providing virtually all of the sensors utilized by the Company in digital inflation devices.

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

COMPETITION

The principal competitive factors in the markets in which the Company's products compete 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, the Company's attention to customer service and product managers who respond promptly to customer inquiries. The Company's products are priced competitively, but 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. There are several companies which compete with the Company in the U.S. market for products and accessories used in cardiology and radiology procedures. 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 maiforld 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. 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, vascular stents, 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. 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 and C.R. Bard.

PATENTS, PATENT APPLICATIONS, LICENSES, TRADEMARKS AND COPYRIGHTS

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

Corresponding patent applications covering the claims included in the Company's U.S. patents and patent applications have been initiated in several foreign countries. The Company deems its patents and patents pending to be materially important to its business but does not believe its business is dependent on securing such patents. The Company negotiated a license in 1992 with respect to patents concerning technology utilized in its IntelliSystem and Monarch inflation devices in consideration of a 5.75% ongoing royalty not to exceed $450,000 annually. Royalties paid in each of 1999, 1998 and 1997 were $450,000.

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

similar claims of others. Insofar as the Company relies on trade secrets and proprietary know-how to maintain its competitive position, there can be no assurance that others may not independently develop similar or superior technologies.

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

REGULATION

The development, testing, packaging, labeling and marketing of medical devices and the manufacturing procedures relating to these devices are regulated under the Federal Food, Drug and Cosmetic Act and additional regulations promulgated thereunder by the FDA. In general, these statutes and regulations require that manufacturers adhere to certain standards designed to ensure the safety and effectiveness of medical devices. The Company employs a director of regulatory affairs who is responsible for compliance with all applicable FDA regulations. Although the Company believes it is currently in material compliance with all applicable FDA requirements, the Company's business could be adversely affected by failure to comply with all applicable FDA and other government regulations presently existing and 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) Pre-Market Notification regulations require FDA clearance prior to marketing. To date, the Company's products have required only compliance with the Section 510(k) Pre-Market Notification regulations. The Company's products are subject to foreign regulatory approvals before they may be marketed abroad. The Company places the "CE" mark on devices and products sold in Europe. The Company has received ISO 9001 certification for its South Jordan facility, as well as ISO 9002 for its Galway, Ireland facility.

EMPLOYEES

As of March 23, 2000, the Company employed 1,214 persons, including 947 in manufacturing, 107 in sales and marketing, 79 in engineering, research and development and 81 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 are 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 8 to the Consolidated Financial Statements incorporated by reference in this report.

ITEM 2. PROPERTIES.

The Company is the owner of approximately 35 acres of real property situated in the City of South Jordan, Utah, which surrounds the site of its 175,000 square foot principal office and manufacturing facility where it relocated and consolidated its operations in November 1994. The Company sold to the developer ten acres of land on which the facility was constructed and entered into a 25-year lease agreement to finance the new facility. Monthly lease payments are approximately $122,117. The Company also holds an option to purchase the facility, exercisable at market value after ten years and, if not exercised, after 25 years. The new facility has been constructed to the Company's specifications and is presently 90% utilized.

The Company is leasing a building of approximately 26,500 square feet in Galway, County Galway, Republic of Ireland as its principal office and manufacturing facility for European operations. This facility is used as the administrative headquarters to support the European direct sales force. The facility also houses a research and development team which has developed a new PTCA guide wire and is developing other new products. Beginning in the fourth quarter of 1997, the Company initiated manufacturing operations for several new and existing products at the Galway facility, including custom kits, the BASIX inflation device and the Company's PTCA guide wire. In 1998 Merit began the manufacture of the hemostasis valve products in Ireland. The property has been improved and equipped

on terms favorable to the Company in connection with economic development grant incentives and grants provided by the Irish Government. This lease is for 20 years at approximately $135,000 per year, less a 40% subsidy from the Irish government, available through 2000. The Company also has a purchase option exercisable on terms deemed favorable to the Company through the term of the lease.

In October 1997, the Company began manufacturing operations in a facility of approximately 25,000 square feet of manufacturing space formerly occupied by the Company in Murray, Utah and shifted production of several well-established products to this facility. In 1998 Merit added an additional 25,000 square feet of manufacturing space to its Murray location. The additional manufacturing space was obtained to create room at the Company's principal manufacturing facility for production of new products. The leases are for a term of five years with monthly lease payments of approximately $26,365.

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

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 are not considered material to 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, 1999, furnished herewith to the Commission as Exhibit 13.1 to this Report, is incorporated herein by

reference.

ITEM 6. SELECTED FINANCIAL DATA.

The "Selected Financial Data" included in the Company's Annual Report to Shareholders for the year ended December 31, 1999, furnished herewith to the Commission as Exhibit 13.1 to this Report, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The "Management's Discussion and Analysis of Financial Condition" included in the Company's Annual Report to Shareholders for the year ended December 31, 1999 furnished herewith to the Commission as Exhibit 13.1 to this Report, is incorporated herein by reference.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

The "Market Risk Disclosure" included in the Company's Report to Shareholders for the year ended December 31, 1999, furnished herewith to the Commission as Exhibit 13.1 to this Report, is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Company's consolidated financial statements and notes included in the Company's Annual Report to Shareholders for the year ended December 31, 1999, furnished herewith to the Commission as Exhibit 13.1 to this Report, are incorporated herein by reference.

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEMS 10, 11, 12 AND 13.

These items are incorporated by reference to the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders scheduled for May 24, 2000. The definitive Proxy Statement will be filed with the Commission not later than 120 days after December 31, 1999, 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:

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, 1999 and 1998
- -- Consolidated Statements of Operations for the Years Ended December 31, 1999, 1998 and 1997
- -- Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1999, 1998 and 1997
- -- Consolidated Statements of Cash Flows for the Years Ended December 31, 1999, 1998 and 1997
- -- Notes to Consolidated Financial Statements

(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]

	DESCRIPTION	EXHIBIT NO.
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	Filed herewith
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]
13.1	Annual Report to Shareholders for the year ended December 31, 1999. 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.	Filed herewith
23.1	Consent of Independent Auditors	Filed herewith
27	Financial Data Schedule - Twelve months ended December 31, 1999	Filed herewith

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* These exhibits are incorporated herein by reference.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 29, 2000.

MERIT MEDICAL SYSTEMS, INC.

By: FRED P. LAMPROPOULOS, PRESIDENT

Fred P. Lampropoulos, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 29,2000.

SIGNATURE	CAPACITY IN WHICH SIGNED
FRED P. LAMPROPOULOS Fred P. Lampropoulos	President, Chief Executive Officer and Director
KENT W. STANGER Kent W. Stanger	Chief Financial Officer, Secretary, Treasurer and Director (Principal financial and accounting officer)
RICHARD W. EDELMAN Richard W. Edelman	Director
REX C. BEAN Rex C. Bean	Director
JAMES J. ELLIS James J. Ellis	Director
MICHAEL E. STILLABOWER Michael E. Stillabower	Director

AMENDED AND RESTATED
LOAN AGREEMENT

Between

ZIONS FIRST NATIONAL BANK
Lender

and

MERIT MEDICAL SYSTEMS, INC.
MERIT HOLDINGS, INC.
SENTIR SEMICONDUCTOR, INC.
Borrowers

Effective Date: August 11, 1999

AMENDED AND RESTATED
LOAN AGREEMENT

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EXHIBITS

AMENDED AND RESTATED
LOAN AGREEMENT

This Amended and Restated Loan Agreement is made and entered into by and between Zions First National Bank (hereinafter "Lender") and Merit Medical Systems, Inc., a Utah corporation ("Merit Medical"), Merit Holdings, Inc., a Utah corporation ("Merit Holdings"), and Sentir Semiconductor, Inc., a Utah corporation ("Sentir") (Merit Medical, Merit Holdings and Sentir are collectively called the "Borrowers").

Lender and Borrowers have entered into a Loan Agreement dated October 10, 1995 (as previously amended, the "Original Loan Agreement"). Lender and Borrowers desire to amend and restate the Original Loan Agreement in the form of this Amended and Restated Loan Agreement.

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

ARTICLE 1 - DEFINITIONS

SECTION 1.1. DEFINITIONS

Terms defined in the singular shall have the same meaning when used in the plural and vice versa. As used herein, the term:

"Banking Business Day" means any day not a Saturday, Sunday, legal holiday in the State of Utah, or day on which national banks in the State of Utah are authorized to close.

"Borrowing Base" means the sum of (a) 75% of the net book value, as determined by Lender, of all accounts receivable of Borrowers in which Lender has a first priority, fully perfected security interest, (b) 45% of the net book value, as determined by Lender, of all inventory of Borrowers in which Lender has a first priority, fully perfected security interest, (c) 70% of the appraised value, acceptable to Lender, of all real property of Borrowers in which Lender has a first priority, fully perfected lien, (d) 70% of the appraised value, acceptable to Lender, of all equipment of Borrowers in which Lender has a first priority, fully perfected security interest, and (e) (i) 55% of the net book value, as determined by Lender, of all equipment of Borrowers for which there is not an appraisal acceptable to Lender and in which Lender has a fully perfected security interest minus (ii) the outstanding principal amount owing by Borrowers in respect of all such equipment which is subject to a security interest superior to the security interest of Lender in such equipment.

"Collateral" shall have the meaning set forth in Section 3.1 COLLATERAL.

"Computation Period" means any period of four consecutive fiscal quarters of Merit Medical ending on the last day of a fiscal quarter.

"EBITDA" means, for any Computation Period, consolidated earnings of Merit Medical before interest, taxes, depreciation, and amortization; earnings, interest, taxes, depreciation, and amortization shall have the meanings used in accordance with generally accepted accounting principles consistent with those used in the preparation of the financial statements previously submitted to Lender by Borrowers. For purposes of calculating EBITDA, if Merit Medical has made an acquisition during the Computation Period for which the calculation is to be made, such calculation shall be made as if such acquisition had occurred on the first day of such Computation Period.

"Effective Date" shall mean the date the parties intend this Loan Agreement to become binding and enforceable, which is the date stated at the conclusion of this Loan Agreement.

"Environmental Condition" shall mean any condition involving or relating to Hazardous Materials and/or the environment affecting the Real Property, whether or not yet discovered, which could or does result in any damage, loss, cost, expense, claim, demand, order, or liability to or against

Borrowers or Lender by any third party (including, without limitation, any government entity), including, without limitation, any condition resulting from the operation of any Borrower's business and/or operations in the vicinity of the Real Property and/or any activity or operation formerly conducted by any person or entity on or off the Real Property.

"Environmental Health and Safety Law" shall mean any legal requirement that requires or relates to:

a. advising appropriate authorities, employees, and the public of intended or actual releases of Hazardous Materials, violations of discharge limits or other prohibitions, and of the commencement of activities, such as resource extraction or construction, that do or could have significant impact on the environment;

b. preventing or reducing to acceptable levels the release of Hazardous Materials;

c. reducing the quantities, preventing the release, or minimizing the hazardous characteristics of wastes that are generated;

d. assuring that products are designed, formulated, packaged, and used so that they do not present unreasonable risks to human health or the environment when used or disposed of;

e. protecting resources, species, or ecological amenities;

f. use, storage, transportation, sale, or transfer of Hazardous Materials or other potentially harmful substances;

g. cleaning up Hazardous Materials that have been released, preventing the threat of release, and/or paying the costs of such clean up or prevention; or

h. making responsible parties pay for damages done to the health of others or the environment or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"Event of Default" has the meaning set forth in Section 7.1 EVENTS OF DEFAULT.

"Facility Amount" means twenty-eight million dollars ($28,000,000.00) as such amount is reduced by two hundred fifty thousand dollars ($250,000.00) on the last day of each quarter commencing with the quarter ending March 31, 2001.

"Hazardous Materials" means (i) "hazardous waste" as defined by the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et. seq.), including any future amendments thereto, and regulations promulgated thereunder, and as the term may be defined by any contemporary state counterpart to such act; (ii) "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et. seq.), including any future amendments thereto, and regulations promulgated thereunder, and as the term may be defined by any contemporary state counterpart of such act; (iii) asbestos; (iv) polychlorinated biphenyls; (v) underground or above ground storage tanks, whether empty or filled or partially filled with any substance; (vi) any substance the presence of which is or becomes prohibited by any federal, state, or local law, ordinance, rule, or regulation; and (vii) any substance which under any federal, state, or local law, ordinance, rule or regulation requires special handling or notification in its collection, storage, treatment, transportation, use or disposal.

"Loan" means the loan to be made pursuant to Article 2 LOAN DESCRIPTION.

"Loan Agreement" means this agreement, together with any exhibits, amendments, addendums, and modifications.

"Organizational Documents" means, in the case of a corporation, its Articles of Incorporation and By-Laws; in the case of a general partnership, its Articles of Partnership; in the case of a limited partnership, its Articles of Limited Partnership; in the case of a limited liability company,

its Articles of Organization and Operating Agreement, if any; in the case of a limited liability partnership, its Articles of Limited Liability Partnership; and all amendments, modifications, and changes to any of the foregoing which are currently in effect.

"Performance Pricing Ratio" means the ratio of (a) borrowed debt of Borrowers as of the last day of the Computation Period most recently ended to (b) EBITDA for the Computation Period most recently ended.

"Promissory Note" means the promissory note to be executed by Borrowers pursuant to Section 2.3 PROMISSORY NOTE in the form of Exhibit A hereto, which is incorporated herein by reference, and any and all renewals, extensions, modifications, and replacements thereof.

"Real Property" means any and all real property or improvements thereon owned or leased by Borrowers or in which Borrowers have any other interest of any nature whatsoever.

"Reducing Available Borrowing Base" has the meaning set forth in Section 2.5 LIMITATIONS OR ADVANCES.

"Security Documents" means all security agreements, assignments, pledges, deeds of trust, mortgages, and other documents which create or evidence any security interest, assignment, lien or other encumbrance in favor of Lender to secure any or all of the obligations created or contemplated by this Loan Agreement, the Promissory Note, the Security Documents, or any other agreements, documents, obligations, and transactions contemplated by this Loan Agreement.

ARTICLE 2 - LOAN DESCRIPTION

SECTION 2.1. AMOUNT OF LOAN

Upon fulfillment of all conditions precedent set forth in this Loan Agreement, and so long as no Event of Default exists, and no other breach has occurred under this Loan Agreement or any Security Documents, Lender agrees to loan Borrowers an amount equal to the Facility Amount.

SECTION 2.2. NATURE AND DURATION OF LOAN

The Loan shall be a reducing revolving loan payable in full upon the date and upon the terms and conditions provided in the Promissory Note. Lender and Borrowers intend the Loan to be in the nature of a line of credit under which Borrowers may repeatedly draw funds on a revolving basis in accordance with the terms and conditions of this Loan Agreement and the Promissory Note. The right of Borrowers to draw funds and the obligation of Lender to advance funds shall not accrue until all of the conditions set forth in Article 4 CONDITIONS TO LOAN DISBURSEMENTS have been fully satisfied, and shall terminate: (a) upon occurrence of an Event of Default or (b)upon maturity of the Promissory Note, unless the Promissory Note is renewed or extended by Lender, in which case such termination shall occur upon the maturity of the final renewal or extension of the Promissory Note. Upon such termination, any and all amounts owing to Lender pursuant to the Promissory Note and this Loan Agreement shall thereupon be due and payable in full.

SECTION 2.3. PROMISSORY NOTE

The Loan shall be evidenced by the Promissory Note of Borrowers to Lender. The Promissory Note shall be executed and delivered to Lender upon execution and delivery of this Loan Agreement. Proceeds of the Promissory Note may be disbursed by Lender by wire transfer.

