

MERIT MEDICAL SYSTEMS INC

Form PRE 14A

April 03, 2018

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material under §240.14a-12

Merit Medical Systems, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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 - (3) Filing Party:
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**2018 Notice of
Annual Meeting and
Proxy Statement**

UNDERSTAND.
INNOVATE.
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MERIT MEDICAL SYSTEMS, INC.

1600 West Merit Parkway

South Jordan, UT 84095

April 13, 2018

Dear Shareholders:

It is my pleasure to invite you to the 2018 Annual Meeting of Shareholders (or at any adjournment of the meeting) (the [Annual Meeting](#)) of Merit Medical Systems, Inc. ([Merit](#) or the [Company](#)), which will be held on **Thursday, May 24, 2018, at 3:00 p.m. (local time), at our corporate offices at 1600 West Merit Parkway, South Jordan, Utah 84095**. The attached Notice of Annual Meeting of Shareholders and Proxy Statement will serve as your guide to the business to be conducted at, and provide details regarding admission to, the Annual Meeting.

Chairman,

President, and

Chief Executive Officer

We hope you are pleased with Merit's performance during 2017. We successfully completed the last year of our three-year plan and presented two additional years, which forecast continued growth, gross margin improvement and profitability. During the year we completed multiple acquisitions, including the acquisition of the Argon critical care division and Catheter Connections. We also laid the groundwork for our acquisition of soft tissue core needle biopsy and drainage system product lines from Becton, Dickinson and Company, which we completed in February 2018. We are now actively engaged in pursuing a successful transition of those product lines to our marketing channels and manufacturing facilities. During 2017 we also raised additional capital to provide resources for future growth and opportunity. We look forward to the opportunity to discuss these achievements

with you at the Annual Meeting.

We hope you will participate in the Annual Meeting, either by attending and voting in person or by voting (as soon as practicable) through the other acceptable means described in this Proxy Statement. Your vote is important to all of us at Merit. I look forward to seeing you at the Annual Meeting.

Sincerely,

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Purpose of these materials:

On behalf of our Board of Directors, we are making these materials available to you in connection with our solicitation of proxies for our 2018 Annual Meeting of Shareholders. You are receiving this communication because you hold shares of Merit.

What we need from you:

Please read these materials and submit your vote and proxy by telephone, internet or, if you received your materials by mail, by completing and returning your proxy card or voting instructions. Even if you plan to attend the Annual Meeting, we ask that you vote in advance via one of the above means as soon as practicable.

More information:

This Proxy Statement and the accompanying annual report to shareholders are available online at: www.proxyvote.com. You may also request a paper copy of these materials by writing to our Corporate Secretary (Brian G. Lloyd) at the below address:

**MERIT MEDICAL
EXECUTIVE OFFICES**

**1600 West Merit Parkway
South Jordan, UT 84095**

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NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

PLEASE CAST YOUR VOTE

RIGHT AWAY

HOW TO VOTE

When

May 24, 2018
3:00 P.M. (local time)

Your vote is important to our future. Even if you plan to attend the Annual Meeting, you can vote in advance using another method below (though holders in street name must instruct your broker or nominee). Internet and Phone voting will close at 11:59 P.M. Eastern Time on May 23, 2018.

Where

Merit Medical Systems, Inc.

1600 West Merit Parkway
South Jordan, Utah 84095

BY INTERNET at

www.proxyvote.com

BY PHONE at

1-800-690-6903

(U.S. and Canada)

BY MAIL (cast your ballot,

sign proxy card and post)

Attend meeting

IN PERSON

Items of Business

	MANAGEMENT PROPOSALS	BOARD S RECOMMENDATION	VOTE REQUIRED / BROKER DISCRETIONARY VOTING ALLOWED?	MORE INFORMATION
1	Elect three directors, each to serve until 2021	FOR	Majority* / No	Page 7
2	Amend Merit's Articles of Incorporation to increase maximum board size (from 9 to 11)	each nominee FOR	Two-Thirds / No	Page 14
3	Non-binding advisory vote to approve named executive officer compensation (Say on Pay)	FOR	Majority* / No	Page 37
4	Approve our 2018 Long-Term Incentive Plan	FOR	Majority* / No	Page 39
5	Ratify appointment of independent registered public accounting firm (Deloitte & Touche)	FOR	Majority* / Yes	Page 54

* Votes cast in favor of the proposal must exceed the votes cast against the proposal. *Majority vote required for each director nominee.*

We will also conduct such other business as may properly come before the Annual Meeting.

Eligibility to Vote

Shareholders of record at the close of business on March 28, 2018 (the record date) may vote at the Annual Meeting.

In order to attend in person, holders of record of shares of Merit's common stock (**Common Stock**) must provide proof of identification. Individuals who own shares in street name must provide proof of ownership and identification. See Other Proxy Information beginning on page 58 for additional information.

Important Meeting Information

Whether you plan to attend the Annual Meeting or not, we urge you to vote your shares as soon as possible. As such, please either sign and return the accompanying card in the postage-paid envelope or instruct us via the Internet or phone as to how you would like your shares voted. This will ensure representation of your shares at the Annual Meeting if you are unable to attend.

By Order of the Board of Directors,

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This Proxy Statement and the accompanying
Annual Report are available online at:
www.proxyvote.com.

Brian G. Lloyd
Chief Legal Officer and Corporate Secretary

April 13, 2018

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PROXY SUMMARY

This summary highlights information contained elsewhere. Please read this Proxy Statement fully before voting.

Governance Highlights

The Board believes good governance is integral to achieving long-term value and is committed to governance policies and practices that benefit the Company and our shareholders. This belief is manifest in:

- Strong lead independent director
- Majority voting for all directors
- No shareholder rights plan (poison pill) or dual class capitalization structure
- Robust code of ethics
- Board with seasoned leaders and broad mix of skills
- Elimination of tax gross-ups and single-trigger change of control feature for executives
- Responsiveness to shareholder input
- Board oversight of Company strategy
- Prohibition of short-term stock trading, short sales and option trading
- Strong alignment between pay and performance for executive compensation
- Share ownership requirements for directors
- Commitment to corporate responsibility

PROPOSAL 1: ELECTION OF THREE

Board Recommendation

2018 NOMINEES FOR DIRECTOR (SEE PAGE 7)

Vote FOR each nominee

You are asked to vote on the election of three nominees to serve on the Board of Directors of Merit (the [Board](#)) until 2021.

