SONOSITE INC
Form DEFM14C
March 07, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the

Securities Exchange Act of 1934

Check the appropriate box:
¨ Preliminary Information Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))**
x Definitive Information Statement

SONOSITE, INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):
¨ No fee required.
x Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

1) Title of each class of securities to which transaction applies:

common stock, par value $0.01 per share

2) Aggregate number of securities to which transaction applies:

2,541,620*

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

$54.00

4) Proposed maximum aggregate value of transaction:

$84,564,491.25**

5) Total fee paid:

$9,691.09***

* Estimated solely for purposes of calculating amount of filing fee in accordance with Rule 0-11 under the Securities Exchange Act of 1934. The aggregate number of securities was based on the sum of (i) 1,419,870 outstanding shares of SonoSite common stock as of March 6, 2012 (excluding 12,697,279 shares of SonoSite common stock purchased and held by Salmon Acquisition Corporation, an indirect wholly owned subsidiary of FUJIFILM Holdings Corporation (the Purchaser)) and (ii) 1,121,750 shares of SonoSite common stock underlying outstanding warrants as of March 6, 2012.

** Estimated solely for the purposes of calculating the amount of filing fee in accordance with Rule 0-11 under the Securities Exchange Act of 1934. The transaction value was determined based on the sum of (i) 1,419,870 outstanding shares of SonoSite common stock as of March 6, 2012 (excluding 12,697,279 shares of SonoSite common stock purchased and held by Purchaser) multiplied by $54.00 and (ii) 1,121,750 shares of SonoSite common stock underlying outstanding warrants, multiplied by $7.035 per share (which is the difference between $54.00 per share and the weighted average exercise price per share of the outstanding warrants as of March 6, 2012).

*** The amount of filing fee is calculated by multiplying the transaction value by 0.0001146.

¨ Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

$96,128.64

2) Form, Schedule or Registration Statement No.:

Schedule TO

3) Filing Party:

FUJIFILM Holdings Corporation

4) Date Filed:

January 17, 2012

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SONOSITE, INC.

21919 30TH DRIVE S.E.

BOTHELL, WASHINGTON 98021

March 7, 2012

To Our Shareholders:

On March 29, 2012, a special meeting of our shareholders will be held for the purpose of approving the Merger Agreement (as defined below) and the plan of merger (the Plan of Merger) whereby Salmon Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of FUJIFILM Holdings Corporation, a Japanese corporation (FUJI) (Purchaser) will merge with and into SonoSite, Inc., a Washington corporation (the Company , we , us , or SonoSite), with the Company as the surviving corporation (the Merger).

As announced on December 15, 2011, we entered into an Agreement and Plan of Merger, dated December 15, 2011 (the Merger Agreement), by and among the Company, FUJI and Purchaser, which provides for the acquisition of the Company by FUJI in two steps. The first step was a cash tender offer by Purchaser to acquire all of the outstanding shares of our common stock, par value $0.01 per share (the Shares), at a price of $54.00 per Share, net to the seller in cash without interest thereon, subject to any applicable withholding and transfer taxes (the Offer). The Offer and the offering period were completed on February 15, 2012. Pursuant to the Offer and the Merger Agreement, at the expiration of the offering period, Purchaser accepted for payment a total of 12,697,279 Shares, which constitute approximately 89.94% of our outstanding Shares.

The second step is the Merger, pursuant to which Purchaser will merge with and into the Company, with the Company as the surviving corporation.

In the Merger, each outstanding Share not tendered and accepted for payment in the Offer (other than Shares held by Purchaser or FUJI or any wholly owned subsidiary of FUJI and any shareholders who are entitled to and have properly exercised dissenters rights under Washington law with respect to such Shares) will be converted into the right to receive $54.00 in cash, without interest thereon, subject to any applicable withholding and transfer taxes, all as more fully set forth and described in the accompanying Information Statement, the Merger Agreement, a copy of which is attached as Annex 1 to the Information Statement, and the Plan of Merger, a copy of which is attached as Annex 2 to the Information Statement.

The affirmative vote of the holders of a majority of the outstanding Shares will be necessary to approve the Merger Agreement and the Plan of Merger. Our board of directors unanimously approved the Merger Agreement and the Plan of Merger and unanimously recommends that the shareholders approve the Merger Agreement and the Plan of Merger.

As a result of the consummation of the Offer, FUJI beneficially owns and has the right to vote a sufficient number of outstanding shares of our common stock such that approval of the Merger Agreement and the Plan of Merger at the special meeting is assured without the affirmative vote of any other shareholder.

You are welcome to attend the special meeting; however, you are not being asked for a proxy and are requested not to send one. The accompanying Information Statement explains the terms of the Merger and the Plan of Merger. Please read the accompanying Information Statement carefully in its entirety.

Sincerely,

Kevin M. Goodwin

President and Chief Executive Officer

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SONOSITE, INC.

21919 30th DRIVE, S.E.

BOTHELL, WASHINGTON 98021

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 29, 2012

A special meeting (including any and all adjournments or postponements thereof, the Special Meeting) of the shareholders of SonoSite, Inc. will be held at 10:00 a.m., Pacific Time, at SonoSite s principal executive offices at 21919 30th Drive S.E., Bothell, Washington 98021-3904, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated December 15, 2011 (the Merger Agreement), by and among SonoSite, Inc. (the Company , we , us , or SonoSite), FUJIFILM Holdings Corporation, a Japanese corporation (FUJI), an Salmon Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of FUJI (Purchaser) and the plan of merger (the Plan of Merger) whereby Purchaser will merge with and into the Company, with the Company as the surviving corporation (the Merger). In the Merger, each outstanding Share not tendered and accepted for payment in the Offer (other than Shares held by Purchaser or FUJI or any wholly owned subsidiary of FUJI and any shareholders who are entitled to and have properly exercised dissenters rights under Washington law with respect to such Shares) will be converted into the right to receive $54.00 in cash, without interest thereon, subject to any applicable withholding and transfer taxes, as more fully described in the accompanying Information Statement, the Merger Agreement, a copy of which is attached as Annex 1 to the Information Statement, and the Plan of Merger, a copy of which is attached as Annex 2 to the Information Statement.

2. To transact such other business as may properly be brought before the Special Meeting.

Only shareholders of record at the close of business on March 6, 2012 will be entitled to receive notice of, and to vote, at the Special Meeting.

You are cordially invited to attend the Special Meeting; however, proxies are not being solicited for the Special Meeting.

You are entitled to demand a determination of the fair value of Shares if you have not tendered your Shares in the Offer, you hold Shares immediately prior to the effective time of the Merger, and you have exercised your dissenters rights in accordance with the notice of dissenters rights and the Washington dissenters rights statute, which is Chapter 23B.13 of the Revised Code of Washington (RCW), a copy of which is attached as Annex 4 to the Information Statement. You should read Notice of Dissenters Rights and Annexes 4 and 5 to the Information Statement for more information regarding dissenters rights.

You should not send any Share certificates at this time. After the Merger is completed, you will receive a letter of transmittal containing instructions on where to send your share certificates in order to exchange them for the merger consideration.

BY ORDER OF THE BOARD OF DIRECTORS

This notice is dated March 7, 2012.

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SONOSITE, INC.

21919 30th DRIVE S.E.

BOTHELL, WASHINGTON 98021

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY

AND YOU ARE REQUESTED NOT TO SEND US A PROXY

This Information Statement is being furnished to holders of common stock, par value $0.01 per share (the common stock), of SonoSite, Inc., a Washington corporation (the Company , we , us , or SonoSite), in connection with the proposed merger (the Merger) of Salmon Acquisition Corporation, a Delaware corporation (Purchaser) and an indirect wholly owned subsidiary of FUJIFILM Holdings Corporation, a Japanese corporation (FUJI), with and into SonoSite as contemplated by that certain Agreement and Plan of Merger, dated December 15, 2011, by and among SonoSite, FUJI and Purchaser (the Merger Agreement). The Merger, in which we will continue as the surviving corporation and a wholly owned subsidiary of FUJI, is the second and final step in the acquisition of the Company by FUJI. The first step was a cash tender offer by Purchaser to acquire all the outstanding shares of our common stock (collectively, the Shares) at $54.00 per Share, net to the seller in cash without interest thereon (the Offer), subject to any applicable withholding and transfer taxes. The Offer was completed on February 15, 2012. Upon the expiration of the offering period, Purchaser accepted for payment a total of 12,697,279 Shares, which constitute approximately 89.94% of the issued and outstanding shares of our common stock. As a result of the Merger, we will become a wholly owned subsidiary of FUJI. In the Merger, each outstanding Share not tendered and accepted for payment in the Offer (other than Shares held by Purchaser or FUJI or any wholly owned subsidiary of FUJI and any shareholders who are entitled to and have properly exercised dissenters rights under Washington law) will be converted into the right to receive $54.00 in cash, without interest thereon, subject to any applicable withholding and transfer taxes. Shareholders are responsible for transfer and similar taxes, if any, which may be withheld from the merger consideration. A copy of the Merger Agreement is attached to this Information Statement as Annex 1.

A special meeting of our shareholders will be held on March 29, 2012, at 10:00 a.m., Pacific Time, at our principal executive offices at 21919 30th Drive S.E., Bothell, Washington 98021-3904. We refer to this special meeting of shareholders (including any and all adjournments or postponements thereof) in this Information Statement as the Special Meeting. You are welcome to attend the Special Meeting; however, we are not soliciting proxies for the Special Meeting.

Only holders of record of the Shares at the close of business on March 6, 2012 (the Record Date) are entitled to receive notice of, and to vote at, the Special Meeting. On the Record Date, there were 14,117,149 shares of our common stock outstanding. The Merger cannot be completed unless shareholders holding at least a majority of the outstanding shares of common stock on the Record Date approve the Merger Agreement. Each share of common stock is entitled to one vote. As a result of the consummation of the Offer, FUJI beneficially owns a total of approximately 12,697,279 Shares, representing approximately 89.94% of all outstanding shares of common stock. FUJI will vote or cause to be voted all such shares in favor of approving the Merger Agreement, and such vote is sufficient to assure approval of the Merger Agreement at the Special Meeting. As a result, the affirmative vote of other SonoSite shareholders is not required to approve the Merger Agreement. Accordingly, a quorum and the approval of the Merger Agreement at the Special Meeting are assured without the attendance or affirmative vote of any other shareholder. The completion of the Merger is also subject to the satisfaction or waiver of other conditions. More information about the Merger is contained in this Information Statement.

You are entitled to demand a determination of the fair value of Shares if you hold Shares immediately prior to the effective time of the Merger (the Effective Time), you have not tendered your Shares and you have exercised your dissenters rights in accordance with the notice of dissenters rights and the Washington dissenters rights statute, which is Chapter 23B.13 of the Revised Code of Washington (RCW), a copy of which is attached as Annex 4 to this Information Statement. See Notice of Dissenters Rights below and Annexes 4 and 5 attached to this Information Statement for more information regarding the dissenters rights.

This Information Statement is first being mailed on or about March 7, 2012 to the holders of record of the Shares at the close of business on March 6, 2012.

We are not asking you for a proxy and you are requested not to send us a proxy. Please do not send in any Share certificates at this time.

This Information Statement is dated March 7, 2012.

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SUMMARY TERM SHEET

The following is a brief summary of certain information contained elsewhere in this Information Statement, including the Annexes to this Information Statement, or in the documents incorporated by reference herein. Reference is made to, and this summary is qualified in its entirety by, the more detailed information contained in this Information Statement, in the Annexes to this Information Statement and the documents incorporated by reference herein. Capitalized terms used in this summary and not defined herein have the meanings ascribed to them elsewhere in this Information Statement. You are urged to read this Information Statement and the Annexes to this Information Statement in their entirety.

The Companies

Our Company. We are a Washington corporation with our principal executive offices located at 21919 30th Drive S.E., Bothell, Washington 98021. The telephone number for our principal executive offices is (425) 951-1200. We are the innovator and world leader in bedside and point-of-care ultrasound and an industry leader in ultra high-frequency micro-ultrasound technology and impedance cardiography equipment. Headquartered near Seattle, Washington, we are represented by 14 subsidiaries and a global distribution network in over 100 countries. Our small, lightweight systems are expanding the use of ultrasound across the clinical spectrum by cost-effectively bringing high-performance ultrasound to the point of patient care. For more information about us, visit www.SonoSite.com and see Certain Information Concerning the Parties to the Merger Agreement and Available Information elsewhere in this Information Statement.