SECTION 2.4. PREPAYMENT OF LOAN

Borrowers may prepay all or any portion of the Loan at any time, subject to any prepayment penalty set forth in the Promissory Note. 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.

SECTION 2.5. LIMITATIONS ON ADVANCES

Notwithstanding anything to the contrary in this Loan Agreement or the Promissory Note, no advances shall be made on the Loan under the Promissory Note if, after making the requested advance, the total, principal amount of all advances outstanding will exceed the lesser of the following (the "Reducing Available Borrowing Base"):

(i) the Facility Amount,

(ii) an amount equal to (a) 3.5 times EBITDA for the Computation Period most recently ended less (b) other borrowed debt of Borrowers, and

(iii) the Borrowing Base.

Borrowers will at all times maintain personal and real property so that the total, aggregate, principal amount of all advances at any time outstanding and unpaid shall be in compliance with this formula. If at any time the total, aggregate, principal amount of all such advances outstanding and unpaid exceeds the amount allowable under this formula, Borrowers shall immediately make payment to Lender in a sufficient amount to bring the amount of such advances back into formula.

SECTION 2.6. NOTICE AND MANNER OF BORROWING

Borrowers shall give Lender same day notice of any advances requested under the Promissory Note.

SECTION 2.7. LOAN FEE

Borrowers shall pay to Lender a fee for the Loan for so long as this Loan Agreement is in effect. The loan fee shall be an amount equal to three hundred seventy-five thousandths percent (.375%) per annum of the unused portion of the Loan, calculated on the average unused portion of the Loan for each calendar quarter. The loan fee shall be payable quarterly, in arrears, and shall be due upon receipt of a statement therefor from Lender.

ARTICLE 3 - SECURITY FOR LOAN

SECTION 3.1. COLLATERAL

The Loan and Promissory Note shall be secured by such collateral as and to the extent provided in the Security Documents (the "Collateral"), which shall include, without limitation, the following:

a. A security interest in all accounts receivable, inventory, equipment, general intangibles, and patents of Borrowers.

b. A deed of trust upon real property of Merit Medical located in Salt Lake County, Utah.

SECTION 3.2. SECURITY FOR OBLIGATIONS UNDER LOAN AGREEMENT

All obligations of Borrowers under this Loan Agreement are secured by the Collateral.

SECTION 3.3. PERFECTION OF SECURITY INTEREST

Borrowers agree to execute and deliver any financing statements and other documents (properly endorsed, if necessary) reasonably requested by Lender for perfection or enforcement of any security interest or lien, and to give good faith, diligent cooperation to Lender, and to perform such other acts reasonably requested by Lender for perfection and enforcement of any security interest or lien. Lender is authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder.

SECTION 3.4. RELEASE OF LENDER AS CONDITION TO LIEN TERMINATION

In recognition of Lender's right to have all its attorneys fees and

expenses incurred in connection with this Loan Agreement secured by the Collateral, notwithstanding payment in full of the Loan and all other obligations secured by the Collateral, Lender shall not be required to release, reconvey, or terminate any security interest, trust deed, mortgage, assignment, or other lien on the Collateral unless and until Borrowers have executed and delivered to Lender general releases in form and substance satisfactory to Lender.

ARTICLE 4 - CONDITIONS TO LOAN DISBURSEMENTS

SECTION 4.1. CONDITIONS TO LOAN DISBURSEMENTS

Lender's obligation to disburse any of the Loan proceeds is expressly subject to, and shall not arise until all of the conditions set forth below have been satisfied. All of the documents referred to below must be in a form and substance acceptable to Lender.

a. This Loan Agreement, the Promissory Note, the Security Documents, and all other documents contemplated by this Loan Agreement to be delivered to Lender prior to funding have been fully executed and delivered to Lender.

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

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

d. As of the date of disbursement of all or any portion of the Loan proceeds, the following shall be true and correct: (1) all representations and warranties made by Borrowers in this Loan Agreement are true and correct as of the date of such disbursement; and (2) no Event of Default has occurred under the Loan Agreement and no conditions exist and no event has occurred, which, with the passage of time or the giving of notice, or both, would constitute an Event of Default under this Loan Agreement.

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

SECTION 4.2. NO DEFAULT, ADVERSE CHANGE, FALSE OR MISLEADING STATEMENT

Lender's obligation to advance any funds at any time pursuant to this Loan Agreement and the Promissory Note shall, at Lender's sole discretion, terminate upon the occurrence of any Event of Default or upon the occurrence of any material adverse change in any Borrower's organization or affairs or in any matter concerning which an agreement, covenant, representation, or warranty has been made herein, or upon the determination by Lender that any of any Borrower's representations made herein or in connection with this Loan Agreement were false or materially misleading when made. Upon the exercise of such discretion, Lender shall be relieved of all further obligations under this Loan Agreement, the Promissory Note, and all other agreements, documents, obligations, and transactions contemplated by this Loan Agreement.

ARTICLE 5 - REPRESENTATIONS AND WARRANTIES

SECTION 5.1. ORGANIZATION AND QUALIFICATION

Merit Medical represents and warrants that it is a corporation duly organized and existing in good standing under the laws of the State of Utah.

Merit Medical represents and warrants that it is duly qualified to do business in each jurisdiction where the conduct of its business requires qualification.

Merit Medical represents and warrants that it has the full power and authority to own its property and to conduct the business in which it engages and to enter into and perform its obligations under this Loan Agreement, the Promissory Note, any Security Documents, and all agreements, documents, obligations, and transactions contemplated by this Loan Agreement.

Merit Medical represents and warrants that it has delivered to Lender or Lender's counsel accurate and complete copies of its Organizational Documents which are operative and in effect as of the Effective Date.

Merit Holdings represents and warrants that it is a corporation duly organized and existing in good standing under the laws of the State of Utah.

Merit Holdings represents and warrants that it is duly qualified to do business in each jurisdiction where the conduct of its business requires qualification.

Merit Holdings represents and warrants that it has the full power and authority to own its property and to conduct the business in which it engages and to enter into and perform its obligations under this Loan Agreement, the Promissory Note, any Security Documents, and all agreements, documents, obligations, and transactions contemplated by this Loan Agreement.

Merit Holdings represents and warrants that it has delivered to Lender or Lender's counsel accurate and complete copies of its Organizational Documents which are operative and in effect as of the Effective Date.

Sentir represents and warrants that it is a corporation duly organized and existing in good standing under the laws of the State of Utah.

Sentir represents and warrants that it is duly qualified to do business in each jurisdiction where the conduct of its business requires qualification.

Sentir represents and warrants that it has the full power and authority to own its property and to conduct the business in which it engages and to enter into and perform its obligations under this Loan Agreement, the Promissory Note, any Security Documents, and all agreements, documents, obligations, and transactions contemplated by this Loan Agreement.

Sentir represents and warrants that it has delivered to Lender or Lender's counsel accurate and complete copies of its Organizational Documents which are operative and in effect as of the Effective Date.

SECTION 5.2. AUTHORIZATION

Each Borrower represents and warrants that the execution, delivery, and performance by such Borrower of this Loan Agreement, the Promissory Note, the Security Documents and all agreements, documents, obligations, and transactions herein contemplated have been duly authorized by all necessary action on the part of such Borrower and are not inconsistent with such Borrower's Organizational Documents or any resolution of the Boards of Directors of such Borrower, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract, or other instrument to which such Borrower is a party or by which such Borrower is bound, and that upon execution and delivery hereof and thereof, this Loan Agreement, the Promissory Note and the Security Documents will constitute legal, valid, and binding agreements and obligations of such Borrower, enforceable in accordance with their respective terms.

SECTION 5.3. NO GOVERNMENTAL APPROVAL NECESSARY

Each Borrower represents and warrants that no consent by, approval of, giving of notice to, registration with, or taking of any other action with respect to or by any federal, state, or local governmental authority or organization is required for such Borrower's execution, delivery, or performance of this Loan Agreement, the Promissory Note, the Security Documents or any other agreements, documents, obligations, or transactions contemplated by this Loan Agreement.

SECTION 5.4. ACCURACY OF FINANCIAL STATEMENTS

Each Borrower represents and warrants that all of its financial

statements heretofore delivered to Lender have been prepared in accordance with generally accepted accounting principles consistently applied and fully and fairly represent such Borrower's financial condition as of the date thereof, and fully and fairly represent the results of such Borrower's operations for the period or periods covered thereby. Each Borrower represents and warrants that since the date of the most recent financial statements delivered to Lender, there has been no material adverse change in its financial condition.

Each Borrower represents and warrants that all of its pro forma financial statements heretofore delivered to Lender have been prepared consistently with such Borrower's actual financial statements and fully and fairly represent such Borrower's anticipated financial condition as of the date thereof, and fully and fairly represent the anticipated results of such Borrower's operations for the period or periods covered thereby.

SECTION 5.5. NO PENDING OR THREATENED LITIGATION

Each Borrower represents and warrants that except as Lender has been otherwise advised in writing, together with an analysis by such Borrower's counsel, there are no actions, suits, or proceedings pending or, to such Borrower's knowledge, threatened against or affecting such Borrower in any court or before any governmental commission, board, or authority which, if adversely determined, would have a material adverse affect on such Borrower's financial condition,

conduct of its business, or ability to perform its obligations under this Loan Agreement, the Promissory Note, the Security Documents or any other agreement, document, obligation, or transaction contemplated by this Loan Agreement.

SECTION 5.6. FULL AND ACCURATE DISCLOSURE

Each Borrower represents and warrants that this Loan Agreement, the financial statements referred to herein, any loan application submitted to Lender, and all other statements furnished by such Borrower to Lender in connection herewith contain no untrue statement of a material fact and omit no material fact necessary to make the statements contained therein or herein not misleading. Each Borrower represents and warrants that it has not failed to disclose in writing to Lender any fact that materially and adversely affects, or is reasonably likely to materially and adversely affect, such Borrower's business, operations, properties, prospects, profits, condition (financial or otherwise), or ability to perform its obligations under this Loan Agreement, the Promissory Note, the Security Documents, or any other agreement, document, obligation, or transaction contemplated by this Loan Agreement.

SECTION 5.7. COMPLIANCE WITH ERISA

Each Borrower represents and warrants that such Borrower is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and the regulations and published interpretations thereunder. Neither a Reportable Event as set forth in Section 4043 of ERISA or the regulations thereunder ("Reportable Event") nor a prohibited transaction as set forth in Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, has occurred and is continuing with respect to any employee benefit or other plan established, maintained, or to which contributions have been made by such Borrower or any trade or business (whether or not incorporated) which together with such Borrower would be treated as a single employer under Section 4001 of ERISA ("ERISA Affiliate") for its employees which is covered by Title IV of ERISA ("Plan"); no notice of intent to terminate a Plan has been filed nor has any Plan been terminated; no circumstances exist that constitute grounds under Section 4042 of ERISA entitling the Pension Benefit Guaranty Corporation ("PBGC") to institute proceedings to terminate, or appoint a trustee to administrate a Plan, nor has the PBGC instituted any such proceedings; neither such Borrower nor any ERISA Affiliate has completely or partially withdrawn under Section 4201 or 4204 of ERISA from any Plan described in Section 4001(a)(3) of ERISA which covers employees of such Borrower or any ERISA Affiliate ("Multi-employer Plan"); and such Borrower and each ERISA Affiliate has met its minimum funding requirements under ERISA with respect to all of its Plans and the present fair market

value of all Plan assets exceeds the present value of all vested benefits under each Plan, as determined on the most recent valuation date of the Plan and in accordance with the provisions of ERISA and the regulations thereunder for calculating the potential liability of such Borrower or any ERISA Affiliate to the PBGC or the Plan under Title IV of ERISA; and neither such Borrower nor any ERISA Affiliate has incurred any liability to the PBGC under ERISA.

SECTION 5.8. COMPLIANCE WITH ALL OTHER APPLICABLE LAW

Each Borrower represents and warrants that it has complied with all applicable statutes, rules, regulations, orders, and restrictions of any domestic or foreign government, or any instrumentality or agency thereof having jurisdiction over the conduct of such Borrower's business or the ownership of its properties, which may have a material impact or affect upon the conduct of such Borrower's business or the ownership of its properties.

SECTION 5.9. ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants that, except as Lender has been otherwise previously advised by such Borrower, no Hazardous Materials are now located on, in, or under the Real Property, nor is there any Environmental Condition on, in, or under the Real Property and neither Borrowers nor, to such Borrower's knowledge, after due inquiry and investigation, any other person has ever caused or permitted any Hazardous Materials to be placed, held, used, stored, released, generated, located or disposed of on, in or under the Real Property, or any part thereof, nor caused or allowed an Environmental Condition to exist on, in or under the Real Property. Each Borrower further represents and warrants that no investigation, administrative order, consent order and agreement, litigation or settlement with respect to Hazardous Materials and/or Environmental Condition is proposed, threatened, anticipated or in existence with respect to the Real Property.

SECTION 5.10. OPERATION OF BUSINESS

Each Borrower represents and warrants that such Borrower possesses all licenses, permits, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and such Borrower is not in violation of any valid rights of others with respect to any of the foregoing.

SECTION 5.11. PAYMENT OF TAXES

Each Borrower represents and warrants that such Borrower has filed all tax returns (federal, state, and local) required to be filed and has paid all taxes, assessments, and governmental charges and levies, including interest and penalties, on the Collateral and on such Borrower's property, business and income, except such as are being contested in good faith by proper proceedings and as to which adequate reserves are maintained.

ARTICLE 6 - BORROWERS' COVENANTS

Borrowers make the following agreements and covenants, which shall continue so long as this Loan Agreement is in effect and so long as any Borrower is indebted to Lender for obligations arising out of, identified in, or contemplated by this Loan Agreement.

SECTION 6.1. USE OF PROCEEDS

Each Borrower shall use the proceeds of the Loan solely for the purposes identified to Lender in applying for the Loan.

No Borrower shall, directly or indirectly, use any of the proceeds of the Loan for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or to extend credit to any person or entity for the purpose of purchasing or carrying any such margin stock or for any purpose which

violates, or is inconsistent with, Regulation X of said Board of Governors, or for any other purpose not permitted by Section 7 of the Securities Exchange Act of 1934, as amended, or by any of the rules and regulations respecting the extension of credit promulgated thereunder.

SECTION 6.2. CONTINUED COMPLIANCE WITH ERISA

Each Borrower covenants that, with respect to all Plans (as defined in 5.7 COMPLIANCE WITH ERISA) which such Borrower currently maintains or to which such Borrower is a party or which such Borrower may hereafter adopt, such Borrower shall continue to comply with all applicable provisions of ERISA and with all representations made in 5.7 COMPLIANCE WITH ERISA, including, without limitation, conformance with all funding standards, prohibited transaction rules, multi-employer plan rules, and necessary reserve requirements.

SECTION 6.3. CONTINUED COMPLIANCE WITH APPLICABLE LAW

Each Borrower shall conduct its business in a lawful manner and in compliance with all applicable federal, state, and local laws, ordinances, rules, regulations, and orders; shall maintain in good standing all licenses and organizational or other qualifications reasonably necessary to its business and existence; and shall not engage in any business not authorized by and not in accordance with its Organizational Documents and other governing documents.

SECTION 6.4. PRIOR CONSENT FOR AMENDMENT OR CHANGE

No Borrower shall modify, amend, waive, or otherwise alter such Borrower's corporate structure or fail to enforce its Organizational Documents, or other governing documents without Lender's prior written consent.

