

SonoSite, Inc.

Selected Financial Information

Consolidated Statements of Operations

(in thousands except per share data) (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Revenue	\$ 50,041	\$ 40,346	\$ 140,233	\$ 116,730
Cost of revenue	15,292	11,707	42,818	33,533
Gross margin	34,749	28,639	97,415	83,197
Gross margin percentage	69.4%	71.0%	69.5%	71.3%
Operating expenses:				
Research and development	6,984	5,360	19,638	14,057
Sales and marketing	22,009	20,011	64,854	58,885
General and administrative	6,096	3,859	14,041	11,269
Total operating expenses	35,089	29,230	98,533	84,211
Other income, net	2,469	1,125	5,043	2,917
Income before income taxes	2,129	534	3,925	1,903
Income tax provision	642	59	1,294	497
Net income	<u>\$ 1,487</u>	<u>\$ 475</u>	<u>\$ 2,631</u>	<u>\$ 1,406</u>
Net income per share:				
Basic	<u>\$ 0.09</u>	<u>\$ 0.03</u>	<u>\$ 0.16</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.03</u>	<u>\$ 0.15</u>	<u>\$ 0.08</u>
Weighted average common and potential common shares outstanding:				
Basic	<u>16,657</u>	<u>16,366</u>	<u>16,586</u>	<u>16,229</u>
Diluted	<u>17,188</u>	<u>16,903</u>	<u>17,101</u>	<u>16,857</u>

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

	September 30, 2007	December 31, 2006
Cash and cash equivalents	\$ 174,483	\$ 45,673
Short-term investment securities	134,397	38,428
Accounts receivable, net	48,420	52,838
Inventories	28,452	23,020
Deferred income taxes, current	6,832	7,684
Prepaid expenses and other current assets	6,744	4,821
Total current assets	<u>399,328</u>	<u>172,464</u>
Property and equipment, net	10,633	10,752
Investment securities	-	3,014
Deferred income taxes	21,439	19,729
Intangible assets, net	17,282	3,864
Other assets	9,488	1,687
Total assets	<u>\$ 458,170</u>	<u>\$ 211,510</u>
Accounts payable	\$ 8,260	\$ 6,450
Accrued expenses	19,918	15,459
Deferred revenue, current portion	3,371	3,253
Deferred tax liability, current	115	-
Total current liabilities	<u>31,664</u>	<u>25,162</u>
Long-term debt	225,000	-
Deferred tax liability	4,976	-
Other liabilities, net of current portion	11,244	5,317
Total liabilities	<u>272,884</u>	<u>30,479</u>
Shareholders' equity:		
Common stock and additional paid-in capital	233,255	231,551
Accumulated deficit	(49,146)	(51,777)
Accumulated other comprehensive income	1,177	1,257
Total shareholders' equity	<u>185,286</u>	<u>181,031</u>
Total liabilities and shareholders' equity	<u>\$ 458,170</u>	<u>\$ 211,510</u>