Purchaser. Purchaser is a newly incorporated Delaware corporation organized in connection with the Offer and the Merger and has not carried on any activities other than in connection with the Offer and the Merger. Purchaser is an indirect wholly owned subsidiary of FUJI. The principal executive offices of Purchaser are located at 200 Summit Lake Drive, Valhalla, New York, 10595-1356.

FUJI. FUJI is a Japanese corporation with global operations and is listed on the First Section of the Tokyo Stock Exchange. Its principal offices are located at 7-3 Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan.

The predecessor of FUJI, Fuji Photo Film Co., Ltd., was established in 1934 and built up a wealth of advanced technologies in the field of photo imaging. Fuji Photo Film was renamed FUJIFILM Holdings Corporation in 2006. FUJI is now the holding company of the FUJIFILM Group that is undertaking business in the three operating segments of Imaging Solutions, Information Solutions and Document Solutions. The Imaging Solutions segment provides color films, color paper and chemicals for photo-printing, lab printing services and digital cameras. The Information Solutions segment provides equipment and materials for medical systems and life sciences, pharmaceuticals, materials for graphic arts, along with flat panel materials, office and industrial equipment and materials, recording media and optical devices. The Document Solutions segment provides office copy machines and multifunction devices, printers, production services and related products, office services, paper, consumables, and other related services.

FUJI is accelerating the concentrated investment of its management resources in the six priority business fields of medical systems/life sciences, graphic arts, documents, optical devices, highly functional materials, and digital imaging.

General

This Information Statement is being delivered in connection with the merger of Purchaser with and into us (the Merger), with the Company continuing as the surviving corporation and a wholly-owned subsidiary of FUJI (the Surviving Corporation). In the Merger, each outstanding Share not tendered and accepted for payment in the Offer (other than Shares held by Purchaser, FUJI or any wholly owned subsidiary of FUJI and any shareholders who are entitled to and have properly exercised dissenters rights under Washington law with respect to such shares of common stock) will be converted into the right to receive $54.00 in cash, without interest thereon (the Merger Consideration), subject to any applicable withholding and transfer taxes. A copy of the Merger Agreement is attached to this Information Statement as Annex 1.

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Pursuant to the Merger Agreement, Purchaser commenced the Offer on January 17, 2012 for all the outstanding Shares at a price of $54.00 per Share, net to the seller in cash without interest thereon, subject to any applicable withholding and transfer taxes. The Offer expired at 5:00 p.m., New York City time, on Wednesday, February 15, 2012. A total of 12,697,279 Shares were tendered prior to the expiration of the offering period and Purchaser accepted all of such shares for payment. As a result, FUJI beneficially owns 12,697,279 Shares, representing approximately 89.94% of all outstanding shares of our common stock.

The Merger

Background to the Offer and the Merger. For a description of events leading to the approval of the Merger Agreement by our Board of Directors (our Board), see The Merger Background of the Offer and the Merger below.

Approval by Our Board. On December 14, 2011, our Board unanimously: (1) determined that the Merger Agreement is advisable and fair to, and in the best interest of, the Company and the shareholders; (2) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, taken together, are at a price and on terms that are in the best interests of the Company and the shareholders; and (3) approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger. On February 15, 2012, the Board also adopted the Plan of Merger. The Board unanimously recommends that the shareholders approve the Merger Agreement and Plan of Merger. See The Merger Recommendation of Our Board below for more information about our Board s recommendation.

Interests of Certain Persons in the Merger. Our executive officers and the members of our Board may be deemed to have interests in the transactions contemplated by the Merger Agreement that may be different from or in addition to those of our shareholders generally. These interests may create potential conflicts of interest. Our Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement. In addition, certain agreements, arrangements or understandings between SonoSite and certain of our executive officers and members of our Board are described further in The Merger Interests of Certain Persons in the Merger below.

Opinion of J.P. Morgan. J.P. Morgan Securities LLC (J.P. Morgan) acted as our financial advisor in connection with the Offer and the Merger. J.P. Morgan rendered its written opinion, dated December 14, 2011, to our Board to the effect that, as of the date of the opinion and based upon and subject to the matters set forth in J.P. Morgan s opinion, the Offer Price of $54.00 per share of common stock to be paid to holders of Shares in the Offer and the Merger was fair, from a financial point of view, to those holders. The full text of the opinion of J.P. Morgan is set forth in Annex 3 to this Information Statement and is incorporated herein by reference. You are urged to read the J.P. Morgan opinion carefully and in its entirety. See The Merger Opinion of Our Financial Advisor below for more information about J.P. Morgan s fairness opinion.

Purpose of the Merger. The purpose of the Merger is to enable FUJI, through Purchaser, to acquire the entire equity interest in SonoSite. The first step in the acquisition of our company was the Offer by Purchaser to acquire all of the outstanding Shares. The Merger is intended to complete the acquisition of any Shares not acquired by Purchaser in the Offer. See The Merger Purpose of the Merger below for more information about the purpose of the Merger.

Conditions to the Merger. The respective obligations of FUJI, Purchaser and the Company to consummate the Merger and the transactions contemplated thereby are subject to our shareholders duly approving the Merger Agreement. See The Merger Agreement below for more information about the Merger Agreement and the conditions to the Merger.

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Material U.S. Federal Income Tax Consequences. The exchange of Shares for cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes for U.S. Holders (as defined under The Merger Material U.S. Federal Income Tax Consequences of the Merger). Any gain realized upon the exchange of Shares for cash pursuant to the Merger by a Non-U.S. Holder (as defined under The Merger Material U.S. Federal Income Tax Consequences of the Merger) generally will not be subject to U.S. federal income tax, subject to certain exceptions discussed under The Merger Material U.S. Federal Income Tax Consequences of the Merger) We urge you to consult your own tax advisor as to the particular tax consequences of the Merger to you. See The Merger Material U.S. Federal Income Tax Consequences of the Merger below for more information regarding certain U.S. federal income tax consequences of the Merger.

Source and Amount of Funds

The total amount of funds required by Purchaser to consummate the Offer and the Merger and to pay related fees and expenses is estimated to be approximately $1 billion. Purchaser will obtain all of such funds from FUJI or one of FUJI s subsidiaries. FUJI and its subsidiary will provide such funds from existing resources. Purchaser and FUJI have no alternative financing arrangements or financing plans.

Pursuant to the Merger Agreement, at the time of Purchaser s initial acceptance for payment of Shares tendered pursuant to the Offer (the Appointment Time), each outstanding Company stock option, whether vested or unvested, became fully vested and was cancelled and (i) in the case of a Company stock option having a per share exercise price less than $54.00, the per-share price offered by Purchaser for shares tendered during the Offer (the Offer Price), the holder thereof received the right to receive from the Company for each share of the Company s common stock subject to such Company stock option immediately prior to the Appointment Time an amount (subject to any applicable withholding tax) in cash in U.S. dollars equal to the product of (A) the number of shares of the Company s common stock subject to such Company stock option immediately prior to the Appointment Time and (B) the amount by which the Offer Price exceeds the per share exercise price of such Company stock option, or (ii) in the case of any Company stock option having a per share exercise price equal to or greater than the Offer Price, without the payment of cash or issuance of other securities in respect thereof. The cancellation of a Company stock option as provided in the immediately preceding sentence is deemed a release of any and all rights the holder thereof had or may have had in respect of such Company stock option. The total amount of funds required to fulfill the foregoing obligations under the Merger Agreement in respect of outstanding options that are in-the-money with respect to the Offer Price was approximately $28.8 million.

At the Appointment Time, each Company restricted stock unit, whether vested or unvested, that was outstanding immediately prior thereto became fully vested and was converted automatically into the right to receive an amount (subject to any applicable withholding tax) in cash in U.S. dollars equal to the product of (i) the total number of such Shares subject to such Company restricted stock unit and (ii) the Offer Price. The total amount of funds required to fulfill this obligation under the Merger Agreement was approximately $39.4 million.

As of the Appointment Time, (i) the Company s stock option or other equity incentive plans terminated and (ii) no holder of a Company equity award or any participant in any Company s stock option or other equity incentive plan or any other employee incentive or benefit plan, program or arrangement or any non-employee director plan maintained by the Company has any rights to acquire, or other rights in respect of, the capital stock of the Company, the Surviving Corporation or any of their subsidiaries, except the right to receive the payments contemplated by the Merger Agreement.

FUJI will ensure that Purchaser has sufficient funds to fulfill its obligations under the Merger Agreement. FUJI will provide Purchaser with the necessary funds from existing resources.

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Procedure for Receipt of Merger Consideration

Following the consummation of the Merger, a Letter of Transmittal (as defined below) and the Instructions (as defined below) for use in effecting the surrender of the Shares in exchange for payment of the Merger Consideration will be sent under separate cover to all holders of the Shares outstanding immediately prior to the Merger. The Letter of Transmittal must be completed as directed and returned with certificates representing Shares or with any other documentation required by the procedures for book-entry transfer set forth below under Procedure For Receipt of the Merger Consideration. Checks for the Merger Consideration (subject to any applicable withholding and transfer taxes) will be sent to our shareholders as soon as practicable after receipt of the Letter of Transmittal and the certificates or such other required documentation. See Procedure For Receipt of the Merger Consideration below for more information regarding receipt of Merger Consideration.

Dissenters Rights

Dissenters rights are available to those shareholders who hold Shares immediately prior to the Effective Time, who have not tendered their Shares in the Offer and who have exercised their dissenters rights in accordance with the notice of dissenters rights and the Washington dissenters rights statute, which is Chapter 23B.13 RCW. If you wish to exercise dissenters rights you must not vote for the adoption of the Merger and the Plan of Merger and must deliver to us, before the vote on the proposal to approve the Merger and the Plan of Merger, a written intent to demand payment. Accordingly, if you desire to exercise and perfect dissenters rights with respect to any of your Shares, you must refrain from voting in favor of the proposal to adopt the Merger and the Plan of Merger.

By properly exercising dissenters rights, such shareholders may demand a determination of the fair value of their Shares and payment in cash of such value, together with accrued interest as provided under Chapter 23B.13 RCW. Fair value means the value of the shares immediately before the Effective Time, excluding any appreciation or depreciation in anticipation of the Merger unless exclusion would be inequitable. Any determination of the fair value of the Shares could be based upon considerations other than, or in addition to, the price paid in the Offer and the market value of the Shares. The value so determined could be more or less than the Merger Consideration. See Notice of Dissenters Rights and Annexes 4 and 5 to this Information Statement for more information regarding the dissenters rights.

No dissenters rights are available with respect to the shares of common stock tendered and accepted for purchase in connection with the Offer.

Price Range of Shares; Dividends

The Shares are listed and principally traded on NASDAQ Global Select Market (NASDAQ) under the symbol SONO . The following table sets forth, for the quarters indicated, the high and low sales prices per Share on NASDAQ as reported by the Dow Jones News Service. No dividends have been declared or paid on the Shares during the quarters indicated.

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Shares Market Data

	High	Low
2009:		
First Quarter	$ 20.58	$ 15.61
Second Quarter	$ 20.80	$ 15.27
Third Quarter	$ 28.48	$ 18.00
Fourth Quarter	$ 29.61	$ 21.89
2010:		
First Quarter	$ 32.71	$ 23.61
Second Quarter	$ 34.00	$ 25.65
Third Quarter	$ 34.25	$ 27.80
Fourth Quarter	$ 34.90	$ 29.45
2011:		
First Quarter	$ 38.77	$ 31.43
Second Quarter	$ 36.67	$ 32.08
Third Quarter	$ 36.97	$ 26.30
Fourth Quarter	$ 54.08	$ 29.30

On November 2, 2011, the last full trading day before news reports relating to a possible sale of SonoSite were first published, the closing price per Share as reported on NASDAQ was $30.78. On December 14, 2011, the last full trading day prior to the announcement of the execution of the Merger Agreement and of Purchaser s intention to commence the Offer, the closing price per Share as reported on NASDAQ was $42.24. On January 13, 2012, the last full trading day prior to the commencement of the Offer, the closing price per Share as reported on NASDAQ was $53.78. You are urged to obtain current market quotations for the Shares.

We historically have not declared or paid any cash dividends on the Shares and we do not intend to declare or pay any cash dividends on the Shares in the foreseeable future.