SECTION 6.5. PAYMENT OF TAXES AND OBLIGATIONS

Each Borrower shall pay when due all taxes, assessments, and governmental charges and levies on the Collateral and on such Borrower's property, business, and income, and all material obligations of such Borrower of whatever nature, except such as are being contested in good faith by proper proceedings and as to which adequate reserves are maintained.

SECTION 6.6. FINANCIAL STATEMENTS AND REPORTS

Each Borrower shall provide Lender with such financial statements and reports as Lender may reasonably request, and such statements and reports shall be prepared in accordance with generally accepted accounting principles and shall fully and fairly represent such Borrower's financial condition and the results of its operations for the period or periods covered. As to all financial statements and reports which such Borrower has furnished or may in the future furnish to Lender, such Borrower acknowledges and agrees that it has a fiduciary duty to ensure that such statements and reports are accurate and complete.

Until requested otherwise by Lender, Borrowers shall provide the following financial statements and reports to Lender:

a. Annual audited financial statements with an unqualified opinion for each fiscal year of each Borrower from an independent accounting firm and in a form acceptable to Lender, to be delivered to Lender within one hundred twenty (120) days of the end of the fiscal year. Each Borrower shall also submit to Lender copies of any management letters or other reports submitted to such Borrower by independent certified public accountants in connection with examination of the financial statements of such Borrower made by such accountants.

b. Quarterly 10 Q reports for each Borrower in a form acceptable to Lender, to be delivered to Lender within forty-five (45) days of the end of the fiscal quarter. The quarterly 10 Q reports shall include a certification by the chief financial officer or chief executive officer of such Borrower that they have been prepared in accordance with generally accepted accounting principles.

c. Within thirty (30) days of the end of each month, Borrowers shall submit to Lender a Borrowing Base Certificate in a form provided by or acceptable to Lender demonstrating that the outstanding balance on the Loan is in compliance with the terms and conditions of this Loan Agreement.

d. Within forty-five (45) days of the end of each fiscal quarter, Borrowers shall submit to Lender a compliance certificate in a form acceptable to Lender certifying and showing that Borrowers are in compliance with the financial covenants provided in Section 6.7 FINANCIAL COVENANTS and containing a listing of all new patent applications filed by any Borrower and all new patents issued to any Borrower. The compliance certificate shall be signed by the chief executive officer or chief financial officer of each Borrower.

SECTION 6.7. FINANCIAL COVENANTS

a. WORKING CAPITAL. Merit Medical will maintain at all times an excess of current assets over current liabilities of not less than twenty-five million dollars ($25,000,000.00).

Current assets means the assets treated as current assets in accordance with generally accepted accounting principles consistent with those used in the preparation of the financial statements submitted to Lender by Merit Medical. Current liabilities means all liabilities treated as current liabilities in accordance with generally accepted accounting principles consistent with those used in the preparation of the financial statements previously submitted to Lender by Merit Medical, including, without limitation, (1) all obligations payable on demand or within one year after the date on which the determination is made, and (2) final maturities and sinking fund payments required to be made within one year after the date on which the determination is made, but excluding all such liabilities or obligations which are renewable or extendable at the option of Borrowers to a date more than one year from the date of determination.

b. DEBT TO EQUITY RATIO. Merit Medical will maintain at all times a ratio of total liabilities to tangible net worth of not greater than two to one (2:1).

Tangible net worth means the excess of total assets over total liabilities, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements previously submitted by Merit Medical to Lender excluding, however, from the determination of total assets all assets which would be classified as intangible assets under generally accepted accounting principles, including, without limitation, goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises.

c. BORROWED DEBT TO EBITDA. Merit Medical shall maintain a ratio of (a) borrowed debt of Borrowers as of the last day of the Computation Period most recently ended to (b) EBITDA for the Computation Period most recently ended of not greater than three and five-tenths to one (3.5:1) as of the last day of each Computation Period.

SECTION 6.8. RESTRICTION ON ACQUISITIONS

Any acquisition by any Borrower in excess of one million dollars ($1,000,000.00) must be approved in writing by Lender prior to such acquisition.

SECTION 6.9. NEGATIVE PLEDGE

No Borrower will create, incur, assume, or suffer to exist any mortgage, deed of trust, pledge, lien, security interest, hypothecation, assignment, deposit arrangement, or other preferential arrangement, charge, or encumbrance (including, without limitation, any conditional sale, other title retention agreement, or finance lease) of any nature, upon or with respect to any of its properties or assets, now owned or hereafter acquired, or sign or file, under the Uniform Commercial Code of any jurisdiction, a financing statement under which such Borrower appears as debtor, or sign any security agreement authorizing any secured party thereunder to file such financing statement, except those contemplated by this Loan Agreement and liens for

taxes and assessments not yet due and payable or, if due and payable, those being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained. Notwithstanding anything to the contrary in this Loan Agreement or any of the Security Documents, Borrowers may purchase, sell, lease back, or

otherwise finance the acquisition of equipment (which does not constitute inventory) upon terms and conditions as may give rise to one or more purchase money security interest (s) in and upon such purchased, leased, or acquired equipment, or which constitute a sale/lease back arrangement. The continued existence, attachment, or perfection of such purchase money security interest shall in no way be deemed to violate any undertaking, representation, warranty, or covenant of Borrowers to Lender.

SECTION 6.10. MERGERS, CONSOLIDATIONS, AND PURCHASE AND SALE OF ASSETS

No Borrower shall wind up, liquidate, or dissolve itself, reorganize, merge, or consolidate with or into, or convey, sell, assign, transfer, lease, or otherwise dispose of (whether in one transaction or a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any person or entity, or acquire all or substantially all of the assets or the business of any person or entity.

SECTION 6.11. DIVIDENDS AND LOANS

Merit Medical shall not (a) declare or pay any dividends, (b) purchase, redeem, retire or otherwise acquire for value any of their capital stock now or hereafter outstanding, (c) make any distribution of assets to its stockholders, investors, or equity holders, whether in cash, assets, or in obligations of Merit Medical, (d) allocate or otherwise set apart any sum for the payment of any dividend or distribution on, or for the purchase, redemption, or retirement of any shares of their capital stock or equity interests, or (e) make any other distribution by reduction of capital or otherwise in respect of any shares of their capital stock or equity interests, without, in each case, the prior written consent of Lender, which consent shall not be unreasonably withheld..

No Borrower shall make any loans or pay any advances of any nature whatsoever to any person or entity, except advances in the ordinary course of business to employees, vendors, suppliers, and contractors.

SECTION 6.12. INVENTORY, ACCOUNTS RECEIVABLE, AND PATENTS.

Each Borrower shall furnish to Lender:

a. A monthly accounts receivable aging report within thirty (30) days of the end of each month, in a form acceptable to Lender.

b. A quarterly accounts payable aging report within thirty (30) days of the end of each quarter, in a form acceptable to Lender.

c. A monthly inventory report within thirty (30) days of the end of each month, in a form acceptable to Lender.

d. At least semi-annually and at other reasonable times as requested by Lender, a list of the names, addresses and phone numbers of all account debtors on such Borrower's accounts, in a form acceptable to Lender.

e. A quarterly report showing all patent applications filed by such Borrower during the quarter most recently ended and all new patents issued to such Borrower during the quarter most recently ended, to be delivered to Lender within forty-five (45) days of the end of each quarter.

Each Borrower hereby authorizes Lender to verify such Borrower's accounts through written or verbal verification methods at the discretion of Lender.

SECTION 6.13. INSURANCE

Each Borrower shall maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibility from coverage thereof.

SECTION 6.14. INSPECTION

Each Borrower shall at any reasonable time and from time to time, permit Lender or any representative of Lender to examine and make copies of and abstracts from the records and books of account of, and visit and inspect the properties and assets of, such Borrower, and to discuss the affairs, finances, and accounts of such Borrower with any of such Borrower's officers and directors and with such Borrower's independent accountants.

SECTION 6.15. OPERATION OF BUSINESS

Each Borrower shall maintain all licenses, permits, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and such Borrower shall not violate any valid rights of others with respect to any of the foregoing. Each Borrower shall continue to engage in a business of the same general type as now conducted.

SECTION 6.16. MAINTENANCE OF RECORDS AND PROPERTIES

Each Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with generally accepted accounting principles consistently applied, reflecting all financial transactions of such Borrower. Each Borrower shall maintain, keep and preserve all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 6.17. NOTICE OF CLAIMS

Each Borrower shall promptly notify Lender in writing of all actions, suits or proceedings filed or threatened against or affecting such Borrower in any court or before any governmental commission, board, or authority which, if adversely determined, would have a material adverse effect on such Borrower's financial condition, conduct of business, or ability to perform its obligations under this Loan Agreement, the Promissory Note, the Security Documents or any other agreement, document, obligation, or transaction contemplated by this Loan Agreement.

SECTION 6.18. ENVIRONMENTAL COVENANTS

Each Borrower covenants that it will:

a. Not permit the presence, use, disposal, storage or release of any Hazardous Materials on, in, or under the Real Property, except in the ordinary course of such Borrower's business under conditions that are generally recognized to be appropriate and safe and that are in strict compliance with all applicable Environmental Health and Safety Laws.

b. Not permit any substance, activity or Environmental Condition on, in, under or affecting the Real Property which is in violation of any Environmental Health and Safety Laws.

c. Comply with the provisions of all Environmental Health and Safety Laws.

d. Notify Lender immediately of any discharge of Hazardous Materials, Environmental Condition, or environmental complaint or notice received from any governmental agency or any other party.

e. Upon any discharge of Hazardous Materials or upon the occurrence of any Environmental Condition, immediately contain and remove the same in strict compliance with all Environmental Health and Safety Laws, promptly pay any fine or penalty assessed in connection therewith, and immediately notify Lender of such events.

f. Permit Lender to inspect the Real Property for Hazardous Materials and Environmental Conditions, to conduct tests thereon, and to inspect all books, correspondence, and records pertaining thereto.

g. From time to time upon Lender's request, and at such Borrower's expense, provide a report (including all validated and unvalidated data generated for such reports) of a qualified independent environmental engineer acceptable to Lender, satisfactory to Lender in scope, form, and content, and provide to Lender such other and further assurances reasonably satisfactory to Lender, that such Borrower is in compliance with these covenants concerning Hazardous Materials and Environmental Conditions, and that any past violation

thereof has been corrected in compliance with all applicable Environmental Health and Safety Laws.

h. Immediately advise Lender of any additional, supplemental, new, or other information concerning any Hazardous Materials or Environmental Conditions relating to the Real Property.

ARTICLE 7 - DEFAULT

SECTION 7.1. EVENTS OF DEFAULT

Time is of the essence of this Loan Agreement. The occurrence of any of the following events shall constitute a default under the Promissory Note and this Loan Agreement and shall be termed an "Event of Default":

a. Any Borrower shall fail to pay when due, any principal of, or interest on, the Promissory Note or any fee, expense or other payment required under this Loan Agreement, the Promissory Note, the Security Documents, or any agreement, document, obligation, or transaction contemplated by this Loan Agreement, and any such payment remains unpaid for a period of ten (10) Banking Business Days thereafter.

b. Any Borrower shall fail in the performance of any obligation, covenant, agreement, or liability created by this Loan Agreement, the Promissory Note, the Security Documents, or any agreement, document, obligation, or transaction contemplated by this Loan Agreement, and such failure remains uncured for a period of ten (10) days after Lender gives Borrowers written notice of such failure.

c. Any representation, warranty, or financial statement made by or on behalf of any Borrower in this Loan Agreement, the Security Documents, or any document contemplated by this Loan Agreement is materially false or materially misleading when made or furnished.

d. Any material indebtedness of any Borrower to Lender or others under any note, indenture, agreement, or undertaking is accelerated.

e. Default or an event which, with the passage of time or the giving of notice or both would constitute a default, occurs on any material indebtedness of any Borrower under any note, indenture, agreement, or undertaking.

f. Any Borrower becomes dissolved or terminated.

g. A receiver, trustee, or custodian is appointed for any part of any Borrower's property, or any part of such Borrower's property is assigned for the benefit of creditors.

h. Any proceeding is commenced or petition filed under any bankruptcy or insolvency law by or against any Borrower.

i. Any judgment or regulatory fine is entered against any Borrower which may materially affect such Borrower.

j. Any Borrower becomes insolvent or fails to pay its debts as they

mature.

k. Default occurs or any Borrower fails to comply with any term in any of the Security Documents.

l. Any material adverse change occurs in any Borrower's condition, or any event occurs which may cause a material adverse change in such Borrower's condition.

SECTION 7.2. NO WAIVER OF EVENT OF DEFAULT

No course of dealing or delay or failure to assert any Event of Default shall constitute a waiver of that Event of Default or of any prior or subsequent Event of Default.

ARTICLE 8 - REMEDIES

SECTION 8.1. REMEDIES UPON EVENT OF DEFAULT

Upon the occurrence of an Event of Default, and at any time thereafter, all or any portion of the obligations due or to become due from Borrowers to Lender, whether arising under this Loan Agreement, the Promissory Note, the Security Documents or otherwise, at the option of Lender and without notice to Borrowers of the exercise of such option, shall accelerate and become at once due and payable in full, and Lender shall have all rights and remedies created by or arising from this Loan Agreement, the Promissory Note, the Security Documents, all other documents contemplated by this Loan Agreement, and all other rights and remedies existing at law, in equity, or by statute.

Additionally, Lender shall have the right, immediately and without prior notice or demand, to set off against any Borrower's obligations to Lender, whether or not due, all money and other amounts owed by Lender in any capacity to any Borrower, including, without limitation, checking accounts, savings accounts, and other depository accounts, and Lender shall be deemed to have exercised such right of setoff and to have made a charge against any such money or amounts immediately upon occurrence of an Event of Default, even though such charge is entered on Lender's books subsequent thereto.

SECTION 8.2. RIGHTS AND REMEDIES CUMULATIVE

The rights and remedies herein conferred are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power, and remedy that Lender may have,

whether specifically granted herein, or hereafter existing at law, in equity, or by statute; and any and all such rights and remedies may be exercised from time to time and as often and in such order as Lender may deem expedient.

SECTION 8.3. NO WAIVER OF RIGHTS

No delay or omission in the exercise or pursuance by Lender of any right, power, or remedy shall impair any such right, power, or remedy or shall be construed to be a waiver thereof.

ARTICLE 9 - GENERAL PROVISIONS

SECTION 9.1. GOVERNING AGREEMENT

In the event of conflict or inconsistency between this Loan Agreement and the Security Documents or other agreements, documents, obligations, or transactions contemplated by this Agreement (excluding the Promissory Note), the terms, provisions and intent of this Loan Agreement shall govern.

SECTION 9.2. BORROWERS' OBLIGATIONS CUMULATIVE

Every obligation, covenant, condition, provision, warranty, agreement, liability, and undertaking of any Borrower contained in this Loan Agreement, the Promissory Note, the Security Documents, and all agreements, documents, obligations, and transactions contemplated by this Loan Agreement shall be deemed cumulative and not in derogation or substitution of any of the other obligations, covenants, conditions, provisions, warranties, agreements, liabilities, or undertakings of such Borrower contained herein or therein.

SECTION 9.3. PAYMENT OF EXPENSES AND ATTORNEY'S FEES

Borrowers shall pay all reasonable expenses of Lender relating to the negotiation, drafting of documents, and documentation of the Loan, including, without limitation, title insurance, recording fees, filing fees, and reasonable attorneys fees and legal expenses.