The following table provides summary information about each director nominee (first three), as well as each director whose term expires in later years:

NAME, PRIMARY OCCUPATION	AGE	DIRECTOR		TERM		BOARD COMMITTEES		
		SINCE	EXPIRES	INDEPENDENT	A	C	N&CG	
A. SCOTT ANDERSON	71	2011		Yes		•	•	

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<i>President & CEO of Zions Bank</i> FRED P. LAMPROPOLOUS							
<i>Chair, President & CEO of Merit</i> FRANKLIN J. MILLER, M.D.	68	1987			No		
<i>Retired Professor of Radiology</i> NOLAN E. KARRAS	77	2005			Yes	•	•
<i>Chair & CEO of The Karras Company</i> KENT W. STANGER	73	2011	2020		Yes	•	
<i>Real Estate Investor, Retired CFO of Merit</i> DAVID M. LIU, M.D.	63	1987	2020		No		•
<i>Interventional Radiologist</i> F. ANN MILLNER, ED.D	44	2016	2020		Yes		•
<i>Regents Professor HAS at Weber State Univ.</i> MICHAEL E. STILLABOWER, M.D.	66	2015	2019		Yes		•
<i>Cardiologist</i> THOMAS J. GUNDERSON	74	1996	2019		Yes		•
<i>Retired Medtech Analyst at Piper Jaffray</i> •: Committee Chair	67	2017	2019		Yes	•	
•: Committee Member							
A: Audit Committee							
C: Compensation Committee							
					N&CG: Nominating and Corporate Governance Committee		

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PROPOSAL 2: AMENDMENT TO INCREASE MAXIMUM

Board Recommendation

NUMBER OF DIRECTORS (SEE PAGE 14)

Vote FOR this amendment

The Nominating and Corporate Governance Committee (the [Governance Committee](#)) has recommended, and the Board has approved, an increase in the maximum number of directors of the Company, to allow the Governance Committee to seek and add additional directors with diverse experience, background or skills that the Board believes will

provide added perspective and value to the Company and its shareholders. The amendment requires approval of the holders of at least two-thirds of the outstanding shares of Common Stock. If approved, the amendment will be reflected in our articles and bylaws.

SELECT PERFORMANCE HIGHLIGHTS IN 2017

Access and Review

The Company had another successful year in 2017. Highlights of our business and compensation are included below:

For more complete information about our 2017 financial performance, see our Annual Report on Form 10-K

SELECTED 2017 HIGHLIGHTS

- Successful completion of three-year plan and extension of two additional years
- Achievement of financial performance objectives
- Completed multiple significant acquisition transactions, including the critical care division of Argon Medical Devices, Inc. and Catheter Connections, Inc.

- Completed transition to limited direct sales model in Japan, designed to increase Merit responsiveness and profitability
- Expanded Merit presence in Asia Pacific, including acquired facilities in Singapore and Australia

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE

Board Recommendation

COMPENSATION (SAY-ON-PAY)

Vote FOR this proposal

(SEE PAGE 37)

Consistent with our strong interest in shareholder engagement and our pay-for-performance approach, the Compensation Committee has continued to examine our executive compensation program to ensure alignment between the interests of our executives and shareholders.

We ask that our shareholders approve, on an advisory basis, the compensation of our Named Executive Officers ([NEOs](#)).

For additional information, see Compensation Discussion and Analysis in this Proxy Statement.

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PROPOSAL 4: APPROVE THE COMPANY'S 2018 LONG-TERM INCENTIVE PLAN (SEE PAGE 39)

Board Recommendation

Vote **FOR** this amendment

The Merit Medical Systems, Inc. 2006 Long-Term Incentive Plan, as amended (the [2006 Incentive Plan](#)), has been an important tool to attract and retain quality executives, directors, employees, and consultants. As of March 31, 2018, only 2,290 shares remained available for future awards under the 2006 Incentive Plan. This amount is not sufficient for future anticipated awards, and our Governance Committee and Board believe we should maintain an equity incentive plan with sufficient capacity to make

awards which will align the interests of our employees and directors with our shareholders.

We therefore ask that our shareholders approve a new 2018 Long-Term Incentive Plan (the 2018 Incentive Plan) in order to permit us to continue to grant equity-based awards and attract and retain quality executives, directors, employees and consultants.

PROPOSAL 5: RATIFY APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (SEE PAGE 54)

Board Recommendation

Vote **FOR** ratification

We have engaged Deloitte & Touche LLP ([Deloitte](#)) as our independent registered public accountants since 1988, shortly after the Company was founded. The Board believes Deloitte continues to be the right accounting firm for our business and, consequently, has engaged Deloitte to audit our financial

statements for the year ending December 31, 2018, subject to ratification by our shareholders.

The Board asks that our shareholders ratify this appointment.

Below is summary information about Deloitte's fees for 2017 and 2016.

	2017 (\$)	2016 (\$)
Audit Fees	993,286	835,920
Audit-Related Fees	81,083	27,527
Tax Fees	313,513	326,041
All Other Fees	151,443	131,000
Total	1,539,325	1,320,488

HOW TO RECEIVE A PAPER OR E-MAIL COPY OF THESE PROXY MATERIALS

If you want to receive a paper or e-mail copy of these documents, you must request one. There is **no** charge for requesting a copy. Please choose one of the following methods to make your request:

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- (1) BY INTERNET: www.proxyvote.com
- (2) BY TELEPHONE: 1-800-579-1639
- (3) BY E-MAIL: sendmaterial@proxyvote.com

If you are requesting material by e-mail, please send a blank e-mail with the 12-digit control number printed on the ballot enclosed with this Proxy Statement in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will **not** be forwarded to your investment advisor. Please make the request as instructed above on or before May 10, 2018 to facilitate timely delivery.

To view these proxy materials online, please have the 12-digit control number printed on the ballot enclosed with this proxy statement and visit www.proxyvote.com.

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CORPORATE GOVERNANCE AND RELATED MATTERS

PROPOSAL NO. 1: ELECTION OF NOMINEE DIRECTORS

At the Annual Meeting, three directors will be elected to serve until our 2021 annual meeting of shareholders and until their successors are duly elected and qualified. If any of the below nominees become unavailable to serve, proxies solicited by this Proxy Statement will be voted for other persons designated by the Board in their stead.