Available Information

The Shares are registered under the Securities Exchange Act of 1934, as amended (Exchange Act), and we are subject to the reporting requirements of that Act. In accordance with the Exchange Act, we are required to file periodic reports, proxy statements and other information with the Securities and Exchange Commission (the SEC) relating to our business, financial condition and other matters. See Available Information below for additional information regarding our reporting obligations.

GENERAL

This Information Statement is being delivered to SonoSite shareholders in connection with the Merger. As a result of the Merger, we will become a wholly owned subsidiary of FUJI, and each outstanding Share not tendered and accepted for payment in the Offer (other than Shares owned by Purchaser or FUJI or any wholly owned subsidiary of FUJI and any shareholders who are entitled to and have properly exercised dissenters rights under Washington law with respect to such shares of common stock) will be converted into the right to receive, subject to any applicable withholding and transfer taxes, the Merger Consideration. Shareholders are responsible for any transfer and similar taxes imposed in connection with the Merger and the transactions contemplated by this Information Statement. Any such taxes may be deducted from the Merger Consideration, unless satisfactory evidence of the payment of such taxes or an exemption therefrom is submitted with the Letter of Transmittal (as defined below). A copy of the Merger Agreement is attached to this Information Statement as Annex 1.

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The Merger is the second and final step in the acquisition of our company by FUJI. The first step was a cash tender offer by Purchaser to acquire all of the outstanding Shares at $54.00 per Share, net to the seller in cash without interest thereon, subject to any applicable withholding and transfer taxes. A total of 12,697,279 Shares were tendered prior to the expiration of the offering period and Purchaser accepted all of such shares for payment. As a result, Purchaser owns 12,697,279 Shares, representing approximately 89.94% of all outstanding shares of our common stock. The Merger is intended to complete the acquisition of any Shares not acquired by Purchaser in the Offer.

THE SPECIAL MEETING

The Special Meeting will be held on March 29, 2012, at 10:00 a.m., Pacific Time, at SonoSite s principal executive offices at 21919 30th Drive S.E., Bothell, Washington 98021-3904, for the purpose of approving the Merger Agreement and the Plan of Merger. As of the date of this Information Statement, our Board does not know of any other business to be brought before the Special Meeting.

Only holders of record of Shares outstanding at the close of business on March 6, 2012 (the Record Date) are entitled to receive notice of, and to vote at, the Special Meeting. On the Record Date, there were approximately 1,625 holders of record, with 14,117,149 Shares issued and outstanding.

The presence in person or by proxy of the holders of at least a majority of the outstanding shares of our common stock will be necessary to constitute a quorum for the transaction of business at the Special Meeting. Abstentions, if any, will be considered present for the purpose of establishing a quorum. Assuming a quorum is present, the affirmative vote of at least a majority of the outstanding shares of common stock will be necessary to approve the Merger Agreement and the Plan of Merger. In determining whether the Merger Agreement and the Plan of Merger have received the requisite number of affirmative votes under Washington law and our Amended and Restated Articles of Incorporation, as amended (our articles of incorporation), abstentions and broker non-votes, if any, will have the same effect as votes cast against approval of the Merger Agreement and the Plan of Merger.

Each share of our common stock is entitled to one vote. As a result of the consummation of the Offer, Purchaser owns approximately 89.94% of the aggregate voting power of the outstanding shares of common stock and intends to attend the Special Meeting and vote or cause to be voted all such shares in favor of the proposal to approve the Merger Agreement and the Plan of Merger. Accordingly, a quorum and the approval of the Merger Agreement and the Plan of Merger at the Special Meeting are assured without the attendance or affirmative vote of any other shareholder.

If you hold Shares immediately prior to the Effective Time and you have not tendered your Shares in the Offer, you are entitled to exercise dissenters rights under Washington law as a result of the Merger. See Notice of Dissenters Rights below and Annexes 4 and 5 to this Information Statement. No dissenters rights are available with respect to the Shares tendered and accepted for purchase in connection with the Offer.

Representatives of KPMG LLP, our independent auditors, are not expected to be present, make a statement or be available to respond to questions at the Special Meeting.

PROCEDURE FOR RECEIPT OF THE MERGER CONSIDERATION

Surrender and Payment for Shares

FUJI has appointed Computershare to act as payment agent (the Payment Agent) under the Merger Agreement. At or promptly after the Effective Time, and in no case more than two business days thereafter, Purchaser will make available or cause to be made available to the Payment Agent the funds necessary for the Payment Agent to make the payments due to the holders of Shares that were outstanding immediately prior to the Effective Time.

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Promptly after the Effective Time, the Payment Agent will mail to each person who was, at the Effective Time, a holder of record of outstanding Shares a letter of transmittal (the Letter of Transmittal) and instructions (the Instructions) for use in effecting the surrender of Shares in exchange for payment of the Merger Consideration. For a shareholder to validly surrender Shares pursuant to the Merger, a properly completed and duly executed Letter of Transmittal and any other required documents must be received by the Payment Agent at one of its addresses set forth on the Letter of Transmittal. Until surrendered, such Shares will represent only the right to receive the Merger Consideration. Upon the surrender of each such Share and subject to applicable transfer and withholding taxes, the Payment Agent will (subject to applicable abandoned property, escheat and similar laws) pay the holder the Merger Consideration. To the extent that amounts are deducted and withheld for any withholding and transfer taxes or under applicable escheat or similar laws, such amounts will be treated for all purposes as having been paid to the shareholder in respect of whom such deduction and withholding was made by the Payment Agent. No interest will be paid or will accrue on the amount payable upon the surrender of any Shares. Shareholders are responsible for any transfer and similar taxes imposed in connection with the Merger and the transactions contemplated by this Information Statement. Any such taxes may be deducted from the Merger Consideration, unless satisfactory evidence of the payment of such taxes or an exemption therefrom is submitted with the Letter of Transmittal. None of the Payment Agent, the Surviving Corporation or FUJI will be liable to any holder of Shares for any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

At and after the Effective Time, there will be no registration of transfers of Shares which were outstanding immediately prior to the Effective Time on the stock transfer books of the Surviving Corporation. Subject to any applicable abandoned property, escheat or similar laws, if, after the Effective Time, Shares are presented to the Surviving Corporation for transfer, they will be canceled and exchanged as described in the preceding paragraphs.

Information Reporting and Backup Withholding

Payments to a U.S. Holder (as defined under Material U.S. Federal Income Tax Consequences of the Merger) in connection with the Merger may be subject to backup withholding at a rate of 28% unless such U.S. Holder (i) provides a correct TIN (which, for an individual U.S. Holder, is the U.S. Holder s social security number) and any other required information or (ii) comes within certain other exempt categories and, when required, demonstrates this fact, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. Holder that does not provide a correct TIN may be subject to penalties imposed by the Internal Revenue Service (IRS). U.S. Holders may prevent backup withholding by completing and signing the IRS Form W-9 included as part of the Letter of Transmittal. A Non-U.S. Holder (as defined under Material U.S. Federal Income Tax Consequences of the Merger) should complete the applicable IRS Form W-8 to certify its non-U.S. status and exemption from backup withholding. Any amount paid as backup withholding does not constitute an additional tax and generally will be creditable against the U.S. Holder s or Non-U.S. Holder s U.S. federal income tax liability, if any, provided that the required information is provided to the IRS in a timely manner. If backup withholding results in an overpayment of taxes, a refund may be obtained from the IRS. Each U.S. Holder and Non-U.S. Holder should consult its tax advisor as to such U.S. Holder s qualification for exemption from backup withholding and the procedure for obtaining such exemption.

NOTICE OF DISSENTERS RIGHTS

The following Notice of Dissenters Rights (Notice) is hereby given to shareholders of SonoSite pursuant to RCW 23B.13.200. Dissenters rights under Chapter 23B.13 of the Revised Code of Washington (RCW), a copy of which is attached as Annex 4 to this Information Statement, will be available to those persons who held Shares immediately prior to the Effective Time, and who do not vote in favor of the Merger and deliver a notice of intention to dissent prior to the meeting. Failure to vote against the Merger and the Plan of Merger will not constitute a waiver of dissenters rights, and a vote against the Merger and the Plan of Merger will not satisfy the notice or demand requirements under Chapter 23B.13 RCW.

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If you wish to exercise dissenters rights you must not vote for the adoption of the Merger and the Plan of Merger and must deliver to us, before the vote on the proposal to approve the Merger and the Plan of Merger, a written intent to demand payment. Accordingly, if you desire to exercise and perfect dissenters rights with respect to any of your Shares, you must refrain from voting in favor of the proposal to adopt the Merger and the Plan of Merger.

The required procedure for exercising dissenters rights, as set forth in the Notice and Chapter 23B.13 RCW, a copy of which is attached as Annex 4 to this Information Statement, must be followed exactly or any dissenters rights may be lost.

Following the Effective Time, the Surviving Corporation will deliver a notice (the Demand for Payment Notice) to those shareholders who did not vote for the adoption of the Merger and the Plan of Merger and who delivered to us, before the vote on the proposal to approve the Merger and the Plan of Merger, a written intent to demand payment. Such Demand for Payment Notice will include a Form for Demanding Payment, a copy of which is attached as Annex 5 to this Information Statement. You must fill out completely and sign a Form for Demanding Payment if you desire to exercise dissenters rights with respect to the Merger. You must also deposit your stock certificate or certificates with the Surviving Corporation to the extent that your Shares are certificated. If your Shares are not certificated, then the Surviving Corporation will restrict the transfer of your Shares, as permitted under RCW 23B.13.240(1), until such time as either the Surviving Corporation makes payment to you in response to the Form for Demanding Payment or you properly withdraw your Form for Demanding Payment. The completed and signed Form for Demanding Payment and your stock certificate or certificates, if your Shares are certificated, may be hand-delivered or mailed to the following address, but the Surviving Corporation ***must receive them*** on or before the deadline set forth in the Demand for Payment Notice or you will lose your dissenters rights:

SonoSite, Inc.

21919 30th Drive S.E.

Bothell, Washington 98021-3904

Attn: Ann Parker-Way, Legal Counsel

If you return the completed and signed Form for Demanding Payment along with the dissenting shareholder s stock certificate or certificates to the Surviving Corporation within thirty (30) days after delivery of the Notice, the Surviving Corporation will determine the fair value of the dissenting Shares and provide such payment, plus accrued interest from the Effective Time, to the dissenting shareholder within thirty (30) days of the date on which the completed and signed Form for Demanding Payment is received by the Surviving Corporation. The payment must be accompanied by: (i) SonoSite s balance sheet as of the end of a fiscal year ending not more than sixteen months before the date of payment, an income statement for that year, a statement of changes in shareholders equity for that year, and the latest available interim financial statements, if any, (ii) an explanation of how the Surviving Corporation estimated the fair value of the Shares, (iii) an explanation of how the interest was calculated, (iv) a statement of the dissenter s right to demand payment of the dissenter s own estimate of fair value under RCW 23B.13.280 and (v) a copy of Chapter 23B.13 RCW.

The Surviving Corporation may elect to withhold payment from a dissenter who was not the beneficial owner of the Shares before December 15, 2011, which was the date of the first announcement to news media or to shareholders of the terms of the Merger. To the extent the Surviving Corporation elects to withhold such payment, after the effective date of the Merger, the Surviving Corporation will estimate the fair value of the Shares, plus accrued interest, and will pay this amount to each dissenter who agrees to accept it in full satisfaction of the dissenter s demand. The Surviving Corporation will send with its offer an explanation of how it estimated the fair value of the Shares, an explanation of how the interest was calculated, and a statement of the dissenter s right to demand payment under RCW 23B.13.280.

If the dissenting shareholder disagrees with the fair market value of the Shares assigned by the Surviving Corporation, then the dissenting shareholder must, within thirty (30) days after the Surviving Corporation has provided payment or offer for payment for the dissenting Shares, reject the payment for dissenting Shares paid or offered to be paid by the Surviving Corporation or accept the payment from the Surviving Corporation and notify the Surviving Corporation in writing of and demand payment of any excess amount the dissenting shareholder

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believes is the fair value of the Shares and the amount of interest due. Following such demand by the dissenting shareholder, the Surviving Corporation will then have sixty (60) days in which to pay the dissenting shareholder the amount demanded by the dissenting shareholder or to file a complaint in King County Superior Court in the State of Washington, requesting the court to determine the fair value of the Shares and accrued interest, making all dissenters whose demands remain unsettled, whether or not residents of the State of Washington, party to the action, or intervene in any pending action brought by any other dissenting shareholder. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The dissenters are entitled to the same discovery rights as parties in other civil proceedings. The fair value of the Shares as determined by this court is binding on all dissenting shareholders. Fair value means the value of the Shares immediately before the Effective Time, excluding any appreciation or depreciation in anticipation of the Merger, unless such exclusion would be inequitable.