Upon occurrence of an Event of Default, Borrowers agree to pay all costs, and expenses, including reasonable attorney fees and legal expenses, incurred by Lender in enforcing, or exercising any remedies under, this Loan Agreement, the Promissory Note, or the Security Documents, or any other rights and remedies.

Borrowers agree to pay all expenses, including reasonable attorney fees and legal expenses, incurred by Lender in any bankruptcy proceedings of any type involving any Borrower, this Loan Agreement, the Security Documents, or the Collateral, including, without limitation, expenses incurred in modifying or lifting the automatic stay, determining adequate protection, use of cash collateral or relating to any plan of reorganization.

SECTION 9.4. RIGHT TO PERFORM FOR BORROWERS

Lender may, in its sole discretion and without any duty to do so, elect to discharge taxes, tax liens, security interests, or any other encumbrance upon the Collateral or any other property or asset of any Borrower, to pay any filing, recording, or other charges payable by any Borrower, or to perform any other obligation of any Borrower under this Loan Agreement or under the Security Documents.

SECTION 9.5. ASSIGNABILITY

No Borrower may assign or transfer this Loan Agreement, the Promissory Note, the Security Documents or any agreement, document, obligation, or transaction contemplated by this Loan Agreement, and any such purported assignment or transfer is void.

Lender may assign or transfer this Loan Agreement, the Promissory Note, the Security Documents, and any agreement, document, obligation, or transaction contemplated by this Loan Agreement.

SECTION 9.6. THIRD PARTY BENEFICIARIES

The Loan, this Loan Agreement, the Promissory Note, the Security Documents, and all other agreements, documents, obligations, and transactions contemplated by this Loan Agreement are made for the sole and exclusive benefit of Borrowers and Lender and are not intended to benefit any other third party. No third party may claim any right or benefit or seek to enforce any term or provision of this Loan Agreement, the Loan, the Promissory Note, the Security Documents, or any other agreement, document, obligation, or transaction contemplated by this Loan Agreement.

SECTION 9.7. GOVERNING LAW

This Loan Agreement, the Promissory Note, the Security Documents, and all agreements, documents, obligations, and transactions contemplated by this Loan Agreement shall be governed by and construed in accordance with the laws of the State of Utah, except to the extent that any such document expressly provides otherwise.

SECTION 9.8. SEVERABILITY OF INVALID PROVISIONS

With respect to this Loan Agreement, the Promissory Note, the Security Documents, and all agreements, documents, obligations, and transactions contemplated by this Loan Agreement, any provision hereof or thereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.9. INTERPRETATION OF LOAN AGREEMENT

The article and section headings in this Loan Agreement are inserted for convenience only and shall not be considered part of the Loan Agreement nor be used in its interpretation.

All references in this Loan Agreement to the singular shall be deemed to include the plural when the context so requires, and vice versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

SECTION 9.10. SURVIVAL AND BINDING EFFECT OF REPRESENTATIONS, WARRANTIES, AND COVENANTS

All agreements, representations, warranties, and covenants made herein by Borrowers shall survive the execution and delivery of this Loan Agreement and shall continue in effect so long as any obligation to Lender contemplated by this Loan Agreement is outstanding and unpaid, notwithstanding any termination of this Loan Agreement. All agreements, representations, warranties, and covenants made herein by Borrowers shall survive any bankruptcy proceedings involving any Borrower. All agreements, representations, warranties, and covenants in this Loan Agreement shall bind the party making the same, and its successors and, in Lender's case, assigns, and all rights and remedies in this Loan Agreement shall inure to the benefit of and be enforceable by each party for whom made, and their respective successors and, in Lender's case, assigns.

SECTION 9.11. INDEMNIFICATION

Borrowers shall indemnify Lender for any and all claims and liabilities, and for damages which may be awarded or incurred by Lender, and for all reasonable attorney fees, legal expenses, and other out-of-pocket expenses incurred in defending such claims, arising from or related in any manner to the negotiation, execution, or performance by Lender of this Loan Agreement, the Promissory Note, the Security Documents, or any of the agreements, documents, obligations, or transactions contemplated by this Loan Agreement, but excluding any such claims based upon breach or default by Lender or gross negligence or willful misconduct of Lender.

Lender shall have the sole and complete control of the defense of any such claims. Lender is hereby authorized to settle or otherwise compromise any such claims as Lender in good faith determines shall be in its best interests.

SECTION 9.12. ENVIRONMENTAL INDEMNIFICATION

Borrowers shall indemnify Lender for any and all claims and liabilities, and for damages which may be awarded or incurred by Lender, and for all reasonable attorney fees, legal expenses, and other out-of-pocket expenses arising from or related in any manner, directly or indirectly, to (1) Hazardous Materials located on, in, or under the Real Property; (2) any Environmental Condition on, in, or under the Real Property; (3) violation of or non-compliance with any Environmental Health and Safety Law; (4) any breach or violation of Section 5.9 ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES and/or Section 6.18 ENVIRONMENTAL COVENANTS; and/or (5) any activity or omission,

whether occurring on or off the Real Property, whether prior to or during the term of the loans secured hereby, and whether by Borrowers or any other person or entity, relating to Hazardous Materials or an Environmental Condition. The indemnification obligations of Borrowers under this Section shall survive any reconveyance, release, or foreclosure of the Real Property, any transfer in lieu of foreclosure, and satisfaction of the obligations secured hereby.

Lender shall have the sole and complete control of the defense of any such claims. Lender is hereby authorized to settle or otherwise compromise any such claims as Lender in good faith determines shall be in its best interests.

SECTION 9.13. INTEREST ON EXPENSES AND INDEMNIFICATION, COLLATERAL, ORDER OF APPLICATION

All expenses, out-of-pocket costs, attorneys fees and legal expenses, amounts advanced in performance of obligations of Borrowers, and indemnification amounts owing by Borrowers to Lender under or pursuant to this Agreement, the Promissory Note, and/or any Security Documents shall be due and payable upon demand. If not paid upon demand, all such expenses, out-of-pocket costs, attorneys fees and legal expenses, and indemnification amounts shall bear interest at the default rate provided in the Promissory Note from the date of disbursement until paid to Lender, both before and after judgment. All such amounts advanced in performance of obligations of Borrowers shall bear interest at the default rate provided in the Promissory Note from the date of disbursement until paid to Lender, both before and after judgment. Lender is authorized to disburse funds under the Promissory Note for payment of all such obligations.

Payment of all such obligations shall be secured by the Collateral and by any Security Documents.

All payments, recoveries, and advances on the Promissory Note shall be applied to payment of the foregoing obligations, the Promissory Note, and all other amounts owing to Lender by Borrowers in such order and priority as determined by Lender. Payments on the Promissory Note shall be applied first to accrued interest and the remainder, if any, to principal.

SECTION 9.14. LIMITATION OF CONSEQUENTIAL DAMAGES

Lender and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to any Borrower for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with the negotiation, documentation, administration or collection of the Loan.

SECTION 9.15. WAIVER AND RELEASE OF CLAIMS

Each Borrower (i) represents that it has no defenses to or setoffs against any indebtedness or other obligations owing to Lender or its affiliates (the "Obligations"), nor claims against Lender or its affiliates for any matter whatsoever, related or unrelated to the Obligations, and (ii) releases Lender and its affiliates from all claims, causes of action, and costs, in law or equity, existing as of

the date of this Loan Agreement, which such Borrower has or may have by reason of any matter of any conceivable kind or character whatsoever, related or unrelated to the Obligations, including the subject matter of this Loan Agreement. This provision shall not apply to claims for performance of express contractual obligations owing to any Borrower by Lender or its affiliates.

SECTION 9.16. REVIVAL CLAUSE

If the incurring of any debt by any Borrower or the payment of any money or transfer of property to Lender by or on behalf of such Borrower should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Lender is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Lender's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of such Borrower shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

SECTION 9.17. ARBITRATION

ARBITRATION DISCLOSURES:

1. ARBITRATION IS FINAL AND BINDING ON THE PARTIES AND SUBJECT TO ONLY

VERY LIMITED REVIEW BY A COURT.

2. IN ARBITRATION THE PARTIES ARE WAIVING THEIR RIGHT TO LITIGATE IN COURT, INCLUDING THEIR RIGHT TO A JURY TRIAL.

3. DISCOVERY IN ARBITRATION IS MORE LIMITED THAN DISCOVERY IN COURT.

4. ARBITRATORS ARE NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING IN THEIR AWARDS. THE RIGHT TO APPEAL OR SEEK MODIFICATION OF ARBITRATORS' RULINGS IS VERY LIMITED.

5. A PANEL OF ARBITRATORS MIGHT INCLUDE AN ARBITRATOR WHO IS OR WAS AFFILIATED WITH THE BANKING INDUSTRY.

6. IF YOU HAVE QUESTIONS ABOUT ARBITRATION, CONSULT YOUR ATTORNEY OR THE AMERICAN ARBITRATION ASSOCIATION.

(a) Any claim or controversy ("Dispute") between or among the parties and their assigns, including but not limited to Disputes arising out of or relating to the Loan, the Collateral, this Loan Agreement, the Promissory Note, the Security Documents, the Guarantee, this Section 9.17

ARBITRATION, this arbitration provision ("arbitration clause"), or any related agreements or instruments relating hereto or delivered in connection herewith ("Related Documents"), and including but not limited to a Dispute based on or arising from an alleged tort, shall at the request of any party be resolved by binding arbitration in accordance with the applicable arbitration rules of the American Arbitration Association ("the Administrator"). The provisions of this arbitration clause shall survive any termination, amendment, or expiration of any of the aforesaid documents or Related Documents. The provisions of this arbitration clause shall supersede any prior arbitration agreement between or among the parties. If any provision of this arbitration clause should be determined to be unenforceable, all other provisions of this arbitration clause shall remain in full force and effect.

(b) The arbitration proceedings shall be conducted in Salt Lake City, Utah, at a place to be determined by the Administrator. The Administrator and the arbitrator(s) shall have the authority to the extent practicable to take any action to require the arbitration proceeding to be completed and the arbitrator(s)' award issued within one-hundred-fifty (150) days of the filing of the Dispute with the Administrator. The arbitrator(s) shall have the authority to impose sanctions on any party that fails to comply with time periods imposed by the Administrator or the arbitrator(s), including the sanction of summarily dismissing any Dispute or defense with prejudice. The arbitrator(s) shall have the authority to resolve any Dispute regarding the terms of any of the aforesaid documents, this arbitration clause or Related Documents, including any claim or controversy regarding the arbitrability of any Dispute. All limitations periods applicable to any Dispute or defense, whether by statute or agreement, shall apply to any arbitration proceeding hereunder and the arbitrator(s) shall have the authority to decide whether any Dispute or defense is barred by a limitations period and, if so, to summarily enter an award dismissing any Dispute or defense on that basis. The doctrines of compulsory counterclaim, res judicata, and collateral estoppel shall apply to any arbitration proceeding hereunder so that a party must state as a counterclaim in the arbitration proceeding any claim or controversy which arises out of the transaction or occurrence that is the subject matter of the Dispute. The arbitrator(s) may in the arbitrator(s)' discretion and at the request of any party: (1) consolidate in a single arbitration proceeding any other claim or controversy involving another party that is substantially related to the Dispute where that other party is bound by an arbitration clause with the Lender, such as borrowers, guarantors, sureties, and owners of collateral; (2) consolidate in a single arbitration proceeding any other claim or controversy that is substantially similar to the Dispute; and (3) administer multiple arbitration claims or controversies as class actions in accordance with the provisions of Rule 23 of the Federal Rules of Civil Procedure.

(c) The arbitrator(s) shall be selected in accordance with the rules of the Administrator from panels maintained by the Administrator. A single arbitrator shall have expertise in the subject matter of the Dispute. Where three arbitrators conduct an arbitration proceeding, the Dispute shall be

decided by a majority vote of the three arbitrators, at least one of whom must have expertise in the subject matter of the Dispute and at least one of whom must be a practicing attorney. The arbitrator(s) shall award to the prevailing party recovery of all costs and fees (including attorneys' fees and costs, arbitration administration fees and costs, and arbitrator(s)' fees). The arbitrator(s), either during the pendency of the arbitration proceeding or as part of the arbitration award, also may grant provisional or ancillary remedies including but not limited to an award of injunctive relief, foreclosure, sequestration, attachment, replevin, garnishment, or the appointment of a receiver.

(d) Judgment upon an arbitration award may be entered in any court having jurisdiction, subject to the following limitation: the arbitration award is binding upon the parties only if the amount does not exceed four million dollars ($4,000,000.00); if the award exceeds that limit, either party may demand the right to a court trial. Such a demand must be filed with the Administrator within thirty (30) days following the date of the arbitration award; if such a demand is not made within that time period, the amount of the arbitration award shall be binding. The computation of the total amount of an arbitration award shall include amounts awarded for attorneys' fees and costs, arbitration administration fees and costs, and arbitrator(s)' fees.

(e) No provision of this arbitration clause, nor the exercise of any rights hereunder, shall limit the right of any party to: (1) judicially or non-judicially foreclose against any real or personal property collateral or other security; (2) exercise self-help remedies, including but not limited to repossession and setoff rights; or (3) obtain from a court having jurisdiction thereover any provisional or ancillary remedies including but not limited to injunctive relief, foreclosure, sequestration, attachment, replevin, garnishment, or the appointment of a receiver. Such rights can be exercised at any time, before or during initiation of an arbitration proceeding, except to the extent such action is contrary to the arbitration award. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration, and any claim or controversy related to the exercise of such rights shall be a Dispute to be resolved under the provisions of this arbitration clause. Any party may initiate arbitration with the Administrator; however, if any party initiates litigation and another party disputes any allegation in that litigation, the disputing party--upon the request of the initiating party--must file a demand for arbitration with the Administrator and pay the Administrator's filing fee. The parties may serve by mail a notice of an initial motion for an order of arbitration.

(f) Notwithstanding the applicability of any other law to any of the aforesaid documents, the arbitration clause, or Related Documents between or among the parties, the Federal Arbitration Act, 9 U.S.C. Section 1 ET SEQ., shall apply to the construction and interpretation of this arbitration clause.

SECTION 9.18. NOTICES

All notices or demands by any party to this Loan Agreement shall, except as otherwise provided herein, be in writing and may be sent by certified mail, return receipt requested. Notices so mailed shall be deemed received when deposited in a United States post office box, postage prepaid, properly addressed to the applicable Borrower or Lender at the mailing addresses stated herein or to such other addresses as such Borrower or Lender may from time to time specify in writing. Any notice so addressed and otherwise delivered shall be deemed to be given when actually received by the addressee.

Mailing addresses:

Lender:

Zions First National Bank
Commercial Loan Department
P.O. Box 25822
One South Main Street
Salt Lake City, Utah 84125

Attention: Greg O. Nordfelt

With a copy to:

Callister Nebeker & McCullough
Gateway Tower East Suite 900
10 East South Temple
Salt Lake City, Utah 84133
Attention: Glen F. Strong, Esq.

Borrowers:

Merit Medical Systems, Inc.
1600 West Merit Parkway
South Jordan, Utah 84095
Attention: Kent Stanger

Merit Holdings, Inc.
1600 West Merit Parkway
South Jordan, Utah 84095
Attention: Kent Stanger

Sentir Semiconductor, Inc.
1600 West Merit Parkway
South Jordan, Utah 84095
Attention: Kent Stanger

SECTION 9.19. DUPLICATE ORIGINALS

Two or more duplicate originals of this Loan Agreement and the Security Documents may be signed by the parties, each duplicate of which shall be an original but all of which together shall constitute one and the same instrument.