Classification of Board of Directors

Our Articles provide for a classified, or staggered, Board. Our directors are divided into three classes, with directors in each class serving a three-year term. Approximately one-third of our directors' terms expire at each annual shareholders meeting. Based upon the existing classification of the Board, the terms of A. Scott Anderson, Fred P. Lampropoulos, and Franklin J. Miller, M.D., are scheduled to expire in connection with the Annual Meeting.

Board Recommendation

The Board unanimously recommends a vote FOR each of the below director nominees

Nominees for Election as Directors

Our Board and Governance Committee believe that each of the following nominees possesses the experience and qualifications that directors of the Company should possess, as described in detail below, and that the experience and qualifications of each nominee complement the experience and qualifications of the other nominees.

The experience and qualifications of each nominee, including information regarding the specific experience, qualifications, attributes and skills that led the Board and the Governance Committee to conclude that he or she should be nominated to serve as a director of the Company, in light of our business and structure, are set forth below:

	<p>A. SCOTT ANDERSON</p> <p>Independent Director</p> <p>Age: 71</p>	<p>Director Since: November 2011</p> <p>Committees: Compensation (Chair); Governance</p> <p>Other Public Boards: None</p> <p>Education: B.A. (philosophy, economics), Columbia University; M.S. (economics, international studies), Johns Hopkins University</p>
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Career Highlights

- President and CEO of Zions First National Bank (commercial bank based in the intermountain U.S.), 1998 to present
- Member of Board of Trustees of Intermountain Healthcare (integrated healthcare system in Utah and Idaho), 2005 to present (Chair, 2012 to present)
- Director of the Federal Reserve Bank of San Francisco (Salt Lake City Branch), 2003 to 2008

Qualifications of Particular Relevance to Merit

Mr. Anderson contributes to the Board's deliberations more than 40 years of experience in the banking and financial services industries. The Board believes Mr. Anderson provides insight regarding national and international financial and credit markets, as well as lending practices, which are valuable as we continue to implement our growth strategy. Mr. Anderson also contributes extensive business and corporate governance experience to the strategic planning and operational discussions of the Board.

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	<p>FRED P. LAMPROPOLOUS</p> <p>Chair, President, CEO</p> <p>Age: 68</p>	<p><u>Director Since:</u> July 1987</p> <p><u>Committees:</u> None</p> <p><u>Other Public Boards:</u> None</p>
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Career Highlights

- Chair of the Board, CEO, and President of the Company since its formation in July 1987
- Chair of the Board and President of Utah Medical Products, Inc. (medical device manufacturer), 1983 to 1987
- Filed more than 200 domestic and international patents and applications on medical devices
- Serves on several community and advisory boards
- Recipient of numerous awards, including 2003 Utah Governor's Medal for Science and Technology

Qualifications of Particular Relevance to Merit

The Board believes the Company benefits immensely from Mr. Lampropoulos' experience as founder, President and Chief Executive Officer of the Company. He plays an essential role in communicating the expectations, advice, concerns and encouragement of the Board to our employees. Mr. Lampropoulos has a deep knowledge and understanding of the Company, as well as the industry and markets in which our products compete. Mr. Lampropoulos also performs an essential function as the Chair of the Board, providing decisive leadership and direction to the activities and deliberations of the Board. The Board also believes Mr. Lampropoulos' leadership, drive and determination are significant factors in our growth and development and continue to be tremendous assets to the Company and its shareholders.

	<p>FRANKLIN J. MILLER, M.D.</p> <p>Independent Director</p>	<p><u>Director Since:</u> May 2005</p> <p><u>Committees:</u> Audit, Compensation</p> <p><u>Other Public Boards:</u> None</p> <p><u>Education:</u> B.S. (pre-med), Pennsylvania State University; M.D., Temple University Medical School; Resident and fellowship, Johns Hopkins University</p>
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Age: 77



Career Highlights

- Consultant to the Company, assisting in product testing and development, 1997 to 2005
- Professor of Radiology and Surgery at the University of Utah Department of Radiology, 1976 to 2005 (Director of Interventional Radiology, 1976 to 2001)
- Clinical Professor of Radiology at the University of California, San Diego (began the Hereditary Hemorrhagic Telangiectasia Clinic, one of only eight such clinics in the United States), 2002 to 2011
- Served on advisory boards to several medical device companies and member of editorial and review boards for numerous medical journals

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CORPORATE GOVERNANCE AND RELATED MATTERS

Qualifications of Particular Relevance to Merit

Dr. Miller contributes a valuable set of skills, training and experience to the Board's deliberations. During his service as a director, Dr. Miller has provided significant advice regarding our product development strategy and plays a significant role in our evaluation of acquisition and other growth opportunities. Based, in part, on his extensive medical training and his experience with various medical devices, Dr. Miller provides the Board valuable insight regarding the needs and preferences of the medical professionals who use and purchase our products.

Retirement Policy

Our Corporate Governance Guidelines require that, upon reaching 75 years of age, each director must submit to the Board a letter of resignation to be effective at the next annual meeting of shareholders. The Board will generally accept all such resignations unless the Governance Committee or the Board determines to nominate the director for another term. Upon reaching 75 years of age, Dr. Miller tendered to the Board such a letter of resignation, which was considered by our Governance Committee and the Board. Following such consideration, the Board declined to accept Dr. Miller's resignation. The Governance Committee and the Board also considered our director retirement policy when nominating Dr. Miller to serve for another term. The Governance Committee has determined that, despite being beyond the retirement age set forth in our Corporate Governance Guidelines, Dr. Miller continues to provide significant contributions to our Board and the Company and his unique perspective and extensive skills and experience continue to provide a valuable asset to the Board and the Company.

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DIRECTORS WHOSE

TERMS OF OFFICE CONTINUE

In its regular discussions regarding Board composition, the Governance Committee works with the Board to determine the appropriate mix of professional experience, areas of expertise, educational background and other qualifications that are particularly desirable for our directors to possess in light of our current and future business strategies.