If the court determines that the fair value of the Shares exceeds the amount paid or offered by the Surviving Corporation, each dissenter made a party to the proceeding is entitled to judgment (a) for the amount, if any, by which the court finds the fair value of the dissenter s shares, plus interest, exceeds the amount paid by the Surviving Corporation, or (b) for the fair value, plus accrued interest, of the dissenter s after-acquired shares for which the Surviving Corporation elected to withhold payment under RCW 23B.13.270.

The court will determine all costs and expenses of the court proceeding and assess them against the Surviving Corporation, except that the court may assess part or all of the costs against any dissenting shareholders whose actions in demanding supplemental payments are found by the court to be arbitrary, vexatious or not in good faith. If the court finds that the Surviving Corporation did not substantially comply with the relevant provisions of RCW 23B.13.200 through 23B.13.280, the court may also assess against the Surviving Corporation any fees and expenses of attorneys or experts that the court deems equitable. The court may also assess those fees and expenses against any party if the court finds that the party has acted arbitrarily, vexatiously or not in good faith with respect to the dissenters rights provided by Chapter 23B.13 RCW. The court may award, in its discretion, fees and expenses of the attorney for any dissenting shareholder out of the amount awarded to the shareholders if it finds the services of the attorney were of substantial benefit to the other dissenting shareholders and that those fees should not be assessed against the Surviving Corporation.

A shareholder of record may assert dissenters rights as to fewer than all of the Shares registered in the shareholder s name only if the shareholder dissents with respect to all Shares beneficially owned by any one person and notifies the Surviving Corporation in writing of the name and address of each person on whose behalf the shareholder asserts dissenters rights. The rights of a partial dissenting shareholder are determined as if the Shares as to which the shareholder dissents and the shareholder s other Shares were registered in the names of different shareholders. Beneficial shareholders who desire to exercise dissenters rights themselves must dissent with respect to all the shares they beneficially own or have the power to direct the vote and must obtain and submit the record shareholder s written consent to the dissent at or before the time they file the notice of intent to demand fair value.

A dissenting shareholder may not withdraw the dissenting shareholder s demand for payment without the written consent of the Surviving Corporation.

The foregoing summary of dissenters rights is qualified in its entirety by the dissenters rights statute, as set forth in Chapter 23B.13 RCW. A copy of this Chapter is attached as Annex 4 to this Information Statement, as required by RCW 23B.13.220(2)(e).

The right of a dissenting shareholder to obtain payment of the fair value of the shareholder s Shares terminates upon the occurrence of any one of the following: (a) the Merger is abandoned or rescinded; (b) a court having jurisdiction permanently enjoins or sets aside the Merger; (c) the shareholder s demand for payment is withdrawn with the written consent of the Surviving Corporation; or (d) the Surviving Corporation does not receive the completed and executed Form for Demanding Payment and the shareholder s stock certificate or certificates on or before the deadline set forth in Demand for Payment Notice.

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In light of the complexity of Chapter 23B.13 RCW and the requirement that shareholders must strictly comply with the provisions of Chapter 23B.13 RCW, shareholders who may wish to dissent from the Merger and pursue dissenters rights should consult their legal advisors.

THE MERGER

Background of the Offer and the Merger

In the ordinary course of business, SonoSite s board of directors and senior management regularly evaluate SonoSite s business and operations, long-term strategic goals and alternatives, and prospects as an independent company. SonoSite s board of directors and management team have regularly reviewed and assessed trends and conditions affecting SonoSite and its industry, the competitive environment and SonoSite s future prospects. As part of its ongoing review of SonoSite, its business and its position in its industry, SonoSite s board of directors also regularly reviews the strategic alternatives available to SonoSite, including, among other things, possible strategic combinations and acquisitions.

On July 21, 2011, Kevin M. Goodwin received an email inquiry from Company A. The email transmitted a letter that expressed a desire to discuss and explore strategic combinations and alternatives between Company A and SonoSite. On July 22, 2011, Mr. Goodwin received a letter from FUJIFILM Corporation, a wholly-owned subsidiary of FUJI (FUJIFILM), that expressed a desire to discuss and consider strategic alternatives, including the possibility of a business combination, between FUJI and SonoSite. Neither of these inquiries was solicited by SonoSite, but they were suggested by GCA Savvian Advisors, LLC (GCA Savvian) in the course of meetings between GCA Savvian and each of Company A and FUJI.

During the course of the next week, Mr. Goodwin also was contacted both by email and telephone by Company B, without solicitation. Company B expressed interest in discussing strategic alternatives and possible transactions, including a business combination, between SonoSite and Company B.

On August 9, 2011, Mr. Goodwin traveled to Japan for a pre-arranged dinner meeting with Company C. Company C had previously expressed an interest in exploring a strategic relationship with SonoSite, and the purposes of the meeting included continued discussion of possible strategic relationships. During the course of dinner, the parties discussed strategic alternatives, including the possibility of a business combination, between SonoSite and Company C.

On August 10, 2011, during the same visit to Japan, Mr. Goodwin met with representatives of FUJI over lunch. During the course of the lunch, the parties discussed SonoSite s technology and market opportunities, as well as the possibility of a strategic transaction, including a business combination, between SonoSite and FUJI.

On August 17, 2011, in response to the email inquiry from Company A, Mr. Goodwin had a dinner meeting with a representative of Company A. During the course of the dinner meeting, the parties discussed various aspects of SonoSite s and Company A s business, as well as the possibility of a strategic transaction, including a business combination, between SonoSite and Company A.

On August 23, 2011, a representative of Company B visited SonoSite s offices for a meeting with Mr. Goodwin, during which the parties discussed various aspects of SonoSite s and Company B s business, as well as the possibility of a strategic transaction, including a business combination, between SonoSite and Company B.

During the remainder of August, SonoSite received inquiries from three additional potential acquirers, Company D, Company E and Company F. None of those inquiries was solicited by SonoSite. Mr. Goodwin held numerous discussions during August 2011 with various members of SonoSite s board of directors to keep them updated on developments. In addition, between August 2011 and December 2011, a group of three of SonoSite s independent directors Dr. Robert Hauser, Richard Martin, and Paul Haack conferred with and advised Mr. Goodwin on multiple occasions concerning the status of the process of exploring strategic alternatives.

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In light of the interest from multiple parties, SonoSite s board of directors determined to engage a financial advisor and to initiate an organized process to explore a possible strategic transaction, including a possible business combination, involving SonoSite. SonoSite s board of directors evaluated other potential candidates, and on October 11, 2011, the SonoSite s board of directors selected J.P. Morgan Securities LLC (J.P. Morgan) and GCA Savvian to serve as financial advisers for the transaction and approved the terms of their engagement by unanimous written consent. SonoSite subsequently executed engagement agreements with each of J.P. Morgan and GCA Savvian. J.P. Morgan and GCA Savvian were engaged as exclusive co-advisors, with J.P. Morgan playing a lead role and GCA Savvian assisting in particular with contacts and resources in Japan and Asia. With advice and consultation from J.P. Morgan, GCA Savvian and Fenwick & West LLP, counsel to SonoSite (Fenwick & West), SonoSite s board of directors determined to conduct a two-stage exploration process, consisting of preliminary diligence and the receipt of indicative bids in stage one and more extensive diligence and final bids in stage two. Beginning on August 22, 2011 and continuing through September 25, 2011, at the direction of SonoSite s board of directors, J.P. Morgan contacted ten large strategic companies to determine their potential interest in SonoSite. The ten strategic companies contacted by J.P. Morgan were selected based on consideration of a number of factors, including discussions among SonoSite, J.P. Morgan, and GCA Savvian, J.P. Morgan s independent evaluation of what companies might be most strategically aligned with SonoSite, and on the expressions of interest received directly by SonoSite. SonoSite, J.P. Morgan, and GCA Savvian also considered formally including potential financial partners in the exploration process, but SonoSite ultimately concluded that contacting financial partners was unlikely to advance or improve the exploration process, in part because SonoSite had previously explored possible strategic alternatives with a number of financial partners at various times during 2010.

Of the ten companies contacted by J.P. Morgan, four declined to participate and each of the remaining six (FUJI, Company A, Company B, Company C, Company D and Company E) agreed to participate and executed confidentiality agreements with SonoSite. Each of these parties executed SonoSite s proposed form of confidentiality agreement, with minor changes negotiated between SonoSite and each respective party. The confidentiality agreements executed between SonoSite and each of FUJIFILM, Company A, Company C, Company D and Company E all included a customary standstill provision, with a term ranging from 12 months to 24 months. All of these standstill provisions terminated by their terms as a result of the execution of the merger agreement between SonoSite and FUJI and, as of the date hereof, no longer have force or effect. The confidentiality agreement signed with Company B did not include a standstill provision, but Company B was informed that it would not be permitted access to SonoSite s full electronic data room in stage two of the process unless it executed an acceptable standstill agreement with SonoSite.

In addition, between September 26, 2011 and October 7, 2011, four additional companies, including Company F, contacted J.P. Morgan without solicitation to investigate the possibility of acquiring SonoSite. Of these new unsolicited contacts, three ultimately declined to proceed further and the remaining one, Company F, executed a confidentiality agreement with SonoSite in substantially the same form as the confidentiality agreement signed by the other parties on October 25, 2011.

On August 30, 2011 and August 31, 2011, SonoSite hosted representatives from FUJI. Mr. Goodwin and SonoSite s senior management discussed with the representatives of FUJI the companies respective technologies and business capabilities.

On September 5, 2011, a representative from Company A visited Mr. Goodwin at SonoSite s offices to discuss the companies respective long-term technology plans and strategies. The meeting was accompanied by a tour of SonoSite s headquarters and manufacturing facility.

On September 16, 2011 (Japan time), SonoSite management conducted a video conference with additional representatives of FUJI. SonoSite management and the representatives of FUJI discussed their respective technologies and strategic plans. On September 19, 2011, Mr. Goodwin met with representatives of Company C

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in Los Angeles, California, to discuss strategic possibilities between their respective companies. On September 22, 2011, representatives of Company B traveled to Bothell, Washington to meet with SonoSite to discuss their companies respective long-term technology plans and strategies. The meeting was accompanied by a tour of SonoSite s headquarters and manufacturing facility.

On September 22, 2011, J.P. Morgan delivered a process letter to the interested parties who had signed a confidentiality agreement with SonoSite (FUJIFILM, Company A, Company C, Company D and Company E) and on October 5, 2011, J.P. Morgan delivered a process letter to Company B and Company F, in each case, instructing them to submit written preliminary, non-binding indications of interest no later than 5:00 P.M. (Pacific Standard Time) on October 13, 2011.

On September 23, 2011, representatives of Company D visited with representatives of SonoSite in Kirkland, Washington to discuss with senior management their companies respective technologies and strategic plans. The meeting was followed by a tour of SonoSite s headquarters and manufacturing facility in Bothell, Washington.

Between September 23, 2011 and October 13, 2011, SonoSite shared preliminary due diligence information with the parties that had signed confidentiality agreements. In addition, on September 27, 2011, a representative of FUJI met with Mr. Goodwin and other representatives of SonoSite at SonoSite headquarters to continue to discuss a possible transaction and conduct preliminary due diligence regarding SonoSite. On October 3 and 4, 2011, SonoSite management met with representatives of Company C at the Woodmark Hotel in Bellevue, Washington, and on October 3, 2011, representatives of Company C toured SonoSite s headquarters and manufacturing facility in Bothell, Washington. On October 4, 2011, SonoSite Management held a dinner meeting with representatives of Company D at the Heathman Hotel, Kirkland, Washington, with additional meetings at SonoSite headquarters the following day. All such meetings with representatives of Company C and Company D were for the purpose of additional discussions regarding a possible transaction and to permit these bidders to conduct preliminary due diligence regarding SonoSite.

No representatives from Company E or Company F visited SonoSite or held in person meetings with SonoSite representatives prior to the October 13, 2011 proposal deadline.