SECTION 9.20. AMENDMENT AND RESTATEMENT

Upon the effectiveness of this Loan Agreement (i) the outstanding "Loan" made under the Original Loan Agreement shall be deemed to have been made as the Loan under this Loan Agreement and such Loan shall be deemed to be evidenced by the Promissory Note, (ii) the Original Loan Agreement shall be deemed to be restated in the form of this Loan Agreement (except such provisions thereof which by their terms survive any termination thereof), and (iii) Lender shall return to Borrower the "Promissory Note" under the Original Loan Agreement marked to show that such note has been superseded.

SECTION 9.21. INTEGRATED AGREEMENT AND SUBSEQUENT AMENDMENT

This Loan Agreement, the Promissory Note, the Security Documents, and the other agreements, documents, obligations, and transactions contemplated by this Loan Agreement constitute the entire agreement between Lender and Borrowers, and may not be altered or amended except by written agreement signed by Lender and Borrowers. PURSUANT TO UTAH CODE SECTION 25-5-4, BORROWERS ARE NOTIFIED THAT THESE AGREEMENTS ARE A FINAL EXPRESSION OF THE AGREEMENT BETWEEN LENDER AND BORROWERS AND THESE AGREEMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED ORAL AGREEMENT.

All prior and contemporaneous agreements, arrangements and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

Effective Date: August 11, 1999.

Lender:

Zions First National Bank

By: ----------

Title: ----------

Borrowers:

Merit Medical Systems, Inc.

By: _____

Title: _____

Merit Holdings, Inc.

By: _____

Title: _____

Sentir Semiconductor, Inc.

By: _____

Title: _____

EXHIBIT A

PROMISSORY NOTE

Exhibit 13.1

ANNUAL REPORT

Merit Medical Systems, Inc.

TABLE OF CONTENTS

	Year Ended December 31,				
	1999	1998	1997	1996	1995
Operating Data:					
Sales	$77,959,576	$68,377,357	$60,579,011	$50,455,766	$42,587,284
Gross profit	30,041,761	25,943,484	22,812,895	21,136,149	17,599,286
Income before taxes	4,761,429	4,290,346	1,775,516	3,630,152	2,000,695
Net income	3,225,590	2,451,159	797,532	2,162,608	1,221,237
Net income per share	$0.43	$0.33	$0.11	$0.31	$0.18
Weighted average shares outstanding	7,565,673	7,488,225	7,369,668	7,051,911	6,851,164
Balance Sheet Data:					
Working capital	$33,933,698	$15,779,725	$14,737,971	$12,761,211	$ 9,518,971
Total assets	72,360,469	50,664,786	45,269,678	41,718,553	34,503,858
Long-term debt	27,817,308	3,388,835	3,913,686	4,822,126	1,778,953
Stockholders' equity	$32,690,136	$29,086,368	$25,802,149	$22,487,123	$19,264,525

ABOUT THE COVER

MERIT'S MBA HEMOSTASIS VALVE IS AN EXCELLENT EXAMPLE OF UTILIZING MERIT'S HIGHLY TECHNICAL PRO-ENGINEERING DESIGN CAPABILITY AND ITS EXPERTISE IN INJECTION MOLDING OF PLASTICS.

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

[PHOTO]

THE ACQUIRED TECHNOLOGY IN CATHETER MANUFACTURING HAS ENABLED MERIT TO COMBINE THAT KNOW-HOW WITH ITS EXISTING CATHETER MANUFACTURING EXPERTISE TO DEVELOP NEW, DYNAMIC PRODUCTS, SOME OF WHICH WILL BE INTRODUCED LATER IN 2000.

PRESIDENT'S LETTER

Dear Fellow Shareholders:

In many ways, 1999 has proven to be one of the most rewarding years in Merit's history. Your company achieved record sales and earnings again this year and brought its revenues to a new benchmark of over $75 million. In addition, Merit introduced over 14 new products, as well as a line of catheters, guide wires and other products acquired in August. Also introduced last year were several versions of Merit's Fountain-TM- Infusion Catheter, the MBA Hemostasis Valve which greatly reduces blood loss in interventional

procedures, and the Inject8-TM- Coronary Control Syringe that is specifically designed for use with small catheters in coronary diagnostic and therapeutic procedures. All of these products are now contributing to the growth and success of your company.

In August last year, Merit completed the acquisition of Mallinckrodt Inc.'s catheter-manufacturing unit. The products acquired consist of diagnostic and interventional catheters, diagnostic guide wires, guide catheters, introducer sheaths and needles. The products gained in this acquisition highly complement Merit's other products, which are necessary to perform diagnostic and therapeutic procedures both in cardiology and radiology. In 2000, this acquisition should contribute substantively to Merit's revenues. Additionally, this transaction has proven to be immediately profitable for Merit and, along with new product introductions, will be essential to Merit's bottom-line growth going forward.

The acquired technology in catheter manufacturing has enabled Merit to combine that know-how with its existing expertise to develop new, dynamic products, some of which will be introduced later in 2000. These new devices will have proprietary features and will address niche markets in interventional radiology where little competition exists.

FINANCIAL PERFORMANCE

Merit's total revenues for 1999 grew by 14 percent to $78.0 million and net income rose 32 percent to $3.2 million, or $0.43 per share, compared with $68.4 million in revenues and $2.5 million in net income, or $0.33 per share, for 1998. Margins improved from 37.9 percent in 1998 to 38.5 percent last year as a result of a product mix shift toward higher margin products.

During the year, Merit focused to a greater degree on core market niches where new, higher margin products have been introduced. Merit's products not sold in kits, or stand-alone devices, grew by 35 percent including the new catheter lines,

MERIT'S RECORD SALES AND EARNINGS ARE A RESULT OF SEVERAL DYNAMIC CHANGES THAT MERIT HAS BEEN IMPLEMENTING OVER THE LAST SEVERAL YEARS.

the Fountain Infusion Catheter, the MBA Hemostasis Valve and pressure sensors. Sales from custom kits grew by 5 percent, while sales of inflation devices grew 6 percent.

GROWTH STRATEGY

For the second consecutive year, Merit Medical produced record sales and earnings. Several dynamic changes are being implemented to facilitate our growth strategy. For example, there has been very little change in Merit's domestic sales force over the last five years. In 1999 the decision was made to increase the number of representatives from about 40 to about 60 over the next 18 months, in order to accommodate the additional 1100 catalog items that were added with the catheter acquisition from Mallinckrodt. This action should result in more focused sales calls and higher market penetration.

In 1997 a manufacturing facility was built in Ireland to better address the needs of Merit's overseas customers. The Ireland manufacturing facility has resulted in a research and development technology center and a low-cost manufacturing environment, both of which continue to benefit the Company in terms of new product development and tax reductions. Last year customer service and distribution of those products was moved to Maastricht, The Netherlands, generating better efficiencies to customers and reducing shipping costs, as well as creating room for expansion in the Ireland facility.

In 1995 Merit formed its European sales force. One of the founders of our company, Ms. Darla Gill, recently has been retained to live in Europe and bring her considerable marketing and organizational skills to bear on the sales team. We feel that with this new leadership strategy, effective at the beginning of 2000, the European operation will become more effective.

LOOKING AHEAD

The investments have been made and the pieces are in place to support Merit's plans for expansion. There are more opportunities for growth now than ever before in Merit's history. Small, developing companies may have difficulty bringing an exciting new product to market, while other, larger companies evolve and divest portions of their businesses. These situations create considerable opportunities for Merit to forge its own destiny.

[PHOTO]

THERE ARE MORE POSSIBILITIES FOR GROWTH NOW THAN EVER BEFORE, CREATING MANY CONSIDERABLE OPPORTUNITIES FOR MERIT TO FORGE ITS OWN DESTINY.

Acquiring products, services and know-how allows us to participate in emerging and growth markets such as spinal injections and discography, where it is thought there are potentially one million procedures per year, and interventional cardiology and radiology niches with new product ideas that would be less productive for larger companies to develop. In the spinal markets, Merit is responding to both increased demand from spinal surgeons for its IntelliSystem-Registered Trademark- and Monarch-Registered Trademark- pressure-controlled injection systems, and also to an increase in interest from spinal product OEM customers. The Company is pursuing the possibility for other opportunities in this emerging spinal market which could employ both existing and to-be-developed technology.

In the interventional cardiology and radiology niches, Merit currently has approximately 15 new products in the development pipeline which should emerge this year. Some of these products are a direct result of the technology acquired from Mallinckrodt last summer. These new catheter products address market niches ranging in size from $20 million to $75 million annually worldwide. Merit's expertise in developing proprietary products with added features and benefits should allow the Company to gain substantial market share in these niches.

We enter 2000 with the necessary ingredients to move Merit forward into the next century: a clearly focused market strategy, a strong product pipeline that complements our existing leadership positions in cardiology and radiology niches, and a wonderfully dedicated group of very talented employees. We still face considerable hurdles, some of which are to reduce inventories of existing products that will necessitate making some adjustments, as well as to become more efficient and streamlined in both our manufacturing operations and our overall organization. Merit may find it desirable in the future to take advantage of some growth opportunities which may result in adjustments for short periods of time, but which we believe will fare well in the longer-term plans your management has for the growth of this company.

We are grateful to all our employees for their tremendous contributions over the past year, and to you, our shareholders, for your continuing interest in and support of Merit Medical.

Best personal regards,

/s/ Fred P. Lampropoulos

Fred P. Lampropoulos
Chairman, President and CEO

PRODUCTS AND TECHNOLOGY

[PHOTO]

[PHOTO]

IN A CLINICAL SETTING, THE MBA HAS BEEN SHOWN TO GREATLY REDUCE THE NEED FOR PATIENTS TO BE GIVEN ADJUNCT TREATMENTS, MEDICATIONS OR REQUIRE TRANSFUSIONS FOLLOWING LENGTHY PROCEDURES, RESULTING IN COST SAVINGS AND PATIENT BENEFIT.

FEATURED PRODUCTS

MBA HEMOSTASIS VALVE

Late in 1999 Merit introduced its new hemostasis valve, Merit's Bleedback Alternative-TM-, or MBA. At least 2.6 million interventional cardiology and radiology procedures worldwide annually use some type of hemostasis valve to prevent arterial bleeding during catheter insertion. Most hemostasis valves restrict blood flow after the catheter is inserted and the valve is manually closed. The MBA has a patented, double-valve system that results in virtually bloodless procedures while the valve is open during guide wire or catheter insertion and manipulation.

In lengthy cases where several different types of wires and catheters must be exchanged through an open hemostasis valve, excessive arterial bleeding can occur, resulting in the need for prolonged patient recovery or a transfusion. In a clinical setting, the MBA has been shown to greatly reduce the need for patients to be given adjunct treatments, medications or transfusions following lengthy procedures, resulting in considerable cost savings and patient benefit. The MBA not only will protect the patient from blood loss but also will help the physicians and clinicians more safely deal with blood-borne pathogen issues. In addition, highly technical, interventional procedures require hemostasis valves with a larger lumen size to introduce their devices into a patient's vascular system. The MBA has a large inner lumen and can accommodate catheters up to 9 French size. Some other models accommodate devices to only 7 French size.

The types of procedures in which the MBA might be used are both coronary and peripheral balloon angioplasty, coronary and peripheral stent placement, coronary atherectomies, rotational angioplasty, intravascular ultrasound and neurological procedures.

The MBA is attached to a guiding catheter and manifold system, which governs the flow of fluids being used during the procedure. Once the Touhey valve wheel on the MBA is fully open, the interventional device or wire can then be placed through the seals of the MBA. Once in place through the guiding catheter, the interventional device or wire can be manipulated easily without having to open or close the MBA. To lock the interventional device or wire in place, the Touhey may be closed.

Merit has received FDA clearance to market this device in the United States. In addition, the European CE Mark has been granted for sale of the MBA abroad. The MBA is a prime example of Merit's strategy to introduce proprietary, higher margin products to benefit both patients and clinicians.

[PHOTO]

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[PHOTO]

THERE ARE APPROXIMATELY 8 MILLION ANGIOGRAMS PERFORMED EACH YEAR WORLDWIDE, WHICH REPRESENTS THE MOST ESSENTIAL DIAGNOSTIC TOOL IN THE MANAGEMENT OF PATIENTS WITH VASCULAR DISEASE.

DIAGNOSTIC CATHETERS

Last year, Merit acquired from Mallinckrodt, Inc. a complete line of diagnostic catheters used to perform angiograms. The newly acquired catheters highly complement Merit's lines of existing disposable products and reflect the same point of sale to cardiologists and radiologists around the world. The acquisition of this new catheter line makes Merit a full-line supplier of cardiology and radiology products, giving hospitals and national buying groups a consolidated purchasing opportunity. In addition to the diagnostic catheters, Merit has acquired considerable technology that will enable it to design and fabricate new interventional catheter products. These new products, scheduled for introduction in 2000 and 2001, will offer new design features that should expand Merit's market participation in radiology markets worldwide.

There are approximately 8 million diagnostic procedures, called angiograms, that are performed each year worldwide in both cardiology and radiology with an estimated market of $7 billion. These procedures involve an injection of radiopaque fluid, or contrast media, into a patient's coronary or peripheral blood vessels. A skilled physician can then determine the nature, severity and precise location of plaque deposits and blockages, in addition to other abnormalities. Angiography currently represents the most essential diagnostic tool in the management of patients with vascular disease.

Angiography is performed in either a cardiac catheterization or radiology laboratory by using fluoroscopy. The physician inserts a long, thin diagnostic catheter through a sheath introducer inserted in the femoral artery or, less frequently, the brachial artery. Within the last decade, a newer insertion technique with access through the radial artery in the wrist has gained popularity because patients can be discharged from the hospital sooner.

During an angiogram, the catheter is threaded through the vessel to the proper site within the patient's vascular system. At that point, a radiopaque dye, or contrast agent, is injected through the catheter to the site, where the dye is carried through the circulatory system and fluoro-type x-rays are taken. In the resulting two-dimensional, digital pictures, the dye "outlines" areas where plaque deposits on the inner walls of the arteries or other abnormalities are either limiting or blocking the flow of blood.

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[PHOTO]

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GUIDE WIRES ARE USED IN ABOUT 50 MILLION DIAGNOSTIC AND INTERVENTIONAL PROCEDURES ANNUALLY WORLDWIDE, WITH GUIDE WIRE SALES OF ABOUT $600 MILLION.

Angiography catheters are primarily 4, 5 and 6 French diameters and 100cm in length. However, these devices can vary by configuration, tip size, and material in order to accommodate the site and nature of the procedure. Tip sizes range from 3.5 to 6 French. Nylon and polyethylene are the principal materials for these types of catheters. Multiple catheters may be used, with an average of 3, during a single cardiology procedure. List prices range from $15 to $45 each, with an average price of about $19.

DIAGNOSTIC GUIDE WIRES

Complementing the diagnostic catheters purchased from Mallinckrodt in August 1999, Merit also purchased a line of diagnostic guide wires in the same transaction. Diagnostic guide wires have numerous applications. The term "diagnostic guide wire" implies that these wires are used only in diagnostic procedures when, in actuality, they are used with interventional procedures as well, such as drainage procedures, micropuncture procedures, and vascular access. These procedures total at least 50 million annually worldwide and represent a market estimated to be approximately $600 million in guide wire sales alone, with an average of 1.3 guide wires used per procedure.