The Board believes that its current members have the right combination of experience and qualifications to continue to lead the Company to success. Information regarding the specific experience, qualifications, attributes and skills that led the Board and the Governance Committee to conclude that each continuing director should serve on the Board are set forth below:

NOLAN E. KARRAS

Lead Independent Director (since May 2017)

Governance Highlights

The Board believes good governance is integral to achieving long-term shareholder value and is committed to governance policies and practices that benefit the Company and its shareholders. This belief is manifest in:

- Strong lead independent director
- Majority voting for all directors
- No shareholder rights plan (poison pill)
- No dual class capitalization structure
- Annual say on pay advisory votes
- Robust code of ethics
- Share ownership requirements for directors
- Board oversight of Company strategy
- Prohibition of short-term stock trading, short sales and option trading
- Responsiveness to shareholder input
- Commitment to corporate responsibility
- Strong alignment between pay and performance for executive compensation

Director Since: November 2011

Committees: Audit (Chair)

Other Public Boards: PacifiCorp, Scottish Power

Age: 73

Education: B.A., Weber State University; M.B.A., University of Utah; Certified Public Accountant

Term Expires: 2020

Career Highlights

- Chair and CEO of The Karras Company, Inc. (investment advisory firm), 1997 to present
- Chair of Utah Governor's Education Excellence Commission, 2015 to present
- Member of Board of Trustees of Weber State University (chair of audit committee), 2013 to present
- Community Board of Directors of University of Utah Hospitals and Clinics (chair of finance committee), 2009 to 2014
- CEO of Western Hay Company, Inc. (agricultural products company in Utah), 1995 to 2012 (remains board member)
- Board of Directors of Beneficial Life Insurance Company (privately-held life insurance company headquartered in Utah) (chair of finance committee and member of executive committee), 1996 to 2009,
- Member of the Utah State Board of Regents, 2001 to 2013 (chair, 2002 to 2006)
- Former director and member of audit and compensation committees of boards of directors of PacifiCorp (a public utility operating in the northwestern United States) and Scottish Power (multinational energy company)
- Several positions in public service, including ten years as Speaker of the House and House Majority Leader of the Utah House of Representatives

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CORPORATE GOVERNANCE AND RELATED MATTERS

Qualifications of Particular Relevance to Merit

Mr. Karras' experience and skills qualify him to work constructively with our management and directors, especially in connection with our pursuit of growth and expansion opportunities. The Board believes Mr. Karras' financial acumen and experience in corporate governance are valuable to its deliberations and strategic planning and in his service as Chair of the Audit Committee. Mr. Karras also has a keen awareness of the social, political and economic environment in which the Company operates.

	<p>KENT W. STANGER</p> <p>Director</p> <p>Age: 63</p>	<p>Director Since: September 1987</p> <p>Committees: Governance</p> <p>Other Public Boards: None</p> <p>Education: B.A. (accounting), Weber State University; former Certified Public Accountant</p> <p>Term Expires: 2020</p>
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Career Highlights

- Member of Board of Directors and Executive Committee of Utah Taxpayers Association, 2012 to 2016
- Chief Financial Officer, Secretary and Treasurer of the Company, 1987 to 2015
- Controller of Utah Medical Products, Inc. (medical device manufacturer), 1985 to 1987
- Corporate Controller for Laser Corporation, American Laser and Modulaire Industries, Inc., 1982 to 1985
- Hansen, Barnett and Maxwell (former Utah accounting firm that merged with Eide Bailly LLP in 2013) as practicing certified public accountant, 1979 to 1982

Qualifications of Particular Relevance to Merit

Mr. Stanger was a founder of the Company and, through more than 25 years of service as the principal financial manager of the Company, developed a broad understanding of our business and operations, as well as the industry and markets in which the

Company competes. The Board values Mr. Stanger's accounting and financial management skills and benefits greatly from his extensive knowledge of our history, achievements, competitive position and strategic objectives.

Appointment to Governance Committee

Shares of our Common Stock are listed on The NASDAQ Global Select Market (**NASDAQ**). NASDAQ does not require that companies maintain a separate nominations committee, but does require that director nominees be selected either by a vote of (a) all independent directors of the Board (in which vote, non-independent directors may not participate) or (b) of a nominations committee composed of independent directors (within the meaning of NASDAQ Rule 5605(a)(2)). As Mr. Stanger was employed by the Company until November 2015, he does not meet that definition of independent director. However, NASDAQ Rule 5605(e)(3) provides an exception to this rule that allows one director who does not otherwise meet the definition of independent director and who is not then an executive officer of the company to be appointed to the company's nominations committee if (a) the nominations committee is comprised of at least three members and (b) under exceptional and limited circumstances, the board of directors determines that such individual's membership on the committee is required in the best interests of the company and its shareholders.

Having considered all relevant factors, including Mr. Stanger's significant background with the Company, his substantial industry experience and his contributions in orienting and providing onboarding training for new directors, the Board concluded in 2017 that appointing Mr. Stanger to the Governance Committee was in the best interests of the Company and its shareholders and did not believe that Mr. Stanger's former employment by, and compensation received as an executive officer of, the Company would interfere with his exercise of independent judgment in carrying out the responsibilities of a member of the Governance Committee.

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	<p>DAVID M. LIU, M.D.</p> <p>Independent Director</p> <p>Age: 44</p>	<p>Director Since: July 2016</p> <p>Committees: Governance</p> <p>Other Public Boards: None</p> <p>Education: M.D., University of Toronto; Radiology residency at University of British Columbia; Interventional radiology fellowship at Northwestern Memorial Hospital</p> <p>Term Expires: 2020</p>
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Career Highlights

- Interventional radiologist (certified in the U.S. and Canada), practicing at the Vancouver General Hospital, University of British Columbia Hospital, and BC Cancer Agency (with cross appointment in surgery department), 2008 to present
- Clinical Associate Professor of Radiology at the University of British Columbia, 2008 to present
- Medical Director at Eva Vein Care (team of physicians specializing in diagnostic assessment, endovascular therapy and interventional radiology), 2012 to present
- Co-founder and co-chair of the international liver cancer symposium, SHOW
- Credited with 7 book chapters, over 60 publications, and 100 invited lectures around the world
- Inducted Fellow of the Society of Interventional Radiology

Qualifications of Particular Relevance to Merit

In addition to bench side and clinical research in the fields of novel embolic platforms, ablative technologies and cancer-related thromboembolic disease, Dr. Liu maintains an interventional oncology practice incorporating multiple aspects of embolization, ablation, venous access, and palliative therapy in organ systems. Fluent in mandarin, Dr. Liu is an active member of the interventional radiology community and has served as an advisor on multiple global advisory boards and technology development committees for various scientific and commercial organizations. The Board believes Dr. Liu's extensive industry experience, scientific credentials and active clinical practice provide him with vital insights into the trends, risks and opportunities in many of our core interests. Dr. Liu also contributes valuable clinical and industry perspective to the Board's analysis of prospective acquisitions, product development and other strategic decisions.

