

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 ☒ X

Filed by a Party other than the Registrant ☐ O

Check the appropriate box:

- ☒ x Preliminary Proxy Statement
☐ o **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
☐ o Definitive Proxy Statement
☐ o Definitive Additional Materials
☐ o 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):

- ☒ x No fee required.
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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

BY MAIL (cast your ballot,

sign proxy card and post)

Attend meeting

IN PERSON

Items of Business

(U.S. and Canada)

	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		•	•	

<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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