The clinical application will not always be vascular in nature. Guide wires are tools used to access virtually any area in the human body. Frequently, organs and body cavities are accessed with a needle directly through the skin (percutaneous). Ultimately, the guide wire will allow dilators, catheters, diagnostic and therapeutic devices to be directed and passed over the guide wire into the vasculature, organ or body cavity.

Guide wires require a considerable amount of technical expertise to manufacture, which Merit has been developing over the last several years. The guide wires must have either a fixed or moveable core with an adjacent safety wire, and the core must be tapered. Some wires must have varied tip configurations to meet the needs of the physicians performing specific tasks. "J" tip configurations, when straightened, must be able to return to their original shape after manual straightening. The core wires are covered with pre-coated wire coils, which are welded in a smooth and atraumatic fashion. In addition, the wires must also be radiopaque for viewing under fluoroscopy.

[PHOTO]

THE INJECT8-TM- CORONARY CONTROL SYRINGE IS THE ONLY SYRINGE DESIGNED SPECIFICALLY TO ADDRESS THE NEEDS OF PHYSICIANS AND CLINICIANS IN CATHETERIZATION LABORATORIES AROUND THE WORLD.

Merit's guide wires are supremely complementary to the diagnostic and therapeutic catheters that it purchased last year from Mallinckrodt. For every diagnostic or therapeutic procedure in which one or more of Merit's catheters are used, at least one of Merit's guide wires could be used as well. It is Merit's goal in 2000 to continue to grow this product line and increase sales of its guide wires.

INJECT8-TM- CORONARY CONTROL SYRINGE

The Inject8-TM- Coronary Control Syringe is the only 8ml syringe on the market and was introduced in December 1999 to be used primarily for coronary angiography and interventional procedures using a guiding catheter. There are over 3 million of these procedures worldwide each year. This unique syringe was specifically designed to address the needs of physicians and clinicians in catheterization laboratories around the world.

The need for an 8ml syringe was not realized until physicians began performing procedures involving the use of smaller catheters-4 and 5 French sizes. With these smaller catheters, physicians must use either a 6ml or a 10ml-sized syringe, which injects either too little or too much contrast

solution into the coronary vascular system. In addition, due to the way in which the syringes are designed, clinicians must exert considerable hand pressure on the plungers of these syringes in order to inject contrast into the vessels with enough force to produce a readable x-ray.

Using too little contrast with a 6ml syringe results in the blood vessels not being displayed clearly during fluoroscopy, possibly jeopardizing the diagnosis. In addition, contrast solution is very expensive, and using a standard-sized syringe can yield excess contrast that must be thrown away.

Merit's response to the changing market environment was to develop a unique syringe, the Inject8, which provides a solution to the problems clinicians were experiencing. The 8ml volume provides just enough contrast to sufficiently highlight the blood vessels. This has been shown to reduce hospital costs by hundreds or even thousands of dollars each year in hospitals that have large angiography case loads. In addition, the Inject8's unique design generates twice the pressure with 40% less force required, making it easier to use while minimizing hand fatigue.

FDA clearance and European CE Mark authorizations were received earlier in 1999 during the Inject8 product development cycle. While this product was just recently introduced, sales have accelerated rapidly for the first quarter of 2000. One of Merit's higher-margin products, the Inject8 promises to be a favorite with hospital management and clinicians alike.

[PHOTO]

[PHOTO]

IN ADDITION TO WORLD-CLASS INJECTION AND INSERT MOLDING OF PLASTICS, MERIT HAS ALSO DEVELOPED THE CAPABILITIES TO MANUFACTURE WAFERS AND SEMICONDUCTOR FABRICATION; CATHETERS, INCLUDING LASER DRILLING AND TIPPING; GUIDE WIRES; NEEDLES; AND CUSTOM KITS.

MARKET ADAPTATION

In the past ten years, Merit Medical has witnessed dramatic advances in the diagnosis and treatment of vascular-related diseases. With the aging population, last year almost 12 million procedures for vascular disease were performed worldwide, resulting in a market valued at over $13 billion annually. Progressive medical device manufacturers like Merit have adapted to the new clinical advances by providing differentiated, progressive products to help improve patient outcomes worldwide.

Merit's products can be used in procedures such as percutaneous transluminal coronary angioplasty (PTCA), or placing a stent, which is a tiny, stainless steel mesh tube used to prop open the artery, as well as other interventional procedures and a wide range of diagnostic procedures. Merit is the world leader in sales of inflation devices, which inflate an angioplasty balloon or expand a stent for placement. Other procedures including diagnostic angiograms and thrombolysis procedures may use Merit's catheters, guide wires, fluid delivery systems and manifolds, waste management products, syringes, needles, and pressure monitoring systems.

ADVANCED TECHNOLOGY

In 1988 Merit began its manufacturing process with a simple coronary control syringe with a "feels like glass" feature that soon became a market favorite. Since that time Merit's offering of differentiated ancillary products has grown to thousands of catalog numbers. Merit has become a leader

in many of the disposable products used for diagnostic and therapeutic cardiology and radiology. Each new product introduction expands Merit's core expertise and technology base. In addition to world-class injection molding and insert molding of plastic medical devices, Merit has also developed wafer and semiconductor fabrication for pressure transducers and inflation devices; catheter manufacturing capability, including laser drilling and tipping for therapeutic infusion catheters and angiography catheters; guide wire manufacturing; needle fabrication; and custom kit manufacturing.

[PHOTO]

[PHOTO]

ONE OF MERIT'S PRIMARY GOALS LAST YEAR WAS TO AUGMENT ITS PRODUCT OFFERINGS AND INTRODUCE NEW, HIGHER-MARGIN PRODUCTS WITH UNIQUE DESIGN OR PERFORMANCE FEATURES THAT WOULD FACILITATE BETTER PATIENT OUTCOMES, WHILE SAVING HOSPITAL COSTS.

Merit accomplishes these complicated processes in four manufacturing facilities located around the world. The home office and main manufacturing plant is located in South Jordan, Utah, and consists of approximately 175,000 square feet of manufacturing/warehouse and office space. A second manufacturing plant is located in Galway, Ireland with warehousing and customer service in Maastricht, The Netherlands, in order to better serve our European customers. The primary catheter manufacturing process is housed in a 70,000 square-foot facility in Angleton, Texas, and the wafer and semiconductor fabrication facility is located in Santa Clara, California.

NEW PRODUCT DEVELOPMENT

In order to keep pace with the rapid changes in the health care market, Merit has developed an extremely active new product development program. In August 1999, Merit completed the acquisition of Mallinckrodt's world-class catheter manufacturing facility in Angleton, Texas. With this acquisition Merit launched a complete offering of high-quality diagnostic catheters and other products used in cardiology and radiology. The technology acquired also enabled Merit to expand its technology base. One of Merit's primary goals last year was to augment its product offerings and introduce new, higher-margin products with unique design or performance features that would facilitate better patient outcomes, while saving hospital costs. Merit's 1999 product introductions included the following:

- More than a thousand diagnostic catheters for cardiology and radiology
- Nearly 300 guide catheter configurations
- A unique 8ml control syringe, "Inject8," which optimizes flow through very small catheters
- The MBA--a new and highly differentiated hemostasis valve that minimizes patient blood loss and helps protect clinicians from the risk of blood-borne pathogens
- More than 50 additions to the Fountain Infusion System product line (40 and 50 cm infusion segments for the 5 French diameter line, and a complete 4 French product line) used to deliver clot-dissolving solutions into most major blood vessels excluding the heart
- Many improvements and product line additions to the Majestik-TM- needle family, including a 9cm needle for use in larger patients, both Pillari and

butterfly configurations, and new molded hub improvements

[PHOTO]

PHYSICIANS AND CLINICIANS CAN NOW UTILIZE MERIT'S NEW INTELLISYSTEM-Registered Trademark- II COLOR MONITOR THAT PROVIDES GREATLY INCREASED PRESSURE MEASURING CAPABILITIES FOR DELICATE PROCEDURES SUCH AS BALLOON ANGIOPLASTY, DISCOGRAPHY AND KYPHOPLASTY.

- The Keep-TM-, a unique accessory organizer for catheterization and radiology laboratories

- A complete offering of both pigtail and straight pericardiocentesis catheters with kits, which are used to drain excess fluid from around the heart muscle

- A complete line of high-flow diagnostic pigtail catheters made of Teflon-Registered Trademark- for pediatric patients

- More than 30 new, percutaneous sheath introducer and vessel dilator configurations, which are used to enter blood vessels prior to introducing a catheter or guide wire

- Almost 100 different diagnostic guide wire models, which are threaded through a patient's blood vessel to the desired location, facilitating catheter placement

- Several PTCA guide wire models including a wire extension

CONTINUING INNOVATION

As Merit moves into the new millennium, the commitment grows stronger to customers and their patients to provide critically needed, innovative products and system solutions to help clinicians manage and treat circulatory diseases. Merit anticipates introducing many more new products in 2000 and 2001. At the forefront is a product that is poised to transform the drainage catheter segment, a market estimated at approximately $75 million annually worldwide. Other products scheduled for launch in 2000 include the following:

- An angiographic marker band and vessel sizing catheter

- A new line of micro-access sheath introducers for use with small catheters

- The IntelliSystem-Registered Trademark- II Color Monitor with fiberoptic printer and remote monitor capability for use with the IntelliSystem inflation device

- ShortStop-TM---a temporary sharps container for use in the catheterization or radiology laboratory

- Several new hemostasis valve products, including the Inspector-TM- in-line model, Double-Play-TM---double "Y" hemostasis valve, and a new lever-operated hemostasis valve

- Manifolds with integral check relief valves and stand-alone check relief valve configurations

- A new, improved VacLok-TM- syringe

Given the level of investment Merit is making in new product development and new business acquisition, the Company is well positioned to continue providing clinicians with an exciting and innovative portfolio of products. Merit is fully dedicated to raising the bar in quality products for cardiology and radiology.

SELECTED FINANCIAL DATA

	Year Ended December 31,				
	1999	1998	1997	1996	1995
Operating Data:					
Sales	$77,959,576	$68,377,357	$60,579,011	$50,455,766	$42,587,284
Cost of sales	47,917,815	42,433,873	37,766,116	29,319,617	24,987,998
Gross profit	30,041,761	25,943,484	22,812,895	21,136,149	17,599,286
Selling, general, and administrative expenses	20,406,927	17,528,002	15,726,651	14,311,049	12,808,805
Research and development expenses	3,618,041	3,244,477	4,446,795	2,533,171	2,330,324
Income from operations	6,016,793	5,171,005	2,639,449	4,291,929	2,460,157
Other expense	1,255,364	880,659	863,933	661,777	459,462
Income before income tax expense	4,761,429	4,290,346	1,775,516	3,630,152	2,000,695
Income tax expense	1,454,762	1,687,379	944,981	1,277,431	700,418
Minority interest in (income) loss of subsidiary	(81,077)	(151,808)	(33,003)	(190,113)	(79,040)
Net income	3,225,590	2,451,159	797,532	2,162,608	1,221,237
Net income per share	$0.43	$0.33	$0.11	$0.31	$0.18
Weighted average shares outstanding	7,565,673	7,488,225	7,369,668	7,051,911	6,851,164
Balance Sheet Data:					
Working capital	$33,933,698	$15,779,725	$14,737,971	$12,761,211	$ 9,518,971
Total assets	72,360,469	50,664,786	45,269,678	41,718,553	34,503,858
Long-term debt	27,817,308	3,388,835	3,913,686	4,822,126	1,778,953
Stockholders' equity	$32,690,136	$29,086,368	$25,802,149	$22,487,123	$19,264,525

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

In many ways the past year has been the best in the history of the Company. The Company made significant progress toward its goal of evolving into a larger, more technically advanced, full line diagnostic and interventional supplier of the best medical products available to the world's cardiology and radiology markets. This was accomplished by the introduction and expansion of its first new line of catheters (Fountain infusion catheters). Probably even more important was the successful identification, acquisition and integration of the Angleton catheter business which fit well into this strategy. The Company was able to synergistically leverage its well-developed sales force, product and service reputation, regulatory capabilities and market share by economically adding the catheters, guidewires, sheath introducers and new specialty needles to the broad line of accessory products the Company had internally developed over the past decade. This acquisition also added valuable catheter technology which Merit can now apply to several new product lines of catheters to compete effectively in some very interesting niches of interventional radiology. There are three new catheter lines in development which will be introduced in 2000 and 2001.

1999 was a record-breaking year for both the top and bottom line and Merit was able to achieve substantially all of its major financial objectives: Sales growth to $78 million, up 14%. In spite of continuing price pressures the Company achieved an increase in gross margin percentage for a second year. The increasing profitability in Ireland resulted in a significant improvement in Merit's effective tax rate of 30.6%, down from 39.3% in 1998. Merit accomplished an important acquisition of Mallinckrodt Inc.'s Angleton, Texas catheter division with its accompanying products and technology. All of these factors contributed to the Company achieving its goal of making $0.43 per share, an increase in earnings of 32% compared to 1998.

One of the challenges facing the Company in the coming year has to do with all the many new product additions that must be integrated into the organization. These include the many products that have been or will soon be introduced from the Company's R&D efforts as well as all the product additions from the Angleton acquisition (1100 new catalog items) and very possibly with other acquisitions to follow. After several years of a fairly stable sales force, the need is high to expand the domestic sales force to

appropriately sell the breadth and depth of Merit's new expanded product line and to more effectively serve its customers. Another challenge is to manage the now large and important asset that is the inventory of these products, as well as the capital needed to fund it. Management believes an important goal for the future will be to reduce inventory levels of existing products. A reduction in inventory will require some adjustments to the operations area of the Company as production volumes decline temporarily.

RESULTS OF OPERATIONS

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

	1999	1998	1997
Sales	100.0%	100.0%	100.0%
Gross profit	38.5	37.9	37.7
Selling, general and administrative	26.2	25.6	26.0
Research and development	4.6	4.7	7.3
Income from operations	7.7	7.6	4.4
Income before income tax expense	6.1	6.3	2.9
Net Income	4.1	3.6	1.3

Sales increased by $9,582,219, or 14.0%, in 1999 compared to an increase of $7,798,346, or 12.9%, in 1998, and an increase of $10,123,245, or 20.1%, in 1997. Sales growth from 1997 through 1999 was 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. The acquisition of the Angleton catheter product lines in late August 1999 gave a $3.9 million boost to revenue in 1999. International sales in 1999 were approximately $18.3 Million or 24%, compared to $15.2 million, or 22%, in 1998, and $13.7 million or 23%, in 1997. These increases were primarily a result of the ongoing growth in the direct sales in Europe, as well as greater acceptance of the Company's products in other international markets. Direct sales in France, Germany, the U.K., Belgium, the Netherlands and Canada were $8,217,814, $7,334,793 and $6,615,697 in 1999, 1998 and 1997, respectively.

Gross profit as a percent of sales was 38.5%, 37.9%, and 37.7% in 1999, 1998, and 1997, respectively. Margins improved in 1999 compared to 1998 and slightly in 1998 compared to 1997, principally through increased production volumes, automation and efficiencies in manufacturing, and tighter price controls on some of the Company's lower margin products. Part of the increased production volumes resulted in a significant increase in inventories.

Selling, general and administrative expense increased $2,878,926, or 16.4%, in 1999 over1998 and $1,801,351, or 11.5%, in 1998 over 1997. These additional expenditures were related principally to the costs of implementing and supporting the Company's new Oracle system and the development of new business opportunities such as acquisitions, product distribution agreements, national accounts and the O.E.M segment of the business. These investments in growth caused selling, general and administrative expenses as a percent of sales to increase to 26.2% in 1999, compared to 25.6% in 1998 after declining from 26.0% in 1997.