	<p>F. ANN MILLNER, Ed.D</p> <p>Independent Director</p> <p>Age: 66</p>	<p>Director Since: July 2015</p> <p>Committees: Governance (chair)</p> <p>Other Public Boards: None</p> <p>Education: B.S. (education), University of Tennessee; M.S. (allied health education and management), Southwest Texas State University;</p> <p>Ed.D (education administration), Brigham Young University; Completed medical technology program, Vanderbilt University</p> <p>Term Expires: 2019</p>
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Career Highlights

- Regents Professor and Professor of Health Administrative Services at Weber State University, 2013 to present
- Member of the Utah State Senate (member of multiple committees and subcommittees), 2015 to present
- Member of Utah Governor’s Task Force on Educational Excellence, 2015 to present
- Member of Board of Trustees of Intermountain Healthcare (integrated healthcare system in Utah and Idaho), 2005 to present (serving as Vice Chair, 2017 to present)
- President of Weber State University, 2002 to 2012 (first female president of a Utah state university)
- Vice President of University Relations at Weber State University, 1993 to 2002
- Associate Dean of Continuing Education and Assistant Vice President of Community Partnerships at Weber State University, 1985 to 1993

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CORPORATE GOVERNANCE AND RELATED MATTERS

Qualifications of Particular Relevance to Merit

The Board believes Dr. Millner's qualifications to serve as a director of the Company include her executive leadership skills and her experience in the areas of organizational administration, operations and financial management, and business strategy. During her service as the Chair of our Governance Committee, Dr. Millner has played a significant role in the development of our corporate governance practices and engagement with our shareholders.

	<p>MICHAEL E. STILLABOWER, M.D.</p> <p>Independent Director</p> <p>Age: 74</p>	<p>Director Since: March 1996</p> <p>Committees: Compensation; Governance</p> <p>Other Public Boards: None</p> <p>Education: B.S. (electrical engineering, Purdue University; M.D., Sidney Kimmel Medical College; Residency, Wilmington Medical Center; Fellowship, Washington D.C. VA Medical Center</p> <p>Term Expires: 2019</p>
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Career Highlights

- Director of Cardiovascular Clinical Trials at Christiana Care Health Systems, 1999 to 2014
- Chief of Cardiology at Medical Center of Delaware, 1988 to 1999 (director of coronary care unit, 1984 to 1988)
- Clinical Associate Professor of Medicine, Sidney Kimmel Medical College, 1995 to present
- Elected Fellow of the American College of Cardiology and a member of other professional associations and is actively engaged in cardiology research, instruction and publication of related papers and abstracts

Qualifications of Particular Relevance to Merit

Dr. Stillabower's service reflects the Board's recognition of his expertise in the medical profession, his valuable role in developing and evaluating existing and proposed Company products and his understanding of the medical community and the markets for our products. Dr. Stillabower contributes more than 30 years of specialized training and experience in cardiology and related fields to the Board, and has actively participated in the development and commercialization of many of our products. He has used our products in cardiac procedures and provides valuable insights from a practitioner's viewpoint.

	<p>THOMAS J. GUNDERSON</p> <p>Independent Director</p> <p>Age: 67</p>	<p>Director Since: May 2017</p> <p>Committees: Audit</p> <p>Other Public Boards: None</p> <p>Education: B.A. (biology focus), Carleton College; M.S. (cell biology), University of Minnesota; M.B.A., University of St. Thomas</p> <p>Term Expires: 2019</p>
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Career Highlights

- Chair of the Board of Directors at the Minneapolis Heart Institute Foundation, 2015 to present
- Executive in Residence at the University of Minnesota's Medical Industry Leadership Institute, 2016 to present
- Member of American Heart Association Science and Technology Accelerator Committee, 2015 to 2017

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- Managing director and senior research analyst at Piper Jaffray (focus on medical technology companies), 1992 to 2016
- Project Director at American Medical Systems (private medical device company acquired by Pfizer in 1983), 1979 to 1992
- Recognized by several industry publications, including the Wall Street Journal, Institutional Investor, First Call, Thomson Reuters, and Medical Device and Diagnostic Industry (e.g., in 1996 and 2000, he was named an All-Star Analyst for medical stocks by the Wall Street Journal and in 2014, Thomson-Reuters named him Top Stock Picker in the medical technology sector)

Qualifications of Particular Relevance to Merit

Mr. Gunderson provides the Board with more than 25 years of substantive experience in the medical device industry, with a seasoned perspective on the challenges, trends and opportunities of publicly-traded medical device manufacturers, as well as a keen understanding of the Company's competitive position within its industry. Mr. Gunderson also contributes a strong background in financial and economic analysis and valuable insights regarding business development and acquisition opportunities.

PROPOSAL NO. 2:

**APPROVE AMENDMENT TO INCREASE
MAXIMUM BOARD SIZE (FROM 9 TO
11)**

Board Recommendation

**The Board unanimously recommends a vote
FOR this proposal**

The Board has, subject only to receiving shareholder approval, voted to adopt the Second Amended and Restated Articles of Incorporation (the [Revised Articles](#)), which has been amended to increase the maximum number of directors from nine to eleven. If the holders of at least two-thirds of the outstanding shares of Common Stock approve the Revised Articles, we intend to (a) promptly file the Revised Articles with the Division of Corporations of the State of Utah (at which time, they will become effective) and (b) amend our Second Amended and Restated Bylaws (the [Bylaws](#)) to reflect the same change. The amendment to our Bylaws does not require shareholder approval.

Our current Amended and Restated Articles of Incorporation and Bylaws provide that the number of directors of the Company shall be not less than three nor more than nine (as may be determined and established from time to time by the Board). As of the date of this Proxy Statement, the Board has fixed the number of directors at nine.

