



MERIT SENSOR SYSTEMS
a subsidiary of Merit Medical Systems, Inc.

Letter of Comment No: 3856
File Reference: 1102-100

June 4, 2004

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

Dear Director:

As the President of Merit Sensor Systems Division 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.

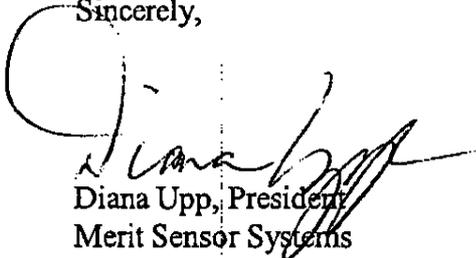
Many emerging sectors have used stock option programs. They have been able to entice employees with the potential of high rewards for their efforts in the growth of the company. This has been useful in offsetting the lack of traditional benefits that might not be affordable or available from the new company.

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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.

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,



Diana Upp, President
Merit Sensor Systems