Research and development expenditures for 1999 were $3,618,041, an increase of 12%, compared to $3,244,477 in 1998. Over half of this increase was due to the addition of the R&D capabilities in Angleton, Texas with the Company's newly acquired catheter technologies. R&D expenses declined in 1998 by 27%, compared to $4,446,795 in 1997. This decrease was due primarily to the conversion of much of the R&D expenses in Ireland to production resources for the manufacture of the newly introduced line of guide wires. Research and development costs as a percent of sales were 4.6%, 4.7% and 7.3% for 1999,

1998 and 1997, respectively.

The higher sales and gross margins, together with modest increases in operating expenses positively affected income from operations in 1999 which increased to $6,016,792, up 16.4%, compared to $5,171,005 in 1998, and up 95.9% from $2,639,449 in 1997. The income tax provision for 1999 was $1,454,762, an effective rate of 30.6%, compared to $1,687,379, or 39.3 % in 1998 and $944,981 or 53.2% in 1997. The Company's consolidated effective tax rate in 1997 was higher than 1998 and 1999, principally because the tax benefits of losses associated with the start-up of international operations were limited to Ireland's manufacturing tax rate of 10%. The effective tax rate improved significantly in 1998 and 1999 as the Ireland facility became profitable and the 10% tax rate became a benefit.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 1999 the Company's working capital was $33,933,698, an increase of over 115%, representing a current ratio of 4.7 to 1. This increase was due in part to replacing the Company's $7.6 million line of credit in August 1999 with a new $28 million six-year line. The Company also negotiated a reduction in the interest rate and fees for its line of credit, significantly reducing the cost of this capital. The Company had $25,907,596 outstanding under its line of credit at December 31, 1999. The entire increase of $18.3 million in the line of credit can be attributed to the Company's two acquisitions, the Angleton division of Mallinckrodt and the minority interest in Sentir, and to the $7.15 million increase in inventory. Merit has financed leasehold improvements and equipment acquisitions through secured notes payable and capital lease arrangements with an outstanding balance of $2,911,629 at December 31, 1999. For the year ended December 31, 1999 the Company generated cash from operations in the amount of $313,578.

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.

MARKET RISK DISCLOSURES

The Company does not engage in holding significant derivative financial instruments. The Company does experience risk associated with foreign currency fluctuations, and interest rate risk associated with its variable rate debt; however, such risks have not been material to the Company and, accordingly, the Company has not deemed it necessary to enter into any significant agreements to hedge such risks. The Company may enter into such agreements in the event that such risks become material in the future.

Y2K ISSUES

As of the date of this report, Merit had encountered no significant problems in any of its operations in connection with the year 2000 date change. Merit will continue to monitor all systems to ensure performance beyond this date change.

ASSETS	1999	1998
CURRENT ASSETS:		
Cash and cash equivalents	$ 668,711	$ 851,910
Trade receivables - net of allowance for uncollectible accounts: 1999 - $305,475; 1998 - $197,331	12,550,132	10,436,485
Employee and related party receivables	502,803	472,994
Irish Development Agency grant receivable	93,059	198,445
Inventories	27,521,087	17,785,743
Prepaid expenses and other assets	564,213	636,124
Deferred income tax assets	1,052,745	739,595
Income tax refund receivable	210,112	
Total current assets	43,162,862	31,121,296
PROPERTY AND EQUIPMENT:		
Land	1,365,985	1,065,985
Building	1,500,000	
Automobiles	133,316	89,469
Manufacturing equipment	17,617,798	13,669,599
Furniture and fixtures	8,883,297	7,963,835
Leasehold improvements	5,114,964	5,035,288
Construction-in-progress	1,669,725	1,182,669
Total	36,285,085	29,006,845
Less accumulated depreciation and amortization	(14,277,666)	(12,043,130)
Property and equipment - net	22,007,419	16,963,715
OTHER ASSETS:		
Patents, trademarks, and customer lists - net of accumulated amortization: 1999 - $1,179,246; 1998 - $1,014,617	2,319,581	2,333,456
Cost in excess of the fair value of assets acquired - net of accumulated amortization: 1999 - $138,022; 1998 - $31,615	4,819,288	150,673
Prepaid royalty - net of accumulated amortization: 1999 - $600,000; 1998 - $578,572		21,428
Deposits	51,319	74,218
Total other assets	7,190,188	2,579,775
TOTAL ASSETS	$ 72,360,469	$ 50,664,786

(Continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1999 AND 1998

LIABILITIES AND STOCKHOLDERS' EQUITY	1999	1998
CURRENT LIABILITIES:		
Line of credit		$ 7,634,607
Current portion of long-term debt	$ 1,001,917	1,808,970
Trade payables	4,749,432	3,573,333
Accrued expenses	3,092,280	2,055,849
Advances from employees	116,094	74,090
Income taxes payable	269,441	194,722
Total current liabilities	9,229,164	15,341,571
DEFERRED INCOME TAX LIABILITIES	1,722,094	1,275,651
LONG-TERM DEBT	27,817,308	3,388,835
DEFERRED CREDITS	901,767	1,023,861
Total liabilities	39,670,333	21,029,918
MINORITY INTEREST IN SUBSIDIARY		548,500
COMMITMENTS AND CONTINGENCIES (Notes 6, 10, and 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock - 5,000,000 shares authorized as of December 31, 1999 and 1998, no shares issued		
Common stock - no par value; 20,000,000 shares authorized; 7,591,236 and 7,508,914 shares issued at December 31, 1999 and 1998, respectively	18,428,572	17,793,094
Retained earnings	14,790,518	11,564,928
Accumulated other comprehensive loss	(528,954)	(271,654)
Total stockholders' equity	32,690,136	29,086,368
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 72,360,469	$ 50,664,786

See notes to consolidated financial statements.

(Concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	1999	1998	1997
NET SALES	$ 77,959,576	$ 68,377,357	$ 60,579,011
COST OF SALES	47,917,815	42,433,873	37,766,116
GROSS PROFIT	30,041,761	25,943,484	22,812,895
OPERATING EXPENSES:			
Selling, general, and administrative	20,406,927	17,528,002	15,726,651
Research and development	3,618,041	3,244,477	4,446,795
Total operating expenses	24,024,968	20,772,479	20,173,446
INCOME FROM OPERATIONS	6,016,793	5,171,005	2,639,449
OTHER INCOME (EXPENSE):			
Interest income	50,391	33,662	28,223
Interest expense	(1,293,023)	(826,778)	(854,859)
Miscellaneous expense	(12,732)	(87,543)	(37,297)
Other expense - net	(1,255,364)	(880,659)	(863,933)
INCOME BEFORE INCOME TAX EXPENSE	4,761,429	4,290,346	1,775,516
INCOME TAX EXPENSE	(1,454,762)	(1,687,379)	(944,981)
MINORITY INTEREST IN INCOME OF SUBSIDIARY	(81,077)	(151,808)	(33,003)
NET INCOME	$ 3,225,590	$ 2,451,159	$ 797,532
EARNINGS PER COMMON SHARE -			
Basic and diluted	$ .43	$ .33	$ .11
AVERAGE COMMON SHARES -			
Basic	7,541,562	7,420,224	7,263,253
Diluted	7,565,673	7,488,225	7,369,668

See notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	Total	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings
BALANCE, JANUARY 1, 1997	$ 22,487,123	6,942,290	$ 14,184,975	$ (14,089)	$ 8,316,237
Comprehensive income:					
Net income	797,532				797,532
Other comprehensive loss - Foreign currency translation adjustment (net of tax)	(476,502)			(476,502)	
Comprehensive income	321,030				
Tax benefit attributable to appreciation of common stock options exercised	222,887		222,887		
Issuance of common stock for cash	273,202	35,582	273,202		
Options and warrants exercised	1,316,812	227,200	1,316,812		
Issuance of common stock under Employee Stock Purchase Plans	245,129	42,056	245,129		
Stock issued in connection with UMI acquisition	975,000	152,424	975,000		
Shares surrendered in exchange for the recording of payroll tax liabilities	(7,534)	(861)	(7,534)		
Shares surrendered in exchange for the exercise of stock options	(31,500)	(3,600)	(31,500)		
BALANCE, DECEMBER 31, 1997	25,802,149	7,395,091	17,178,971	(490,591)	9,113,769

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

See notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 3,225,590	$ 2,451,159	$ 797,532
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,757,539	2,923,484	2,796,425
Losses on sales and abandonment of property and equipment	8,339	46,897	11,245
Amortization of deferred credits	(215,894)	(114,607)	(91,155)
Deferred income taxes	450,734	435,489	(22,951)
Tax benefit attributable to appreciation of common stock options exercised	245,200	33,398	222,887
Minority interest in income of subsidiary	81,077	151,808	33,003
Changes in operating assets and liabilities, net of effects from acquistions:			
Trade receivables	(2,113,647)	(837,042)	(2,220,364)
Employee and related party receivables	(29,809)	(184,182)	38,613
Irish Development Agency grant receivable	105,386	549,443	(330,997)
Income tax refund receivable	(210,112)		
Inventories	(7,150,393)	(3,250,303)	(79,236)
Prepaid expenses and other assets	71,911	(97,865)	(19,436)
Deposits and other	22,899	(27,606)	122,565
Trade payables	1,176,099	134,984	872
Accrued expenses	771,936	(358,201)	133,378
Advances from employees	42,004	(7,155)	(26,662)
Income taxes payable	74,719	(174,973)	353,789
Total adjustments	(2,912,012)	(776,431)	921,976
Net cash provided by operating activities	313,578	1,674,728	1,719,508
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for:			
Property and equipment	(4,750,608)	(4,138,219)	(1,046,890)
Intangible assets	(269,388)	(522,671)	(521,270)
Acquisitions	(11,322,916)		(70,486)
Proceeds from the sale of property and equipment		584,688	22,645
Net cash used in investing activities	(16,342,912)	(4,076,202)	(1,616,001)

(Continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	1999	1998	1997
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from (payments on) line of credit	$ (7,567,655)	$ 3,009,880	$ 90,854
Proceeds from:			
Issuance of common stock	390,278	580,725	1,835,143
Long-term debt	25,907,596	677,802	
Deferred credits	93,800		
Principal payments on:			
Long-term debt	(2,403,143)	(2,172,753)	(1,764,343)
Deferred credits		(37,899)	(74,917)
Net cash provided by financing activities	16,420,876	2,057,755	86,737
EFFECT OF EXCHANGE RATES ON CASH	(574,741)	218,937	(476,502)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(183,199)	(124,782)	(286,258)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	851,910	976,692	1,262,950
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 668,711	$ 851,910	$ 976,692
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION - Cash paid during the year for:			
Interest (including capitalized interest of $143,406, $93,142, and $109,701 during 1999, 1998, and 1997, respectively	$ 1,288,301	$ 995,417	$ 782,676
Income taxes	$ 684,109	$ 1,393,465	$ 591,192

(Continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:

- During 1999, 1998, and 1997, the Company entered into capital lease obligations and notes payable for $50,015, $867,629, and $1,270,259, respectively, for manufacturing equipment.

- In connection with the sale in 1998 of the Company's manufacturing facility in Castlerea, Ireland, the buyer assumed debt of the Company in the amount of $258,275.

- During 1999, 1998, and 1997, options to purchase 264, 569, and 861 shares of the Company's common stock were surrendered in exchange for the Company's recording of payroll tax liabilities in the amount of $1,583, $4,588, and $7,534, respectively.

- During 1999, 1998, and 1997, 16,814, 16,692 and 3,600 shares, respectively, of Company common stock with a value of $97,512, $135,000, and $31,500, respectively, were surrendered in exchange for the exercise of stock options.

- During 1997, the Company acquired UMI for 152,424 shares of Company restricted common stock. In connection with this acquisition, the Company recorded the following as of the acquisition date:

Fair value of assets acquired	$ 863,198
Cost in excess of fair market value	182,288
Total purchase price	$ 1,045,486

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

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

- Additionally, during 1999, the Company acquired the minority interest in its subsidiary, Sentir, Inc. (Sentir) in a purchase transaction of $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)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Merit Medical Systems, Inc. (Merit) and its wholly owned subsidiaries, Merit Holdings, Inc. (MHI), Merit Medical International, Inc. (MMI), and Sentir, (collectively, the Company) develop, manufacture, and market 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, beginning in 1997, commenced manufacturing operations in Ireland. The Company has export sales to dealers and has direct sales forces in the United States, Canada, and Western Europe (see Note 8).

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 generally accepted accounting principles 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, and Sentir. All material intercompany balances and transactions have been eliminated in consolidation.

REVENUE RECOGNITION - Sales are recognized at the time the products are shipped.

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, 1999 or 1998.

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. Costs associated with obtaining customer lists are amortized over two years. Cost in excess of fair value of assets acquired has been allocated to goodwill, which is amortized over twelve to twenty years. Amortization of intangibles is done on a straight-line basis.

RESEARCH AND DEVELOPMENT - Research and development costs are expensed as incurred.

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

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

STOCK-BASED COMPENSATION - The Company accounts for its stock compensation arrangements under the provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, 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 maintains its excess cash primarily in interest-bearing deposits and limits the amount of credit exposure to any one financial institution. 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.

RECLASSIFICATIONS - Certain reclassifications have been made to the prior year amounts to conform to classifications adopted in the current year.

2. ACQUISITIONS

On January 31, 1997, the Company acquired certain assets of Universal Medical Instrument Corporation (UMI) in exchange for 152,424 shares of the Company's restricted common stock.

The Company's acquisition of UMI's assets was accounted for as a purchase and, accordingly, the results of operations of UMI are included in the Company's consolidated financial statements from the date of acquisition. The total purchase price, including related costs, was allocated to the assets acquired based on their fair values with the excess purchase price over the fair value of assets acquired of $182,288 being allocated to goodwill, which is being amortized on a straight-line basis over 12 years. The pro forma financial information reflecting this transaction has not been presented as it is not materially different from the Company's historical results.

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

On August 20, 1999, the Company acquired substantially all of the assets and assumed certain liabilities of the Angelton Division of Mallinckrodt, Inc. (Angelton) for a purchase price of $8,132,194, consisting of $7,867,699 in cash and the assumption of liabilities in the amount of $264,495. Angelton is a manufacturer and marketer of medical catheters, introducers, guide wires, and needles. The acquisition has been accounted for using the purchase method of accounting; as such, Angelton's results of operations have been included in the accompanying consolidated financial statements from the date of acquisition. The cost of this acquisition exceeded the estimated fair value of the acquired net assets by $1,949,383. Such excess has been allocated to goodwill and is being amortized on a straight-line basis over 20 years.