Any vacancy occurring in the Board, including any vacancy created by an increase in the number of directors, may be filled by the vote of a majority of the directors then in office.

The Board believes that the size of the Board should be increased to allow the Governance Committee to seek and add additional directors with diverse experience, backgrounds or skills that the Board believes will provide added perspective and value to the Company and its shareholders.

The Restated Articles will also remove an obsolete provision related to the minimum paid-in-capital of the Company (Article V of the current Amended and Restated Articles of Incorporation), which no longer applies. The remaining articles (and any applicable cross-references) will be renumbered accordingly.

The text of Article V in the Revised Articles is set forth below (with changes marked in blue for ease of review). The full text of the Revised Articles is included as [Exhibit 1](#) to this Proxy Statement.

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CORPORATE GOVERNANCE AND RELATED MATTERS

ARTICLE VI

DIRECTORS

The board of directors shall consist of such number of members, which number shall not be less than three and not more than ~~nine~~ **eleven** as may be determined and established from time to time by the board of directors and shall be divided into three classes, as nearly equal in size as possible. No increase in the maximum number of members shall be made except upon the affirmative vote of not less than two-thirds of the outstanding capital stock of the corporation entitled to vote thereon. ~~The initial terms of directors first elected or reelected by the shareholders after the adoption of this amendment and revision of the Articles of Incorporation shall be for the following terms of office:~~

~~Class A Directors—One Year~~

~~Class B Directors—Two Years~~

~~Class C Directors—Three Years~~

~~Upon the expiration of the initial term specified for each class of directors, their successors~~

Directors shall be elected for three-year terms or until such time as their successors shall be elected and qualified, with one class of directors to be elected each year.

Vacancies on the board of directors, whether the result of removal (with or without cause), death, resignation or otherwise, shall be filled by majority vote of the remaining members of the board of directors, regardless of whether such remaining members constitute a quorum.

The corporation shall nominate persons to serve as members of the board of directors upon the expiration of the term of each class of directors, which nominations shall be submitted to the shareholders at the annual meeting of shareholders for approval. Any nominations for election to the board of directors shall be received, with respect to any annual meeting of shareholders, not later than the date specified by the board of directors for submission of such nominations. Failure to submit timely nominations shall prevent consideration of the nominations at such annual shareholders meetings.

Directors of the corporation may be removed for cause only upon the affirmative vote of the holders of a majority of the outstanding capital stock entitled to vote thereon. A director may be removed for cause only after a finding that (i) the director engaged in fraudulent or dishonest conduct or gross abuse of authority or discretion, with respect to the corporation and (ii) removal is in the best interests of the corporation. Directors of the corporation may be removed for any reason other than cause only upon the affirmative vote of the holders of not less than two-thirds of the outstanding capital stock of the corporation entitled to vote thereon.

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OUR BOARD OF DIRECTORS

Our business affairs are managed subject to the oversight of the Board, which represents and is accountable to the shareholders of the Company. The Board advises and oversees management, which is responsible for the day-to-day operations of the Company. The primary mission of the Board is to represent and protect the interests of our shareholders. As a result, the basic responsibility of our directors is

to act in good faith and with due care so as to exercise their business judgment on an informed basis in what they reasonably and honestly believe to be in the best interests of the Company and its shareholders. The Board reviews and assesses our strategic, competitive and financial performance.

Board Leadership Structure

Chair of the Board

The Chair of the Board provides leadership to the Board and works with it to define its structure, agenda and activities in order to fulfill its responsibilities. The Chair works with senior management to help ensure that matters for which management is responsible are appropriately reported to the Board.

shareholders, and his proven leadership skills, the Board believes Mr. Lampropoulos' continued service in both capacities serves the best interests of our shareholders. Further, the Board believes Mr. Lampropoulos' fulfillment of both responsibilities encourages accountability and effective decision-making and provides strong leadership for employees and other stakeholders.

Fred P. Lampropoulos currently serves as the Chair of the Board and CEO of the Company. The Board and Governance Committee believe that the traditional practice of combining the roles of chair of the board and chief executive officer currently provides the preferred form of leadership for the Company. Given Mr. Lampropoulos' vast experience since founding the Company in 1987, his role as an inventor and his involvement in filing more than 200 patents and pending applications, the respect which he has earned from our employees, business partners and

Lead Independent Director

In May 2017, the independent directors of the Company selected Mr. Karras to serve as the Lead Independent Director. The position of Lead Independent Director comes with clearly delineated and comprehensive duties, as set out in the Board's Corporate Governance Guidelines, adopted on February 12, 2015 (as amended from time to time, the [Governance Guidelines](#)).

These duties include:

<p>BOARD MEETINGS AND EXECUTIVE SESSIONS</p>	<ul style="list-style-type: none"> • Authority to call meetings of the independent directors • Presides at all meetings of the Board at which the Chair is not present, including executive sessions of the independent directors
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COMMUNICATING WITH MANAGEMENT	<ul style="list-style-type: none"> Serves as principal liaison between the Chair/CEO and the independent directors
AGENDAS	<ul style="list-style-type: none"> Approves meeting agendas for the Board and information sent to the Board by the Chair/CEO, including supporting materials
MEETING SCHEDULES	<ul style="list-style-type: none"> Approves meeting schedules for the Board to assure that there is sufficient time for discussion of all agenda items
COMMUNICATING WITH SHAREHOLDERS	<ul style="list-style-type: none"> Ensures availability for consultation and direct communication with major shareholders of the Company upon reasonable request

Our independent directors meet in executive session without the CEO/Chair present regularly, generally at least quarterly.

During these sessions, independent directors discuss topics such as executive (including the CEO) succession planning, corporate governance, business strategy and Board responsibilities.

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CORPORATE GOVERNANCE AND RELATED MATTERS

Composition and Selection of Board Members

The Governance Committee is responsible for reviewing annually with the Board the desired skills and characteristics of directors, as well as the composition of the Board as a whole. Directors should be individuals who have succeeded in their particular field and who demonstrate integrity, reliability, knowledge of corporate affairs, and an ability to work well together. Directors should have:

- demonstrated management ability at senior levels in successful organizations;
- current or recent employment in positions of significant responsibility and decision-making;
- expertise in the medical device industry, medical profession or related areas of training; or
- current and prior experience related to anticipated Board and committee responsibilities in other areas of importance to the Company.

