



June 4, 2004

MERIT MEDICAL SYSTEMS, INC.

30 WEST MERIT PARKWAY

JTH JORDAN, UTAH 84095

PHONE 801-253-1600

FAX 801-253-1688

www.merit.com

Director of Major Projects
File Reference No. 1102-100
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5166
Norwalk, CN 06856-5116

Letter of Comment No: 4753
File Reference: 1102-100

Dear Director:

As the Chief Accounting Officer at Merit Medical Systems, Inc., I write to express my opposition to the Financial Accounting Standards Board (FASB) Exposure Draft entitled "Proposed Statement of Financial Accounting Standards" dated March 31, 2004.

If adopted, the Exposure Draft would have a dramatic, negative impact on U.S. competitiveness, innovation and job creation, as companies would likely reduce the number of options distributed to employees as the only way to reduce the "expense" that would now have to appear on their financial statements. If compelled to expense, most corporations would simply abandon or dramatically cut back broad-base stock option plans, rather than take a substantial and arbitrary charge to their bottom line.

Merit's broad-based employee stock option plan has been a vital tool in recruiting and retaining the highest quality employees throughout our company's 17-year history. Over the past five years, Merit has granted approximately 75% of its option shares to rank and file employees below the V.P. level.

Offering options to many employees, instead of just a few, has fostered a culture of ownership and the motivated behavior associated with it. At Merit, we have found that our stock option plan aligns the interests of employees with those of other shareholders because employees become more focused on the success of the company. The motivation of ownership is not only the heart of the American dream, but it is the key to innovation and competitiveness as well.

Mandatory expensing would have a disproportionate effect on companies with broad-based stock option plans like ours. It would reverse the trend of greater employee ownership, diminish innovation and entrepreneurship, and hurt the economy. U.S. companies need to have the tools to attract the best talent. It is interesting to note that China is currently promoting the use of stock options as part of a five-year economic plan to attract higher-quality employees and grow their economy. China has discovered what we already know – employee ownership is a well-proven motivator in attracting the brightest talent and getting the best business results.

The valuation techniques proposed under FASB No. 148 for valuing the stock option expense to be recorded by the Company under the Black-Scholes model and the Lattice model try to determine a fair value; however, still fall short. For example, if the

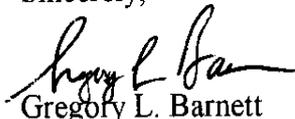
Company made two different stock option grants during the year under the Black-Scholes model we would be required to record the following compensation expense:

<u>Grant Date</u>	<u>Stock Option Grant Price</u>	<u>Compensation Expense Per Share</u>
5-22-03	\$10.47	\$5.78
12-13-03	\$21.67	\$12.17

As you can see from this example the Company would be required to record a higher compensation expense for the grant with the higher stock price; however, the benefit to the employee will clearly be greater for the stock option granted at \$10.47. Also, if neither of these stock options are exercised because the Company's stock price never remains above the grant price the Company would be required to record this compensation expense the never occurred. Clearly expensing stock options will not improve financial reporting but create confusion about the Company's real earnings for investors who will discount the Company's stock price which will increase our cost of capital. This will ultimately limit our ability to invest in additional plants, equipment and employees.

We ask you to seriously consider the negative effects of the March 31, 2004 Exposure Draft would have on Merit and thousands of other American companies. We reiterate our opposition to the plan and hope you will consider our objections.

Sincerely,


Gregory L. Barnett
Chief Accounting Officer