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

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

3. INVENTORIES

Inventories consist of the following at December 31, 1999 and 1998:

	1999	1998
Finished goods	$ 16,816,578	$ 7,458,133
Work-in-process	3,270,163	1,954,696
Raw materials	8,554,635	8,981,007
Less reserve for obsolete inventory	(1,120,289)	(608,093)
Total	$ 27,521,087	$ 17,785,743

4. INCOME TAXES

Deferred income tax assets and liabilities at December 31, 1999 and 1998 consisted of the following temporary differences and carryforward items:

	Current		Long-Term	
	1999	1998	1999	1998
Deferred income tax assets:				
Allowance for uncollectible accounts receivable	$ 123,026	$ 79,809		
Accrued compensation expense	200,799	126,603		
Tax credits		79,668	$ 126,563	$ 24,681
Inventory capitalization for tax purposes	338,753	116,574		
Inventory obsolescence reserve	241,150	210,026		
Net operating losses of subsidiaries	90,254	70,000	298,323	368,690
Other	65,078	56,915	367,025	72,713
Total deferred income tax assets	1,059,060	739,595	791,911	466,084
Deferred income tax liabilities:				
Tax credits	(6,315)			
Differences between tax basis and financial reporting basis of property and equipment			(2,514,005)	(1,741,735)
Net	$1,052,745	$739,595	$(1,722,094)	$(1,275,651)

As of December 31, 1999 the Company had net operating loss carryforwards from its foreign subsidiaries of approximately $390,000 most of which has no expiration date.

Income tax expense for the years ended December 31, 1999, 1998, and 1997 differs from amounts computed by applying the statutory Federal rate to pretax income as follows:

	1999	1998	1997
Computed Federal income tax expense at statutory rate of 35%	$ 1,666,500	$ 1,501,621	$ 621,431
State income taxes	124,352	186,948	124,878
Creation of tax credits	(140,369)	(133,529)	(164,319)
Tax benefit of foreign sales corporation	(109,579)	(96,808)	(106,574)
(Gains) losses of subsidiaries recorded at foreign rates	(115,803)	183,622	496,685
Other - including the effect of graduated rates	29,661	45,525	(27,120)
Total income tax expense	$ 1,454,762	$ 1,687,379	$ 944,981
Consisting of:			
Current	$ 1,004,028	$ 1,251,890	$ 967,932
Deferred	450,734	435,489	(22,951)
Total	$ 1,454,762	$ 1,687,379	$ 944,981

5. LINE OF CREDIT AND LONG-TERM DEBT

LINE OF CREDIT - as of December 31, 1998, the Company had a short-term line of credit for $10,500,000. The credit line was collateralized by trade receivables, inventories, property and equipment, and intangible assets and accrued interest at the bank's prime rate. As of December 31, 1998, the Company owed $7,634,607 under this line of credit.

REVOLVING CREDIT FACILITY - In August 1999, the Company paid off the short-term line of credit and entered into a $28 million long-term revolving credit facility with a bank, which expires and is fully due and payable in June 2005 and enables the Company to borrow funds at variable interest rates. The weighted average interest rate applied to the outstanding balance at December 31, 1999 was 7.55%. Under the terms of the line, among other things, the Company is required to maintain positive earnings for each fiscal quarter during the term of the loan, 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. As of December 31, 1999, the Company owed $25,907,596 under this credit facility. The revolving credit facility is collateralized by trade receivables, inventories, property and equipment and intangible assets.

LONG-TERM DEBT - Long-term debt consisted of the following at December 31, 1999 and 1998:

	1999	1998
Notes payable to financial institutions; payable in monthly installments through 2004, including interest at rates ranging from 6.5% to 8.89%; collateralized by equipment	$ 2,634,977	$ 4,699,219
Capital lease obligations (see Note 6)	276,652	498,586
Revolving credit facility (see above)	25,907,596	
Total	28,819,225	5,197,805
Less current portion	1,001,917	1,808,970
Long-term portion	$ 27,817,308	$ 3,388,835

As of December 31, 1999, management of the Company believes the Company was in compliance with all debt covenants.

Scheduled maturities of long-term debt at December 31, 1999 are as follows:

Year ending December 31:	
2000	$ 1,001,917
2001	897,686
2002	508,684
2003	361,252
2004	61,249
Thereafter	25,988,437
Total	$ 28,819,225

6. 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 5 years and have renewal options of one to five years. The Company subleased these facilities during 1997 for approximately $97,000. Total rental expense on these operating leases and on the Company's new manufacturing and office building (see below) for the years ended December 31, 1999, 1998, and 1997 approximated $3,094,000, $3,293,000, and $2,783,000, respectively.

In June 1993, the Company entered into a 25 year lease agreement with a developer for a new manufacturing and office building. Under the agreement, the Company was granted an option to purchase the building at fair market value after 10 years and, if not exercised, after 25 years. In connection with this lease agreement, the Company in 1993 sold to the developer 10 acres of land on which the building was constructed. The $166,136 gain on the sale of the land has been recorded as a deferred credit and is being amortized as a reduction of rent expense over ten years. In connection with the lease agreement, the Company issued to the developer warrants to purchase 155,461 shares of the Company's Common Stock at $4.95 per share subject to carrying cost increases of 3% per year ($5.57 as of December 31, 1999). The warrants expire in 2005.

The Company leases certain manufacturing and office equipment under long-term capital lease agreements. Capital leases are collateralized by equipment with a recorded cost approximating $848,500 and $967,000 with accumulated amortization of approximately $157,000 and $200,000 as of December 31, 1999 and 1998, respectively.

The future minimum lease payments, together with the present value of the net minimum lease payments as of December 31, 1999, are as follows:

	Operating Leases	Capital Leases
Year ending December 31:		
2000	$ 2,606,087	$ 149,427
2001	1,944,113	151,896
2002	1,535,145	
2003	1,473,821	
2004	1,471,229	
Thereafter	21,141,113	
Total minimum lease payments	$ 30,171,508	301,323
Less amount representing interest and executory costs		(24,671)
Present value of net minimum lease payments (see Note 5)		$ 276,652

IRISH GOVERNMENT DEVELOPMENT AGENCY GRANTS - Through December 31, 1999, the Company had entered into several grant agreements with the Irish Government Development Agency, of which $93,059 and $198,445 remained in receivables at December 31, 1999 and 1998, 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 1999, 1998, and 1997 in the amounts of $154,548, $164,423, and $146,476, 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 1999, 1998, and 1997, $142,161, $97,993, and $74,541, respectively, of the deferred credit was amortized as a reduction of operating expenses.

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

LITIGATION - In the course of business, the Company is involved in litigation

and claims which management believes are not considered material to the Company's operations.

7. EMPLOYEE STOCK PURCHASE PLAN AND STOCK OPTIONS AND WARRANTS

The Company offers to its employees an Employee Stock Purchase Plan which allows the employees 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 250,000, of which 172,749 had been purchased as of December 31, 1999.

The Company has a long-term incentive plan which provides for the issuance of incentive stock options, nonstatutory stock options, and certain corresponding stock appreciation rights. The maximum number of shares of Common Stock for which options may be granted is 2,400,000. Options may be granted to directors, officers, outside consultants, and key employees of the Company and may be granted upon such terms and such conditions as the Compensation Committee in its sole discretion shall determine. In no event, however, shall the exercise price be less than the fair market value on the date of grant. Changes in stock options and warrants for the years ended December 31, 1999, 1998, and 1997 are as follows:

	Options		Warrants	
	Weighted Average or Range of Exercise Shares	Price	Weighted Average or Range of Exercise Shares	Price
1999:				
Granted	448,900	$5.84		
Exercised	22,080	4.96		
Forfeited/expired	61,150	5.70		
Outstanding at December 31	1,513,440	7.02	155,461	$5.57
Exercisable	740,480	7.20	155,461	5.57
Weighted average fair value of options and warrants granted during year		$2.98		

Weighted average fair value of shares issued under Employee Stock Purchase Plan	$0.83	

	Options		Warrants	
	Weighted Average or Range of Exercise Shares	Price	Weighted Average or Range of Exercise Shares	Price
1998:				
Granted	203,500	$6.41		
Exercised	64,840	5.80		
Forfeited/expired	47,990	6.41		
Outstanding at December 31	1,147,770	6.76	155,461	$5.41
Exercisable	486,230	7.45	155,461	5.41
Weighted average fair value of options and warrants granted				

during year	$3.14
Weighted average fair value of shares issued under Employee Stock Purchase Plan	$0.90

	Options		Warrants	
	Weighted Average or Range of Exercise Shares	Price	Weighted Average or Range of Exercise Shares	Price
1997:				
Granted	522,700	$6.65		
Exercised	227,200	5.80		
Forfeited/expired	43,100	7.19	60,000	$7.65
Outstanding at December 31	1,057,100	7.04	155,461	5.25
Exercisable	315,100	7.48	155,461	5.25
Weighted average fair value of options and warrants granted during year		$3.33		
Weighted average fair value of shares issued under Employee Stock Purchase Plan		1.03		

The following table summarizes information about stock options and warrants outstanding at December 31, 1999:

	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:					
$5.63 - $7.25	1,001,440	3.32	$ 6.05	392,280	$ 6.22
$7.5 - $10.63	512,000	2.21	8.13	348,200	8.31
Warrants:					
$5.57	155,461	5.00	5.57	155,461	5.57

The Company accounts for stock options granted using Accounting Principles Board (APB) Opinion 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 (in thousands):

	1999	1998	1997
Net income:			
As reported	$ 3,225,590	$ 2,451,159	$ 797,532
Pro forma	2,480,928	1,840,182	385,340
Net income per common (both basic and diluted) share:			
As reported	$0.43	$0.33	$0.11
Pro forma	0.33	0.25	0.05

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 1999, 1998, and 1997: dividend yield of 0%; expected volatility of 56.0%, 55.2%, and 57.5% for 1999, 1998, and 1997, respectively; risk-free interest rates ranging from 4.58% to 7.36%; and expected lives ranging from 2.33 to 4.5 years.

8. SEGMENT REPORTING AND FOREIGN OPERATIONS

During the years ended December 31, 1999, 1998, and 1997, the Company had sales of approximately $18,336,000, $15,198,000, and $13,722,000 or approximately 24%, 22%, and 23%, 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 1999, 1998, and 1997:

	Sales to Unaffiliated Customers	Transfers Between Geographic Areas	Revenue	Net Income (Loss)	Identifiable Assets
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	8,364,158	4,281,400	12,645,558	(319,784)	9,694,302
Eliminations		(5,569,885)	(5,569,885)	(216,231)	
Consolidated	$77,959,576	None	$77,959,576	$3,225,590	$72,360,469
Fiscal year ended December 31, 1998:					
United States, Canada, and international distributors	$60,407,019	$ 1,386,073	$61,793,092	$3,373,280	$41,547,669
Europe direct	7,970,338	2,546,099	10,516,437	(593,677)	9,117,117
Eliminations		(3,932,172)	(3,932,172)	(328,444)	
Consolidated	$68,377,357	None	$68,377,357	$2,451,159	$50,664,786
Fiscal year ended December 31, 1997:					
United States, Canada, and international distributors	$54,226,210	$ 860,482	$55,086,692	$2,774,516	$36,584,122
Europe direct	6,352,801	838,219	7,191,020	(2,110,415)	8,685,556
Eliminations		(1,698,701)	(1,698,701)	133,431	
Consolidated	$60,579,011	None	$60,579,011	$ 797,532	$45,269,678

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.

9. RELATED PARTY TRANSACTIONS

Receivables from employees and related parties at December 31, 1999 and 1998 totaled approximately $503,000 and $473,000, respectively, (including approximately $267,000 and $249,000, respectively, from officers of the Company).

10. ROYALTY AGREEMENT

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

Pursuant to the settlement, the Company entered into a license agreement with the Licensor, whereby the Licensor granted to the Company a nonexclusive right and license to manufacture and sell products which are subject to the patents issued to the Licensor. For the rights and license granted under the agreement, the Company paid the Licensor a nonrefundable prepaid royalty in the amount of $600,000. The royalty was paid upon execution of the agreement and represents a prepaid royalty covering the first seven years of the agreement, which concluded during the year ended December 31, 1999. In addition to the prepaid royalty, the Company agreed to pay the Licensor a continuing royalty beginning January 1, 1992 of 5.75% of sales (which will not exceed $450,000 for any calendar year) made in the United States, of products covered by the license agreement. Royalties of $450,000 were paid or accrued in each of the years ended December 31, 1999, 1998, and 1997.

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

11. EMPLOYEE BENEFIT PLAN

The Company has a contributory 401(k) savings and profit sharing plan (the Plan) covering all full-time employees who are at least 21 years of age and have a minimum of six months of service to the Company. The Company may contribute at its discretion matching contributions up to 2.25% of the employees' compensation. Additional employer contributions are determined at the discretion of the Board of Directors. Contributions made by the Company to the Plan for the years ended December 31, 1999, 1998, and 1997 totaled approximately $88,000, $18,000, and $223,000, respectively.

The Plan purchased unissued shares of the Company's CommonStock at market value during each of the three years ended December 31, 1999 as follows:

	Shares	Market Value
Years ended December 31:		
1999	10,990	$ 62,600
1998	13,819	81,850
1997	35,582	273,202

12. RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In June 1998, SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, was issued. This statement establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company principally hedges the following 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.

SFAS No. 133, as amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Management of the Company is currently evaluating the effects of this accounting standard.

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MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Merit Medical Systems, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. 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 the Companies as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

March 6, 2000
Salt Lake City, Utah

EXECUTIVE OFFICERS

Fred P. Lampropoulos
Chairman, President/Chief Executive Officer

Kent W. Stanger
Secretary-Treasurer, Chief Financial Officer

Leigh Weintraub
Chief Operating Officer

Brian L. Ferrand
Vice President, Sales

BOARD OF DIRECTORS

Fred P. Lampropoulos
Chairman, President/Chief Executive Officer

Kent W. Stanger
Secretary-Treasurer, Chief Financial Officer

Rex C. Bean, Private Investor
Ogden, Utah

Richard W. Edelman, Senior Vice President
Southwest Securities
Dallas, Texas

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

Michael E. Stillabower, M.D.

Chief, Cardiology, Christiana Care Health Systems;
Member, Cardiology Consultants PA
Wilmington, Delaware

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Salt Lake City, Utah

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

FORM 10-K
Merit Medical Systems, Inc. filed an annual report on Form 10-K with the Securities and Exchange Commission for the fiscal year ended December 31, 1999. 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 Wednesday, May 24, 2000 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

PRIMARY MARKET MAKERS

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

MARKET INFORMATION
The Company's common stock is traded on the NASDAQ National Market System under the symbol "MMSI." As of December 31, 1999, there were 7,591,236 shares of common stock outstanding. The following chart sets forth the high and low closing sale prices for the Company's common stock for the last two years:

	High	Low
1999		
First Quarter	$5.75	$5.75
Second Quarter	5.00	4.97
Third Quarter	6.81	5.75
Fourth Quarter	7.50	7.13
1998		
First Quarter	$7.63	$5.50
Second Quarter	9.13	6.25
Third Quarter	9.00	5.50
Fourth Quarter	9.00	7.00

As of March 31, 2000, the Company had approximately 300 shareholders of record, not including shareholders whose shares are held in securities position listings.

The Company has never declared or paid any cash dividends on its common

stock. The Company intends to retain any earnings for use in its business and does not anticipate paying any cash dividends in the foreseeable future.

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

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report may include "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," "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, potential product recalls, delays in obtaining regulatory approvals, cost increases, price and product competition, availability of labor and materials, 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.

EXHIBIT 23.1 CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-48227, 33-46964, 33-10509 and 333- 92053 of Merit Medical Systems, Inc. on Form S-8 of our report dated March 6, 2000, incorporated by reference in this Annual Report on Form 10-K of Merit Medical Systems, Inc. for the year ended December 31, 1999.

DELOITTE & TOUCHE LLP

Salt Lake City, Utah
March 28, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MEDICAL SYSTEMS, INC.'S CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT FOR THE TWELVE MONTH PERIOD ENDING DECEMBER 31, 1999 AND IS QUALIFIED IN ITS REFERENCE TO SUCH FINANCIAL STATEMENTS.
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