



Letter of Comment No: 3633
File Reference: 1102-100

June 8, 2004

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

MERIT MEDICAL

Dear Director:

SYSTEMS, INC.

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

1600 WEST

If the recommendations in the Exposure Draft are adopted, many companies, including Merit Medical Systems, will likely re-examine the policies on employee stock options which may result in the termination of the programs due to cost. Companies may reduce the number of options distributed to employees as the only way to reduce the "expense" that would be incorporated in their financial statements. Any decision to terminate a program, as a result of implementation of the Exposure Draft, would obviously impact the personal financial potential of our employees and many other workers across America as well as hinder the national, state, and local economies and diminish the state and federal tax bases.

MERIT PARKWAY

SOUTH JORDAN,

Adoption of the Exposure Draft will fundamentally weaken our ability to attract and retain a qualified workforce. Options have proven to be a valuable tool in attracting talent, retaining talent, and motivating employees to perform to the best of their abilities. 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.

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I believe that adoption of the Exposure Draft will not provide more useful or more accurate information to investors. Suggested valuation methods for expensing stock options uniformly fail to accurately determine aggregate value of those options. Methods were developed to value short-term tradable stock options, but they do not apply to employee stock options. Moreover, the methods include a number of subjective components susceptible to manipulation year to year resulting in neither consistent nor useful information for investors.

I believe that investors care more about dilution, and we support making information regarding dilution as accurate, prominent, and investor-friendly as possible. Ironically, a mandatory expensing standard would undermine investor confidence, not raise it.

Please seriously consider the negative effects of the March 31, 2004 Exposure Draft would have on Merit and thousands of other American companies. Please consider our objections.

Sincerely,

Alan D. Rex, Senior Internal Auditor, CPA
Merit Medical Systems, Inc.