On October 12, 2011, Company B contacted J.P. Morgan to advise them that Company B was no longer interested in pursuing a possible acquisition of SonoSite.

On October 13, 2011, SonoSite received the following written preliminary, non-binding indications of interest from the following interested parties:

FUJI, through FUJIFILM, proposed to acquire SonoSite at a price of $47.00 in an all cash transaction;

Company A proposed to acquire SonoSite at a price in the range of $43.00 to $47.00 in an all cash transaction;

Company C proposed to acquire SonoSite at a price of $41.50 in an all cash transaction;

Company D proposed to acquire SonoSite at a price in the range of $42.00 to $48.00 in an all cash transaction; and

Company F proposed to acquire SonoSite at a price in the range of $43.00 to $46.00 in an all cash transaction.

In addition, on October 17, 2011, SonoSite received a preliminary, non-binding indication of interest from Company E proposing to acquire SonoSite at a price in the range of $35.64 to $39.29 per share in an all cash transaction.

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In their preliminary discussions with SonoSite, each of FUJI, Company A, Company C, Company D, Company E, and Company F informed SonoSite of its desire to keep SonoSite s key managerial personnel in place after the conclusion of any transaction.

On October 17, 2011, SonoSite s board of directors held a meeting at SonoSite s corporate headquarters in Bothell, Washington, to review and discuss the various preliminary, non-binding proposals and the proposed process for reviewing final bids. J.P. Morgan provided the SonoSite s board of directors with a presentation regarding SonoSite, the companies that had submitted preliminary, non-binding proposals and the terms of the various non-binding proposals and a financial analysis of the non-binding proposals. Fenwick & West delivered a presentation regarding the Board s fiduciary duties under the circumstances.

On October 18, 2011, J.P. Morgan, at the direction of SonoSite s board of directors, informed Company C and Company E that their non-binding proposals were not financially sufficient and that they would be eliminated from further consideration unless they revised their proposals.

On October 21, 2011, Company C responded with an improved non-binding proposal for $46.10 per share in an all cash transaction. Company E did not submit an improved proposal and was therefore eliminated from further consideration.

On October 27, 2011, Company G, expressed interest in exploring a potential strategic transaction with SonoSite, including a business combination, without solicitation. On November 1, 2011, SonoSite executed a confidentiality agreement with Company G and on November 2, 2011, J.P. Morgan provided them with preliminary information regarding SonoSite. Company G did not engage in meetings with SonoSite and did not submit any proposal to acquire SonoSite.

Beginning October 31, 2011, interested parties that had executed confidentiality agreements and were selected to continue in the bidding process were provided access to SonoSite s electronic data room, which contained financial, operating, regulatory, intellectual property, employment, legal and other due diligence materials regarding SonoSite.

On November 1, 2011, J.P. Morgan delivered to the parties who submitted preliminary, non-binding proposals and were selected to continue in the bidding process a second process letter, communicating a deadline of December 6, 2011 for final, fully-financed and binding offers. All binding offers were required to remain open until at least December 13, 2011.

On November 3, 2011, Bloomberg published a news article regarding the Company and speculating about its acquisition process. The Company had no comment. That day, the price of the Company s common stock on NASDAQ increased by 30% from $30.78 at the close of the market on November 2, 2011 to $39.95 per share at the close of the market on November 3, 2011. Following the article, five additional parties contacted J.P. Morgan to express interest in a possible strategic transaction with SonoSite, but these expressions of interest did not lead to execution of any confidentiality agreement or further discussions.

On November 7, 2011, J.P. Morgan delivered to the parties who submitted a preliminary, non-binding proposal and were selected to continue in the bidding process a draft of the definitive acquisition agreement prepared by Fenwick & West and invited comments to be received together with a proposal on December 6, 2011. The draft merger agreement was also loaded into the electronic data room. On November 24, 2011, a draft of the disclosure letter to the draft definitive acquisition agreement, prepared by SonoSite and Fenwick & West, was made available in the electronic data room to the parties who submitted a preliminary, non-binding proposal and signed a confidentiality agreement.

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From November 3, 2011 through December 6, 2011, representatives of Fenwick & West and J.P. Morgan held multiple telephonic meetings with legal, financial, accounting and tax advisors to FUJI, Company A, Company C, Company D and Company F, to address questions and comments regarding the form of merger agreement and disclosure letter. In addition, FUJI, Company A, Company C, Company D and Company F, each together with their legal, financial, accounting and tax advisors, conducted extensive due diligence, including a review of materials in SonoSite s electronic data room.

On November 3 and 4, 2011, SonoSite hosted representatives of Company D for due diligence presentations and meetings. On November 7 and 8, 2011, SonoSite hosted representatives of FUJI for due diligence presentations and meetings. On November 9 and 10, 2011, SonoSite hosted representatives of Company A and Company F, respectively, for due diligence presentations and meetings. On November 16, 2011, SonoSite hosted representatives of Company C for due diligence presentations and meetings.

On December 4, 2011, Company D informed SonoSite that they were withdrawing from the bidding process and would not submit a revised proposal. On December 6th, Company C and Company F informed J.P. Morgan and SonoSite that they were withdrawing from the bidding process and would not submit a revised proposal.

On December 6, 2011, FUJI proposed $49.00 per share in an all cash transaction and informed SonoSite and J.P. Morgan that it had completed its diligence review of SonoSite.

Also on December 6, 2011, Company A proposed $52.00 per share in an all cash transaction subject to Company A s continued due diligence investigation of SonoSite. In addition, Company A indicated that such proposal would include a condition that SonoSite enter into exclusive discussion with Company A.

Together with their revised proposals, each of FUJI and Company A submitted their comments to the draft merger agreement. The package received from FUJI also included FUJI s comments to the draft disclosure letter. On December 10, 2011, Company A also provided its comments to the draft disclosure letter.

In its markup of the proposed merger agreement, among other things, FUJI:

- proposed an alternative, one-step merger structure for the transaction (rather than a tender offer followed by a second-step merger);
- requested that employment agreements with certain SonoSite employees be executed as a pre-condition to signing the merger agreement;
- requested additional representations and warranties from SonoSite;
- proposed a termination fee equal to 4% of the aggregate merger consideration;
- requested changes to SonoSite s ability to respond to an unsolicited proposal and FUJI s ability to match any such proposal;
- introduced a revision to clarify that FUJI would have no obligation to divest assets or take other actions necessary to ensure that no governmental entity entered an order or injunction prohibiting the merger on antitrust grounds;
- added a condition to closing requiring that all antitrust filings and clearances applicable to the consummation of a merger between SonoSite and FUJI had been obtained; and

requested payment of FUJI s out-of-pocket fees and expenses incurred in connection with the transaction if SonoSite terminated the merger agreement in certain situations.

In its markup of the proposed merger agreement, among other things, Company A:

accepted the tender offer structure, but requested that the second step of the proposed transaction be completed, at Company A s election, via the merger of Purchaser into SonoSite, rather than the merger of SonoSite into Purchaser;

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requested additional representations and warranties from SonoSite;

proposed a termination fee equal to 4% of the aggregate merger consideration;

requested certain changes to SonoSite s ability to respond to an unsolicited proposal and Company A s ability to match any such proposal;

limited and qualified Company A s obligation to divest assets or take other actions necessary to ensure that no governmental entity entered an order or injunction prohibiting the merger on antitrust grounds to only those divestitures that would not have a material adverse effect on SonoSite or Company A;

requested payment of Company A s out-of-pocket fees and expenses incurred in connection with the transaction SonoSite terminated the merger agreement in certain situations;

added a condition to closing requiring that all approvals and actions of, filings with and notices to, any governmental entity required under any antitrust laws had been obtained; and

added a condition that there was no law restraining Company A from exercising the top-up option or acquiring the shares of SonoSite s common stock issuable upon exercise of the top-up option.

On December 8, 2011, SonoSite s board of directors held a telephonic meeting to review and discuss the two revised, binding proposals and the proposed process for finalizing a transaction. J.P. Morgan again provided SonoSite s board of directors with a presentation regarding SonoSite and the two revised, binding proposals and a financial analysis of the non-binding proposals. Fenwick & West delivered a presentation regarding the Board s fiduciary duties under the circumstances and also reviewed the key terms reflected in the markups of the proposed merger agreement received from each of FUJI and Company A.

After the meeting of SonoSite s board of directors, J.P. Morgan contacted each of FUJI and Company A and informed them that, based on their revised proposals, the SonoSite board had authorized J.P. Morgan to contact each of them and ask them to submit a best and final offer, together with a final proposed merger agreement and disclosure letter, on or before December 11, 2011. Later that day on December 8, 2011, Fenwick & West delivered a revised version of the merger agreement to both FUJI and Company A. The revised proposed merger agreement included, among others, the following terms:

preserved the tender offer structure, but accepted Company A s request for the opportunity to choose the form of the merger in the second step of the transaction;

accepted some but not all of the additional representations and warranties from SonoSite requested by Company A and FUJI;

proposed a termination fee equal to 3% of the aggregate merger consideration;

accepted some but not all of the requested changes from Company A and FUJI to SonoSite s ability to respond to an unsolicited proposal and the buyer s ability to match any such proposal;

accepted Company A s request to limit and qualify the buyer s obligation to divest assets or take other actions necessary to ensure that no governmental entity entered an order or injunction prohibiting the merger on antitrust grounds to only those divestitures that would not have a material adverse effect on SonoSite or the buyer; and

proposed an additional condition to closing that all antitrust filings and clearances in Germany (in addition to the United States) had been obtained.

On December 10, 2011, Fenwick & West also delivered a revised draft of the disclosure letter to both FUJI and Company A. The revised draft addressed and responded to the comments received on the disclosure letter from both FUJI and Company A.

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Between December 8, 2011 and December 11, 2011, J.P. Morgan received feedback from Company A that they needed additional time to complete due diligence and review of the revised disclosure letter before submitting a final proposal. On December 10, 2011 (Japan time), J.P. Morgan also received feedback from FUJI that it would not be able to hold a board meeting to approve a final proposal before the night of December 14, 2011 Pacific time. As a result of this feedback, SonoSite cancelled the board of directors meeting that it had originally scheduled to consider final proposals on December 11, 2011 and re-scheduled this meeting for December 14, 2011.

On December 12, 2011, FUJI submitted a final written proposal for a $54.00 all cash transaction with limited revisions to the proposed merger agreement and disclosure letter. Between December 12, 2011 and December 13, 2011, representatives of Fenwick & West and representatives of Shearman & Sterling LLP (Shearman & Sterling), counsel to FUJI, had multiple telephone calls to discuss and negotiate portions of the definitive merger agreement and disclosure letter.

On December 14, 2011, FUJI submitted a further revised proposed merger agreement and disclosure letter. During December 14, 2011, representatives of Shearman & Sterling and representatives of Fenwick & West held multiple telephone calls to further discuss, negotiate and agree upon portions of the revised definitive merger agreement, including provisions regarding the jurisdictions in which antitrust filings would be made and the nature of the closing conditions regarding antitrust filings.

Between December 8, 2011 and December 13, 2011, representatives of Fenwick & West and SonoSite also had multiple telephone calls with counsel to Company A regarding due diligence questions and negotiations of the proposed form of merger agreement and disclosure letter. On December 13, 2011, Company A notified SonoSite and J.P. Morgan that it had determined to withdraw its earlier, revised bid, and not to submit a final bid.

On December 14, 2011, SonoSite s board of directors held a meeting to discuss the final, binding offer received from FUJI. The board of directors reviewed the final, binding offer and representatives of Fenwick & West reviewed the key terms of the proposed definitive merger agreement submitted by FUJI, as well as the scope of the proposed changes that would be requested from FUJI prior to execution. At the meeting, J.P. Morgan rendered its oral opinion, which was subsequently confirmed in writing that, as of December 14, 2011, and based upon and subject to the factors set forth in its opinion, the consideration to be paid to SonoSite shareholders in the proposed transaction was fair, from a financial point of view, to the SonoSite shareholders. J.P. Morgan was then excused from the meeting, after which the Board further discussed the proposed transaction and Fenwick & West reviewed the proposed resolutions related to the transaction. After extensive discussion, the board of directors (a) determined that the acquisition agreement with FUJI and the transactions contemplated thereby, including the offer and the merger, were advisable, fair to and in the best interests of its shareholders, (b) approved the acquisition of SonoSite by FUJI, (c) authorized the execution of the definitive merger agreement with FUJI, and (d) recommended the adoption of the merger agreement by SonoSite shareholders.