The Governance Committee reviews the skills and characteristics required of directors in the context of the current composition of the Board. There is currently no set of specific minimum qualifications that must be met by a nominee recommended by the Governance Committee, as different factors may assume greater or lesser significance at particular times and the needs of the Board may vary in light of its composition and the Governance Committee's perceptions about future issues and needs. Additionally, in considering the composition of the Board and identifying nominees, the Governance Committee does not have a formal policy regarding the

- capacity to evaluate strategy and reach sound conclusions;
- availability of time to devote to the Board; and
- awareness of relevant social, political, and economic trends affecting the Company.

The Governance Committee utilizes a variety of methods for identifying and evaluating director nominees. The Governance Committee assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Governance Committee through various means, including recommendations from current directors, shareholders or other individuals. To date, the Governance Committee has not engaged a professional search firm to assist in identifying candidates for service on the Board.

Shareholder Recommendations

The Governance Committee considers properly-submitted director-nominee recommendations from shareholders prior to the issuance of the proxy statement for the next annual meeting of shareholders. Materials provided by a shareholder in connection with such a recommendation are forwarded to the Governance Committee. In evaluating those recommendations, the Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria described below.

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consideration of gender, race, sexual preference, religion and other traits typically associated with the term diversity.

Any shareholder wishing to recommend a candidate for consideration by the Governance Committee should submit a recommendation in writing indicating the candidate's qualifications and other relevant biographical information and provide confirmation of the candidate's consent to serve as a director.

However, the Governance Committee considers it important that the Board be composed of directors with a diverse range of experience, areas of expertise and skills and considers several factors, including a candidate's:

Interested shareholders should send recommendations to:

- age;
- skills;
- integrity and moral responsibility;
- policy-making experience;
- ability to work constructively with our management and other directors;
- diversity;

Merit Medical Systems, Inc.

Attn: Brian G. Lloyd

1600 West Merit Parkway

South Jordan, Utah 84095

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The table below shows some of the relevant experience of our directors identified by the Governance Committee.

	EXPERIENCE	
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DIRECTOR NAME	MEDICAL DEVICE INDUSTRY	MEDICAL PROFESSIONAL	FINANCIAL OR ACCOUNTING	PUBLIC COMPANY	CAPITAL MARKETS	ORGANIZATIONAL AND POLICY MAKING	OWNERSHIP OR INVENTORSHIP
A. SCOTT ANDERSON			•	•	•	•	
THOMAS J. GUNDERSON			•		•		
NOLAN E. KARRAS			•	•	•		
FRED P. LAMPROPOLOUS	•			•	•		•
DAVID M. LIU, M.D.	•	•				•	•
FRANKLIN J. MILLER, M.D.	•	•		•		•	•
F. ANN MILLNER, ED.D			•			•	
MICHAEL STILLABOWER, M.D.	•	•					
KENT W. STANGER	•		•	•	•	•	•

Independence Determinations for Directors

Under our Governance Guidelines, a significant majority of our Board members should be independent directors who meet the director independence guidelines set forth in the NASDAQ Marketplace Rules, on which shares of the Common Stock are currently quoted. Among other things, each independent director should be free of significant business connections with competitors, suppliers, or customers of the Company.

In 2017, the Governance Committee undertook its annual review of director and nominee

independence and recommended that the Board determine that Mr. Anderson, Mr. Gunderson, Mr. Karras, Dr. Liu, Dr. Miller, Dr. Millner and Dr. Stillabower each be designated as an independent director. Mr. Lampropoulos is not independent because of his employment as President and CEO of the Company. Mr. Stanger may not be considered to be independent for some purposes because of his employment as Chief Financial Officer of the Company until 2016.

Board Meetings and Committees

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In 2017, the Board met 12 times. Directors are expected to attend regular Board meetings, Board committee meetings and annual shareholder meetings. The independent directors met in executive session four times during 2017.

As further described below, the Board has a standing Audit Committee, Compensation Committee, and Governance Committee. The Company believes each of the directors serving on the Audit, Compensation, and Governance Committees (other than Mr. Stanger's service on the Governance Committee) is an independent director for

All directors attended at least 75% of the total number of meetings of the Board and of any committee on which he or she served.

purposes of the Marketplace Rules of NASDAQ and that each of the directors serving on the Compensation Committee is a non-employee director for purposes of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the [Exchange Act](#)).

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CORPORATE GOVERNANCE AND RELATED MATTERS

Audit Committee

The Audit Committee meets to review and discuss our accounting practices and procedures and quarterly and annual financial statements with our management and independent public accountants. The Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and reporting practices.

The Audit Committee's primary duties include:

- reviewing the scope and adequacy of internal accounting and financial controls;
- reviewing the independence of our independent registered public accounting firm;
- approving the scope and results of the audit activities of our independent accountants;
- approving fees of, and non-audit related services by, our independent accountants;
- reviewing our compliance and enterprise risk management programs;

AUDIT COMMITTEE MEMBERS

- Nolan E. Karras (Chair)
- Franklin J. Miller
- Thomas J. Gunderson

FINANCIAL EXPERTS ON AUDIT COMMITTEE

The Board has determined that Mr. Karras and Mr. Gunderson are audit committee financial experts, as defined in Item 407(d) of Regulation S-K under the Exchange Act.

- reviewing the objectivity and effectiveness of our internal audit function;
- reviewing our financial reporting activities and the accounting standards and principles followed;
and
- reviewing and approving related person transactions.

The Audit Committee met five times during 2017.

Compensation Committee

The Compensation Committee is responsible for overseeing, reviewing and approving executive compensation and benefit programs of the Company. Additional information regarding the functions, procedures and authority of the Compensation Committee is provided in the Compensation Discussion and Analysis beginning on page 28 below. The Compensation Committee Report appears on page 37 below.

The Compensation Committee met three times formally during 2017, although members of the Compensation Committee also met informally and discussed compensation issues at other times throughout the year.

