

**SonoSite, Inc.**

**Selected Financial Information**

**Consolidated Statements of Operations**

*(in thousands except per share data) (unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
Revenue	\$ 64,835	\$ 54,353	\$ 205,068	\$ 171,083
Cost of revenue	<u>19,687</u>	<u>16,140</u>	<u>62,505</u>	<u>49,673</u>
Gross margin	45,148	38,213	142,563	121,410
Gross margin percentage	69.6%	70.3%	69.5%	71.0%
Operating expenses:				
Research and development	6,234	6,126	25,872	20,183
Sales and marketing	26,200	22,746	91,054	81,631
General and administrative	<u>7,145</u>	<u>4,491</u>	<u>21,186</u>	<u>15,760</u>
Total operating expenses	39,579	33,363	138,112	117,574
Other income, net	<u>1,522</u>	<u>1,060</u>	<u>6,565</u>	<u>3,977</u>
Income before income taxes	7,091	5,910	11,016	7,813
Income tax provision	<u>2,838</u>	<u>85</u>	<u>4,132</u>	<u>582</u>
Net income	<u>\$ 4,253</u>	<u>\$ 5,825</u>	<u>\$ 6,884</u>	<u>\$ 7,231</u>
Net income per share:				
Basic	<u>\$ 0.25</u>	<u>\$ 0.35</u>	<u>\$ 0.41</u>	<u>\$ 0.44</u>
Diluted	<u>\$ 0.25</u>	<u>\$ 0.34</u>	<u>\$ 0.40</u>	<u>\$ 0.43</u>
Weighted average common and potential common shares outstanding:				
Basic	<u>16,723</u>	<u>16,409</u>	<u>16,621</u>	<u>16,274</u>
Diluted	<u>17,350</u>	<u>16,918</u>	<u>17,168</u>	<u>16,857</u>

**Condensed Consolidated Balance Sheets***(in thousands) (unaudited)*

	December 31, 2007	December 31, 2006
Cash and cash equivalents	\$ 188,701	\$ 45,673
Short-term investment securities	119,873	38,428
Accounts receivable, net	60,954	52,838
Inventories	29,740	23,020
Deferred income taxes, current	13,138	7,684
Prepaid expenses and other current assets	7,759	4,821
Total current assets	<u>420,165</u>	<u>172,464</u>
Property and equipment, net	10,133	10,752
Investment securities	1,257	3,014
Deferred income taxes	12,959	20,113
Intangible assets, net	16,346	3,864
Other assets	9,521	1,687
Total assets	<u>\$ 470,381</u>	<u>\$ 211,894</u>
Accounts payable	\$ 8,868	\$ 6,450
Accrued expenses	24,431	15,459
Deferred revenue, current portion	3,502	3,253
Deferred tax liability, current	115	-
Total current liabilities	<u>36,916</u>	<u>25,162</u>
Long-term debt	225,000	-
Deferred tax liability	4,528	384
Other liabilities, net of current portion	11,075	5,317
Total liabilities	<u>277,519</u>	<u>30,863</u>
Shareholders' equity:		
Common stock and additional paid-in capital	236,325	231,551
Accumulated deficit	(44,893)	(51,777)
Accumulated other comprehensive income	1,430	1,257
Total shareholders' equity	<u>192,862</u>	<u>181,031</u>
Total liabilities and shareholders' equity	<u>\$ 470,381</u>	<u>\$ 211,894</u>