Following the meeting of SonoSite s board of directors, representatives of Fenwick & West distributed revised versions of the merger agreement and disclosure letter to representatives of Shearman & Sterling. Shortly thereafter, representatives of Fenwick & West and Shearman & Sterling had a telephone call where the final terms of the merger agreement were negotiated. The key final issue resolved on this call was the time period for initiating the tender offer. After the conclusion of that telephone call, representatives of Fenwick & West distributed a final, execution-ready version of the merger agreement and the final version of the disclosure letter.

Early the next morning, after approval of the proposed transaction by the FUJI board of directors, SonoSite and FUJI executed the definitive merger agreement and the transaction was publicly announced by a joint press release at 4:00 a.m. Eastern time on December 15, 2011.

The Offer and the offering period were commenced on January 17, 2012 and completed on February 15, 2012. Pursuant to the Offer and the Merger Agreement, at the expiration of the offering period, Purchaser accepted for payment a total of 12,697,279 Shares, which constitute approximately 89.94% of our outstanding Shares.

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On February 15, 2012, the Board also adopted the Plan of Merger. The Board unanimously recommends that the shareholders approve the Merger Agreement and the Plan of Merger.

Recommendation of Our Board

At a meeting on December 14, 2011, the Board unanimously: (1) determined that the Merger Agreement is advisable and fair to, and in the best interest of, the Company and the shareholders; (2) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, taken together, are at a price and on terms that are in the best interests of the Company and the shareholders; and (3) approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger. The Board unanimously recommended that the shareholders accept the Offer, tender their shares of common stock pursuant to the Offer, and, if required under the RCW, approve the Merger Agreement. On February 15, 2012, the Board also adopted the Plan of Merger. The Board unanimous recommends that the shareholders approve the Merger Agreement and the Plan of Merger.

In evaluating the Merger Agreement and the other transactions contemplated thereby, including the Offer and the Merger, and recommending that shareholders accept the Offer, tender their shares of common stock to Purchaser pursuant to the Offer and, vote their shares of common stock in favor of the approval of the Merger Agreement and the Plan of Merger, the Board consulted with the Company s senior management, outside legal counsel, Fenwick & West, and its financial advisors regarding the terms of the Merger Agreement and related agreements. The Board also consulted with Fenwick & West regarding the Board s fiduciary duties. Based on these consultations, the financial analysis provided by J.P. Morgan and the factors discussed below, the Board concluded that entering into the Merger Agreement with FUJI is in the best interests of the Company and the shareholders.

The following discussion includes the material reasons and factors considered by the Board in making its recommendation, but is not, and is not intended to be, exhaustive:

Premium to Market Price. The Offer Price to be paid in cash for each share of common stock would provide the shareholders with the opportunity to receive a significant premium over the market price of the common stock. The Board reviewed the historical market prices and trading information with respect to the common stock, including the fact that:

- the Offer Price represents a 75.4% premium over the $30.78 per share closing price of the common stock on November 2, 2011, the last trading day before news reports relating to a possible sale transaction were first published,
- the Offer Price represents a 28% premium over the $42.24 per share closing price of the common stock on December 14, 2011, the last closing price of the common stock prior the announcement of the Merger Agreement,
- the Offer Price represents a premium of 28.1% over the average closing price of the common stock during the 30-day period ended December 15, 2011,
- the Offer Price represents a premium of 39.3% over the average closing price of the common stock during the 60-day period ended December 15, 2011, and
- the Offer Price represents a premium of 22.7% over the all-time high (and 52-week high) trading price of $44.00 for the common stock prior to December 15, 2011.

Compelling, Certain Value. The form of consideration to be paid to the shareholders in the Offer and the Merger is cash.

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Likelihood of Completion. The likelihood that the Offer will be completed and the Merger will be consummated, based on, among other things, the business reputation of FUJI and its management and the substantial financial resources of FUJI and, by extension, Purchaser, the limited number of conditions to the Offer, the absence of a financing condition, FUJI s representation that it has sufficient financial resources to pay the aggregate offer price and consummate Offer and the Merger, and the relative likelihood of obtaining required regulatory approvals.

Risks Associated with Remaining Independent. The Board discussed the current and historical financial condition, results of operations, business and prospects of the Company, as well as the Company s current financial plan, including the risks associated with achieving and executing upon the Company s business plan, the uncertainty of being able to expand product lines and services offerings and expand sales channels, the continued consolidation in the Company s industry and increased competition (especially from competitors and potential competitors with greater name recognition and financial and other resources), as well as the general risks of market conditions that could reduce the Company s stock price. The Board determined that remaining independent was not reasonably likely to present superior opportunities for the Company to create greater value for the shareholders, taking into account risks of execution as well as business, competitive, industry and market risks.

Negotiations with FUJI and the Other Bidders. The Board s estimation of the unlikelihood of a strategic alternative at a higher value than the cash price to be paid in the Offer and Merger in light of the fact that the Company actively negotiated increases in the initial and subsequent offers received, solicited alternative proposals from those companies that the Board (after consultation with J.P. Morgan) determined would be most likely to have the strategic interest and financial ability to acquire the Company.

Future Availability of FUJI Offer. The risk that if the Company did not accept FUJI s offer, characterized as its highest and best price, there may not have been another opportunity to do so.

Tender Offer Structure. The fact that the transaction is structured as a tender offer, which can be completed, and cash consideration can be delivered to the shareholders, promptly, reducing the period of uncertainty during the pendency of the transaction on the shareholders, employees and business partners and the fact that the completion of the Offer will be followed by a second-step merger, in which shareholders who do not tender their shares in the Offer will receive the same cash price as the Offer Price.

Opinion and Presentation of J.P. Morgan. The financial analyses and opinion of J.P. Morgan delivered orally to the Board on December 14, 2011 and subsequently confirmed in writing to the effect that, as of December 14, 2011 and based upon and subject to the factors and assumptions, considerations, qualifications and limitations set forth therein, the $54.00 per share in cash to be received by the shareholders pursuant to the Merger Agreement was fair from a financial point of view to the shareholders. The Board considered, among other things, (a) the consideration to be received by the shareholders in the Offer and the Merger as compared to premiums in other comparable merger and acquisition transactions, as detailed in the Opinion of Our Financial Advisor below, (b) the relationship of the Offer Price to the discounted equity value of the Company operating as an independent entity, as detailed in the Opinion of Our Financial Advisor below, and (c) the multiple of the Company s aggregate value in the proposed transaction to its 2012 revenues and EBITDA implied by the Offer Price compared to the lower multiples implied in comparable merger and acquisition transactions, as detailed in the Opinion of Our Financial Advisor below. The full text of the written opinion of J.P. Morgan, dated December 14, 2011, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex 3 hereto and is incorporated herein by reference. **J.P. Morgan provided its opinion for the information and assistance of the Board in connection with its consideration of the Offer and the Merger. The J.P. Morgan opinion does not constitute a recommendation as to whether or not any holder of shares of common stock should tender such shares in connection with the Offer or how any holder of shares of common stock should vote with respect to the Merger, the approval of the Merger Agreement or any other matter.** For a further discussion of J.P. Morgan s opinion, see Opinion of Our Financial Advisor below.

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Merger Agreement Provisions. The provisions of the Merger Agreement, including the respective representations, warranties, covenants, conditions and termination rights of the parties and the break-up fee payable by the Company. In particular:

No Financing Condition. The Board considered the representation of FUJI and Purchaser that they have access to sufficient cash resources to pay the amounts required to be paid under the Merger Agreement and that the Offer and the Merger are not subject to a financing condition.

Ability to Respond to Certain Unsolicited Takeover Proposals. While the Company is prohibited from soliciting any Acquisition Proposal (as defined in the Merger Agreement), the Merger Agreement does permit the Board, subject to compliance with certain requirements (including that (a) the Board determine in good faith, after consultation with its financial advisor, that an unsolicited Acquisition Proposal constitutes, or is reasonably expected to result in, a Superior Proposal (as defined in the Merger Agreement), (b) the Board determine in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary obligations to the shareholders under applicable law, (c) at least twenty-four hours prior to furnishing or making available any non-public information to, or entering into discussions or negotiations with such person, the Company gives FUJI written notice of the identity of the person making the Acquisition Proposal and a copy of such Acquisition Proposal, if any, and of the Company s intention to furnish or make available any non-public information to, or enter into discussions or negotiations with, such person, and (d) simultaneously with furnishing or making available any non-public information to such person, the Company furnishes or makes available such non-public information to FUJI (to the extent the Company has not previously furnished or made available such non-public information to FUJI)), (1) to furnish information with respect to the Company and its subsidiaries to the person making such Acquisition Proposal, pursuant to a confidentiality agreement the terms of which are no less favorable to the Company than those contained in the confidentiality agreement with FUJIFILM, and (2) to engage in discussions or negotiations with the person making such Acquisition Proposal regarding such Acquisition Proposal, subject to the terms of the Merger Agreement.

Change in Recommendation/Termination Right to Accept Superior Proposals. In the event the Company receives a Superior Proposal, the Board, after consultation with its outside legal counsel, may withdraw or change its recommendation in favor of the Merger Agreement, the Offer, and the Merger, and terminate the Merger Agreement, if the failure to withdraw or change its recommendation would reasonably be expected to result in a breach of its fiduciary duties to shareholders under applicable law. In order for the Board to withdraw its recommendation in connection with a Superior Proposal, the Company and its representatives must not have breached, in any material respect, its non-solicitation covenant, and the Board must first provide FUJI with at least four business days (which period shall include a minimum of three business days in Japan) notice of the Superior Proposal and a right to match the Superior Proposal. If the Company terminates the Merger Agreement in anticipation of entering into a definitive acquisition agreement with respect to a Superior Proposal, immediately prior to the termination of the Merger Agreement the Company must pay FUJI a break-up fee of $24.9 million in cash.

Break-up Fee. The Board was of the view that the $24.9 million break-up fee payable by the Company to FUJI, if the Merger Agreement is terminated for the reasons discussed in the Merger Agreement, was reasonable, given the bidding and negotiation process that had been followed by the Company, the range of break-up fees in precedent transactions, and the other terms of the Merger Agreement, and would not likely deter competing bids and would not likely be required to be paid unless the Board entered into or intended to enter into a transaction more favorable to the shareholders than the Offer and Merger.

Conditions to the Consummation of the Offer and the Merger; Likelihood of Closing. The Board considered the reasonable likelihood of the consummation of the transactions contemplated by the

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Merger Agreement in light of the limited conditions to FUJI s obligations to accept for payment and pay for the common stock tendered pursuant to the Offer and to complete the Merger under the Merger Agreement.

Company Material Adverse Effect. The Board considered that the Merger Agreement provides that any change or effect related to the Company or its business, operations, assets (including intangible assets), financial condition or results of operations arising or resulting from the following items are all excluded as a Company Material Adverse Effect for determining FUJI s obligation to consummate the Offer:

- market, economic or political conditions, generally or in the Company s industry (other than those that substantially disproportionately impact the Company),
- the announcement of the execution of the Merger Agreement or the pendency of the Offer and Merger,
- any shareholder litigation related to the Merger Agreement and the other transactions contemplated thereby, including the Offer and the Merger,
- changes in law or accounting standards,
- taking any action or failing to take any action at the request or with the prior written consent of FUJI or Purchaser or as required by the Merger Agreement,
- changes in the trading price or volume of common stock (in and of themselves), or
- any failure by the Company to meet any public estimates or expectations of, or any internal budgets, plans or forecasts for, the Company s bookings, revenue, earnings or other financial performance or results of operations for any period.

Regulatory Efforts and Closing Condition. The Board considered that FUJI is required by the Merger Agreement to use its reasonable best efforts to close the Offer and the Merger, including, if required in order to obtain antitrust clearance of the Offer and Merger in relevant jurisdictions, agreeing to divestitures so long as such actions do not have a material adverse effect on the Company, or on FUJI (assuming for such purpose that FUJI is of equivalent size and has equivalent revenues as the Company).

Extension of Offer Period. The Board considered the Merger Agreement s requirement that Purchaser is required to extend the Offer beyond the initial expiration date of the Offer or, if applicable, subsequent expiration dates, for up to three months if conditions other than regulatory clearances are satisfied on such expiration dates.