Nominating and Corporate Governance Committee

The Governance Committee is responsible for nomination of our directors and oversight of our corporate governance activities. As discussed earlier, the Governance Committee selects, evaluates and recommends to the full Board qualified candidates for election to the Board. The Governance Committee also provides oversight of our corporate governance practices, including the practices set forth in our Governance Guidelines.

COMPENSATION COMMITTEE MEMBERS

- A. Scott Anderson (Chair)
- Franklin J. Miller, M.D.
- Michael E. Stillabower, M.D.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is currently, or has formerly been, an officer or employee of the Company or any of its subsidiaries. The Company had no relationship during 2017 requiring disclosure under Item 404 of Regulation S-K with respect to any of the persons who served on the Compensation Committee during 2017.

GOVERNANCE COMMITTEE MEMBERS

- F. Ann Millner, Ed.D. (Chair)
- A. Scott Anderson
- Michael E. Stillabower, M.D.
- David M. Liu, M.D.
- Kent W. Stanger

The Governance Committee met three times during 2017.

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Risk Management

The Board is involved in assessing and managing risks that could affect the Company. One of the roles of the Board is to periodically assess the processes utilized by management with respect to risk assessment and risk management, including identification by management of the principal risks of our business, and the implementation by management of appropriate systems to deal with such risks. The Board fulfills these responsibilities either directly, through delegation to committees of the Board, or, as appropriate, through delegation to individual directors.

When the Board determines to delegate any risk management oversight responsibilities, typically such delegation is made to the applicable standing committee(s) of the Board. The Audit Committee is generally responsible for oversight of risks such as those relating to the quality and integrity of our financial reports, the independence and qualifications of our independent registered public accounting firm, our compliance with disclosure and financial reporting requirements

and overall enterprise risk management. The Governance Committee is generally responsible for oversight of risks addressed through the identification and recommendation of individuals qualified to become directors of the Company, director and management succession planning and development and implementation of corporate governance principles. The Compensation Committee is generally responsible for oversight of risks such as those relating to executive employment policies and our compensation and benefits systems. These committees exercise their oversight responsibilities through reports from and meetings with officers of the Company responsible for each of these risk areas, including our Chief Financial Officer, Chief Legal Officer, Chief Compliance Officer and Director of Internal Audit. In such meetings, committee members discuss and analyze such risks, and, when necessary, consult with outside advisors.

Shareholder Communication with the Board of Directors

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The Board will receive communications from Company shareholders. All communications, except those related to shareholder proposals that are discussed below under the heading Shareholder Proposals for Annual Meeting 2019, must be sent to our Corporate Secretary (Brian G. Lloyd) at our principal executive offices at 1600 West Merit Parkway, South Jordan, UT 84095. Communications submitted to the Board (other than communications received through our whistleblower

hotline, which are reviewed and addressed by the Audit Committee) are generally reported to our directors at the next regular meeting of the Board.

All directors of the Company are strongly encouraged to attend our annual meetings of shareholders. Eight of the nine directors then serving on the Board were present at our 2017 Annual Meeting of Shareholders.

Governance Guidelines and Code of Ethics

Governance Guidelines

The Governance Guidelines set forth the responsibilities of our directors.

The Governance Guidelines were amended in May 2016 to require each director to submit a letter of resignation upon reaching 75 years of age, which resignation becomes effective at the next succeeding annual meeting of shareholders and will be accepted by the Board absent a determination

by the Governance Committee or the entire Board to nominate the director for an additional term.

The Governance Guidelines were further amended in October 2017 to include director stock ownership guidelines that, among other things, require directors to maintain minimum stock ownership equal to at least three times the annual retainer received. The Board expects directors to meet this requirement by December 31, 2020. The Governance Committee will determine compliance and may allow waivers on a case-by-case basis.

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Corporate Governance and Related Matters

GOVERNANCE MATERIALS

The following materials relating to corporate governance are available via our website at:
www.merit.com/investors/corporate-governance/

• Code of Business Conduct and Ethics	• Compensation Committee Charter
• Corporate Governance Guidelines	• Nominating and Corporate Governance Committee Charter
• Audit Committee Charter	

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics ([Code of Conduct](#)) applies to our directors and employees, including the principal executive, financial and accounting officers, and is supplemented by additional provisions applicable to our CEO and senior financial and accounting officers. All Merit directors, officers and employees are required to act ethically at all times and in accordance with the principles and policies set forth in the Code of Conduct.

Among other principles and policies, the Code of Conduct finds a conflict of interest exists when a person's private interest interferes in any way with the interests of the Company. The Code of Conduct recognizes that a conflict of interest occurs when the Company enters into a transaction in which an employee, officer, or director, or someone related to or affiliated with an employee, officer, or director, has a significant personal interest. The Code of Conduct also recognizes that a conflict of interest arises when an employee, officer or director of the Company receives an improper benefit as a result of the person's position with the Company and prohibits any form of loan or credit to directors or officers of the Company or their family members.

The Code of Conduct obligates employees, officers and directors to promptly disclose conflicts of

interest to a supervisor, management, or the Board. Any directors who have a conflicting interest in a potential conflicting interest transaction may not participate in the review of that transaction by the Board. Any waiver of the Code of Conduct may be made only by the Board and is required to be promptly disclosed as required by law or the regulations of any exchange on which our securities are traded, including NASDAQ.

Whistleblower Hotline

As contemplated by the Code of Conduct, we have established a whistleblower hotline that enables our employees, vendors, customers, and shareholders, as well as other interested parties, to submit confidential and anonymous reports of suspected or actual violations of the Code of Conduct.

Our whistleblower hotline may be accessed:

- by telephone at (877) 874-8416
- online at www.merit.alertline.com

The Audit Committee regularly reviews all complaints we receive through the whistleblower hotline.

Securities Trading Restrictions

We have adopted a corporate policy regarding trading in our Common Stock ([Insider Trading Policy](#)) which is applicable to all of our directors and officers, as well as certain other Merit employees who are most likely to have access to material, non-public information regarding our business operations and financial condition ([Insiders](#)). The Insider Trading Policy imposes restrictions on Insiders with respect to transactions which may violate federal or state securities laws. Among its provisions, the Insider Trading Policy prohibits trading in Our Common Stock on a short-term basis, engaging in short sales of Our Common Stock and purchasing or selling options in Our Common Stock.

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NON-EMPLOYEE

DIRECTOR COMPENSATION

We use a combination o