Dissenters Rights. The Board considered the fact that the shareholders that do not tender their common stock in the Offer and who properly exercise their dissenters rights under Washington law will be entitled to such dissenters rights in connection with the Merger.

In the course of its deliberations, the Board also considered these potentially negative factors, among others, in reaching its recommendation:

No Shareholder Participation in Future Growth or Earnings. The fact that the nature of the Offer and the Merger as a cash transaction means that the shareholders will not participate in future earnings or growth of the Company and will not benefit from any appreciation in value of the combined company, unless they otherwise acquire common stock of FUJI.

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Uncertainty of Transaction Completion; Consequences of Failure to Close. The possibility that the transactions contemplated by the Merger Agreement, including the Offer and the Merger, might not be consummated, the fact that if the Offer and the Merger are not consummated, the Company s directors, senior management and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the transaction, the fact that the Company will have incurred significant transaction costs, and the possibility that the Company s continuing business could potentially suffer a loss of customers, business partners and employees.

Break Up Fee. The possibility that the $24.9 million break-up fee, payable in circumstances where the Company recommends or accepts an alternative transaction as a Superior Offer, could potentially dissuade a potential acquirer from proposing a transaction that could be of greater value to the shareholders than the Offer and Merger.

Impact of Announcement on the Company. The effect of the public announcement of the Merger Agreement, including effects on the Company s sales, customer, reseller and other channel partner relationships, operating results and stock price, and the Company s ability to attract and retain key management and sales and marketing personnel.

Restrictions on the Company s Conduct of Business. The potential limitations on the Company s pursuit of business opportunities due to pre-closing covenants in the Merger Agreement, whereby the Company agreed that it will carry on its business in the ordinary course of business consistent with past practice and, subject to specified exceptions, will not take a number of actions related to the conduct of its business without the prior written consent of FUJI. These restrictions could delay or prevent the Company from undertaking business opportunities that may arise prior to the consummation of the Offer and that may have a material and adverse effect on the Company s ability to respond to changing market and business conditions in a timely manner or at all.

Tax Treatment. The consideration to be received by the shareholders in the Offer and the Merger would be taxable to the shareholders for U.S. federal income tax purposes.

Conflicts of Interest. The interests of the executive officers and directors of the Company in the Offer and the Merger, including the matters described under The Merger Interests of Certain Persons in the Merger of this Information Statement.

Control of the Company Board after Consummation of Offer. The provisions of the Merger Agreement that provide, subject to certain conditions, FUJI with the ability to obtain representation on the Company Board proportional to FUJI s ownership of Shares at the Appointment Time, subject to payment for such Shares.

The foregoing discussion of the information and factors considered by the Board is intended to be illustrative and not exhaustive, but includes the material reasons and factors considered. In view of the wide variety of reasons and factors considered, the Board did not find it practical to, and did not, quantify or otherwise assign relative weights to the specified factors considered in reaching its determinations or the reasons for such determinations. Individual directors may have given differing weights to different factors or may have had different reasons for their ultimate determination. In addition, the Board did not reach any specific conclusion with respect to any of the factors or reasons considered. Instead, the Board conducted an overall analysis of the factors and reasons described above and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of the Offer and the Merger.

In arriving at its recommendations, the Board was aware of the interests of executive officers and directors of the Company as described under The Merger Interests of Certain Persons in the Merger below.

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The Board has unanimously: (1) determined that the Merger Agreement is advisable and fair to, and in the best interest of, the Company and the shareholders; (2) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, taken together, are at a price and on terms that are in the best interests of the Company and the shareholders; and (3) approved the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger. On February 15, 2012, the Board also adopted the Plan of Merger. The Board unanimously recommends that the shareholders approve the Merger Agreement and the Plan of Merger.

Financial Projections

The following financial projections prepared by the Company s management were made available to FUJI and Purchaser in connection with their due diligence review of the Company and to J.P. Morgan in connection with its review and preparation of the financial analysis of the proposed transaction.

	Fiscal Years						
	2011	2012	2013	2014	2015	2016	2017
	(Thousands of dollars, except per share data)						
Total Revenue	$ 319,021	$ 369,001	$ 446,584	$ 529,900	$ 612,578	$ 701,601	$ 794,902
EBIT	27,369	47,155	85,744	119,227	143,956	171,892	203,495
Net Income	10,955	24,468	49,495	74,141	94,214	114,465	135,766
EPS (1)	0.77	1.69	3.30	4.78	5.92	7.01	8.10
Free Cash Flow (2)	19,304	32,016	52,268	76,195	95,094	117,317	141,067

(1) EPS includes amortization of convertible debt discount.
(2) Free Cash Flow refers to cash flow from operations less capital expenditures.

In addition, the following financial projections prepared by the Company s management were made available to J.P. Morgan in connection with its review and preparation of the financial analysis of the proposed transaction. These financial projections together with the financial projections provided to FUJI and Purchaser, are referred to as Management Cases 1, 2 and 3, respectively.

	Fiscal Years						
	2011	2012	2013	2014	2015	2016	2017
	(Thousands of dollars, except per share data)						
Total Revenue	$ 313,134	$ 352,301	$ 416,322	$ 472,165	$ 520,502	$ 568,665	$ 609,801
EBIT	23,196	40,867	70,358	96,794	111,908	122,263	131,717
Net Income	8,317	20,452	39,605	59,592	73,253	81,498	88,056
EPS (1)	0.59	1.41	2.64	3.84	4.60	4.99	5.25
Free Cash Flow (2)	14,008	28,577	42,399	63,979	76,792	86,818	96,456

	Fiscal Years						
	2011	2012	2013	2014	2015	2016	2017
	(Thousands of dollars, except per share data)						
Total Revenue	$ 313,134	$ 344,448	$ 385,348	$ 420,233	$ 448,521	$ 477,248	$ 502,003
EBIT	23,196	24,456	49,710	68,498	74,454	81,132	85,340
Net Income	8,317	10,011	26,332	41,239	48,740	54,095	57,092
EPS (1)	0.59	0.69	1.76	2.66	3.06	3.31	3.41
Free Cash Flow (2)	14,008	15,799	32,025	47,154	52,914	59,111	63,940

(1) EPS includes amortization of convertible debt discount.
(2) Free Cash Flow refers to cash flow from operations less capital expenditures.

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The information set forth above is presented for the limited purpose of giving the shareholders access to the financial projections prepared by the Company s management that were made available to FUJI, Purchaser and J.P. Morgan in connection with the Merger Agreement and the Offer. The Company does not in the ordinary course publicly disclose projections and these projections were not prepared with a view to public disclosure. These financial projections were prepared by the Company s management based on numerous estimates and assumptions with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, all of which are difficult to predict and many of which are beyond the Company s control. Since the financial projections cover multiple years, such information by its nature becomes less reliable with each successive year. No assurances can be given with respect to any such assumptions. The financial projections do not take into account any circumstances or events occurring after the date they were prepared, including the December 15, 2011 announcement of the proposed acquisition of the Company by FUJI pursuant to the Offer and the Merger.

Certain matters discussed herein, including, but not limited to these projections, are forward-looking statements that involve risks and uncertainties. Forward-looking statements include the information set forth above under this Financial Projections . While presented with numerical specificity, these projections were not prepared by the Company in the ordinary course and are based upon a variety of estimates and hypothetical assumptions which may not be accurate, may not be realized, and are also inherently subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict, and most of which are beyond the control of the Company. Accordingly, there can be no assurance that any of the projections will be realized and the actual results for the years ending December 31, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 may vary materially from those shown above.

In addition, these projections were not prepared in accordance with generally accepted accounting principles, and neither the Company s nor FUJI s independent accountants has examined or compiled any of these projections or expressed any conclusion or provided any other form of assurance with respect to these projections and accordingly assume no responsibility for these projections. These projections were prepared with a limited degree of precision, and were not prepared with a view to public disclosure or compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding projections, which would require a more complete presentation of data than as shown above. The inclusion of these projections in this Information Statement should not be regarded as an indication that any of FUJI, Purchaser or the Company or their respective affiliates or representatives considered or consider the projections to be a reliable prediction of future events and the projections should not be relied on as such. None of FUJI, Purchaser, or any other person to whom these projections were provided assumes any responsibility for the accuracy or validity of the foregoing projections. None of FUJI, Purchaser or any of their respective affiliates or representatives has made or makes representations to any person regarding the ultimate performance of the Company compared to the information contained in the projections, and none of them intends to update or otherwise revise the projections to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. Forward-looking statements also include those preceded by, followed by or that include the words believes , expects , anticipates or similar expressions.

In light of the foregoing factors and the uncertainties inherent in the financial projections, shareholders are cautioned not to place undue, if any, reliance on the projections.

The inclusion of the financial projections herein shall not be deemed an admission or representation by SonoSite or FUJI that they are viewed by SonoSite or FUJI as material information of SonoSite.

Opinion of Our Financial Advisor

Pursuant to an engagement letter dated October 11, 2011 (the J.P. Morgan Engagement Letter), the Company retained J.P. Morgan as its financial advisor in connection with a possible transaction. On December 14, 2011, J.P. Morgan rendered its written opinion to the Board to the effect that, as of that date and

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based upon and subject to the matters set forth in J.P. Morgan s opinion, the Offer Price of $54.00 per share of common stock to be paid to holders of common stock in the Offer and the Merger (together, the Transaction) was fair, from a financial point of view, to those holders. The full text of the written opinion of J.P. Morgan, dated December 14, 2011, which sets forth the assumptions made, matters considered and limits on the review undertaken by J.P. Morgan in rendering its opinion, is attached as Annex 3 to this Information Statement and is incorporated herein by reference. The Company s shareholders are urged to read the opinion in its entirety. J.P. Morgan s written opinion is addressed to the Board, is directed only to the fairness, from a financial point of view, of the Offer Price to be paid to holders of common stock in the Transaction, and does not constitute a recommendation to any shareholder of the Company as to whether such shareholder should tender common stock in the Offer or how such shareholder should vote with respect to the Merger or any other matter.

The issuance of J.P. Morgan s opinion has been approved by a fairness opinion committee of J.P. Morgan. The summary of the opinion of J.P. Morgan set forth herein is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft dated December 14, 2011 of the Merger Agreement;
- reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;
- compared the proposed financial terms of the Transaction with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;
- compared the financial and operating performance of the Company with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of common stock and certain publicly traded securities of such other companies;
- reviewed certain internal financial analyses and forecasts prepared by the management of the Company relating to its business; and
- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with certain members of the management of the Company with respect to certain aspects of the Transaction, and the past and current business operations of the Company, the financial condition and future prospects and operations of the Company, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with it by the Company or otherwise reviewed by or for it, and J.P. Morgan did not independently verify (nor did it assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct, and was not provided with, any valuation or appraisal of any assets or liabilities, nor did it evaluate the solvency of the Company or FUJI under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to it or derived therefrom, J.P. Morgan assumed that such analyses and forecasts had been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. In addition, J.P. Morgan was advised that the Company s management did not assign any specific weighting to the various financial forecast scenarios provided to J.P. Morgan and believed that each of these scenarios are equally likely to occur. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan has

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also assumed that the Transaction and the other transactions contemplated by the Merger Agreement will be consummated as described in the Merger Agreement, and that the definitive Merger Agreement would not differ in any material respects from the draft furnished to J.P. Morgan. J.P. Morgan has also assumed that the representations and warranties made by the Company, FUJI and Purchaser in the Merger Agreement and the related agreements are and will be true and correct in all respects material to its analysis. J.P. Morgan is not a legal, regulatory or tax expert and has relied on the assessments made by advisors to the Company with respect to such issues. J.P. Morgan has further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or on the contemplated benefits of the Transaction.

J.P. Morgan s opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of its opinion. Subsequent developments may affect J.P. Morgan s opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm its opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, of the Offer Price to be paid to the holders of common stock in the proposed Transaction and J.P. Morgan expressed no opinion as to the fairness of any consideration paid in connection with the Transaction to the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Transaction. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Transaction, or any class of such persons relative to the consideration to be paid to the holders of the common stock in the Transaction or with respect to the fairness of any such compensation.

The projections furnished to J.P. Morgan for the Company were prepared by the management of the Company based on numerous estimates and assumptions with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, all of which are difficult to predict and many of which are beyond the Company s control. No assurances can be given with respect to any such assumptions. While presented with numerical specificity, these projections were not prepared by the Company in the ordinary course and are based upon a variety of estimates and hypothetical assumptions which may not be accurate, may not be realized, and are also inherently subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict, and most of which are beyond the control of the Company.

These financial projections were prepared by the Company s management. The information set forth below is presented for the limited purpose of giving the shareholders access to the financial projections prepared by the Company s management that were made available to FUJI, Purchaser and J.P. Morgan in connection with the Merger Agreement and the Offer.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with providing its opinion. Some of the financial analyses summarized below include information presented in tabular format. In order to fully understand J.P. Morgan s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan s financial analyses. All market data used by J.P. Morgan in its analyses was as of December 12, 2011.

Transaction Overview

Based upon the (i) price per share of common stock of $30.78 as of November 2, 2011, which was the last full trading day prior to the publication of an article detailing the rumored sale of the Company, (ii) the price per

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share of the common stock of $42.73 on December 12, 2011 and (iii) the Offer Price of $54.00 per share of common stock, J.P. Morgan noted, solely for reference purposes, that the Offer Price represented:

- an implied premium of 75.4% over the closing price per share of common stock on November 2, 2011 of $30.78;
- an implied premium of 26.4% over the closing price per share of common stock on December 12, 2011;
- an implied premium of 69.8% over the average closing price per share of common stock for the 30-day average ending November 2, 2011;
- an implied premium of 64.1% over the average closing price per share of common stock for the 180-day average ending November 2, 2011; and
- an implied premium of 44.3% over the highest closing price per share of common stock for the 52-week period ending November 2, 2011.

J.P. Morgan noted that the Company s enterprise value based on the closing price per share of common stock of $30.78 on November 2, 2011, excluding the impact of the make-whole payment and the call spread relating to the convertible debt was approximately $498 million. J.P. Morgan also noted that the Company s enterprise value as of December 12, 2011 based on the Offer Price per share of common stock of $54.00 was approximately $927 million.

Public Trading Multiples

Using publicly available information, J.P. Morgan compared selected financial data of the Company with similar data for selected publicly traded companies engaged in businesses that J.P. Morgan judged to be analogous to the Company s business. These companies were selected, among other reasons, because they share similar business characteristics to the Company based on operational characteristics and financial metrics, including, among others, revenue growth and earnings before interest, taxes, depreciations and amortization (EBITDA) margins. The selected companies were:

- ArthroCare Corporation
- Given Imaging Ltd.
- ICU Medical, Inc.
- Masimo Corporation
- Merit Medical Systems, Inc.
- STERIS Corporation

Volcano Corporation

Zoll Medical Corporation

None of the companies utilized in the selected public companies analysis were identical to the Company. Accordingly, a complete analysis of the results of the following calculations cannot be limited to a quantitative review of such results and involves complex considerations and judgments concerning the differences in the financial and operating characteristics of the selected companies compared to the Company s and other factors that could affect the public trading value of the comparable companies and the Company.

Using publicly available information, J.P. Morgan calculated for each of the companies (i) enterprise value as a multiple of estimated revenue for 2012, which is referred to below as EV/2012E Revenue, (ii) enterprise value as a multiple of estimated earnings before interest, taxes, depreciations and amortization (***EBITDA***) for 2012, which is referred to below as EV/2012E EBITDA, and (iii) stock price as of December 12, 2011 as a multiple of estimated earnings per share for 2012, which is referred to below as 2012E P/E .

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This analysis indicated the following:

Multiple	Median
EV/2012E Revenue	1.9x
EV/2012E EBITDA	7.9x
2012E P/E	16.6x

Based on the results of this analysis and other factors that J.P. Morgan deemed appropriate, J.P. Morgan then applied the following ranges of multiples for purposes of calculating the Company s equity value per share of common stock: 1.5x 2.5x for the EV 2012E Revenue multiple, 8.0x 15.0x for the EV 2012E EBITDA multiple, and 12.0x 25.0x for the 2012E P/E multiple. J.P. Morgan then calculated the equity value per share of common stock implied by each of these ranges of multiples. In performing this analysis, J.P. Morgan used four sets of financial forecasts: (1) the Street Case based on consensus estimates of Wall Street Analysts; (2) Management Case 1 provided by the Company, (3) Management Case 2 , provided by the Company and (4) Management Case 3 , provided by the Company. This analysis showed the following:

Benchmark	Street Case		Management Case 1		Management Case 2		Management Case 3	
EV/2012E/Revenue								
(1.5x 2.5x)	$33.25	$53.25	$34.00	$54.25	$32.50	$52.25	$31.75	$51.00
EV/2012E EBITDA								
(8.0x 15.0x)	$27.75	$50.75	$27.25	$50.00	$24.00	$45.00	$15.25	$30.75
2012E P/E								
(12.0x 25.0x)	$20.75	$43.00	$22.75	$47.50	$19.50	$40.50	$10.75	$22.50

All values presented were rounded to the nearest $0.25. J.P. Morgan compared the equity values per share in each case to the Offer Price of $54.00 per share of common stock, the per share price of common stock of $30.78 on November 2, 2011, and the per share closing price of common stock of $42.73 on December 12, 2011.

Selected Transaction Analysis

Using publicly available information, J.P. Morgan reviewed the following precedent transactions involving companies that engaged in businesses that J.P. Morgan judged to be analogous to the Company s businesses. These transactions were selected, among other reasons, because the businesses involved in these transactions share similar business characteristics to the Company based on operational characteristics and financial metrics. It should be emphasized that none of the companies involved in the selected transactions is identical to the Company and none of the selected transactions is identical to the Transaction. The transactions considered and the date each transaction was announced were as follows:

Target	Acquiror	Month and Year Announced
Atrium Medical Corporation	Getinge AB	October 2011
Nucletron BV	Elekta AB	June 2011
Orthovita, Inc.	Stryker Corporation	May 2011
TomoTherapy, Inc.	Accuray, Inc.	March 2011
Medegen, Inc.	CareFusion Corporation	April 2010
I-Flow Corporation	Kimberly-Clark Corporation	October 2009
Aspect Medical Systems, Inc.	Covidien plc	September 2009
VNUS Medical Technologies, Inc.	Covidien plc	May 2009
Datascope Corp	Getinge AB	September 2008
Respironics, Inc.	Koninklijke Philips Electronics N.V.	December 2007
VIASYS Healthcare Inc.	Cardinal Health, Inc.	May 2007

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Using publicly available estimates, J.P. Morgan reviewed the implied enterprise value (including only upfront payments for transactions with potential earnouts) for each of the transactions as a multiple of (1) the target company s revenue for the last reported twelve-month period immediately preceding announcement of the transaction (***LTM Revenue***) and (2) to the extent available, the target company s EBITDA for the last reported twelve-month period immediately preceding the announcement of the transaction (***LTM EBITDA***).

This analysis indicated the following:

Multiple	Mean	Median
EV/LTM Revenue	2.9x	2.9x
EV/LTM EBITDA	22.2x	18.7x

Based on the results of this analysis and other factors that J.P. Morgan considered appropriate, J.P. Morgan applied an LTM Revenue multiple range of 2.0x to 3.5x to the Company s LTM Revenue and a LTM EBITDA multiple range of 10.0x to 30.0x to the Company s LTM EBITDA. This analysis showed the following:

Benchmark	Implied Equity Value Per Share	
LTM Revenue (2.0x 3.5x)	$ 38.25	$62.75
LTM EBITDA* (10.0x 30.0x)	$ 25.00	$70.75

(*excludes stock based compensation)

All values presented were rounded to the nearest $0.25. J.P. Morgan compared the equity values per share implied by this analysis to the Offer Price of $54.00 per share of common stock, the per share price of common stock of $30.78 on November 2, 2011 and the per share closing price of common stock of $42.73 on December 12, 2011.

Discounted Cash Flow Analysis

J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining the equity value per share of the common stock. J.P. Morgan calculated the unlevered free cash flows that the Company is expected to generate during the fourth quarter of fiscal year 2011 through fiscal year 2021 based on the three sets of financial projections prepared by the management of the Company for the fiscal years 2011 through 2017, Management Case 1, Management Case 2 and Management Case 3. In arriving at the implied equity values per share of the common stock, J.P. Morgan calculated terminal values as of September 30, 2011 by applying, based on J.P. Morgan s judgment and experience, a range of perpetual revenue growth rates from 1.5% to 2.5% and a range of discount rates from 11.0% to 13%. The unlevered free cash flows from September 30, 2011 to December 31, 2021 were then discounted to present values using a range of discount rates from 11.0% to 13.0% and added together in order to derive the implied enterprise value for the Company. The range of discount rates was based upon an analysis of the weighted-average cost of capital of the Company conducted by J.P. Morgan and was applied using the mid-year convention for discounting. In calculating the estimated equity value per share, J.P. Morgan adjusted the enterprise value for the Company s net debt (assuming the convertible debt will convert into shares at $38.20 exercise price) and cash as of September 30, 2011 and divided by the outstanding shares of common stock. Based on the foregoing, this analysis indicated an implied equity value per share of the common stock of $56.25 $73.75 under Management Case 1, $38.50 $49.25 under Management Case 2 and $24.25 $32.50 under Management Case 3, compared in each case to the Offer Price of $54.00 per share of common stock, the per share price of common stock of $30.78 on November 2, 2011, and the per share closing price of common stock of $42.73 on December 12, 2011.

General

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented or utilized by J.P. Morgan. The preparation of a fairness opinion is a complex

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process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based on forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to the Company, and none of the selected transactions reviewed was identical to the Transaction. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of the Company. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of J.P. Morgan s analysis, may be considered similar to the Transaction. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to the Company and the transactions compared to the Transaction.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

J.P. Morgan was selected to act as the Company s financial advisor with respect to the Transaction on the basis of such experience and its familiarity with the Company.

J.P. Morgan acted as financial advisor to the Company with respect to the proposed Transaction and will receive a fee from the Company for its services, a substantial portion of which will become payable only if the proposed Transaction is consummated. During the two years preceding January 17, 2012, J.P. Morgan and its affiliates have received fees for investment and/or commercial banking services in the aggregate amount of approximately $2.1 million from FUJI and have not received fees for investment and/or commercial banking services from SonoSite during such period. In the ordinary course of J.P. Morgan s businesses, it and its affiliates may actively trade the debt and equity securities of the Company or FUJI for its own account or for the accounts of customers and may at any time hold long or short positions in such securities. In 2007, in connection with SonoSite s offering of $225 million in 3.75% Convertible Senior Notes due 2014 (the 2014 Notes), SonoSite entered into a convertible bond hedge transaction and a warrant transaction (the BHW Transactions) with JPMorgan Chase Bank, National Association (JPMorgan Chase Bank), to reduce potential dilution to SonoSite s common stockholders upon any conversion of the 2014 Notes. Through the BHW Transactions, JPMorgan Chase Bank sold net-share settled options to SonoSite as a hedge for the conversion option in the 2014 Notes, pursuant to which SonoSite received the right to acquire a notional amount of 2,500,000 shares of SonoSite common stock from JPMorgan Chase Bank at a price of $38.20 per share. In addition, JPMorgan Chase Bank purchased from SonoSite net-share settled warrants to acquire a notional amount of 2,500,000 shares of SonoSite common stock at a price of $46.97 per share. At various times during 2008 and 2009, SonoSite repurchased quantities of the 2014 Notes. The BHW Transactions were partially unwound in connection with each such repurchase in a manner consistent with the parties respective contractual rights and obligations, resulting in total net payments from JPMorgan Chase Bank to SonoSite in the amount of $579,299.55. As of January 17, 2012, JPMorgan Chase Bank held net-share settled warrants to acquire a notional amount of 1,121,364 shares of SonoSite common stock at a price of $46.97 per share as part of the BHW Transactions, and

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SonoSite had the right to acquire a notional amount of 1,121,811 shares of SonoSite common stock from JPMorgan Chase Bank at a price of $38.20 per share as part of the BHW Transactions. On December 16, 2011, in connection with the proposed Transaction, JPMorgan Chase Bank and SonoSite entered into unwind agreements relating to the remaining portions of the BHW Transactions, the payment amounts of which are determined by and consistent with the parties respective rights and obligations under the BHW Transactions. Based on the parties current holdings, the $54.00 per share Offer Price and an assumed closing date for the Offer of February 15, 2012, and pursuant to the unwind agreements, JPMorgan Chase Bank estimates that it would be (i) required to pay $17.7 million in value to SonoSite in settlement of the options sold to SonoSite regarding the 2014 Notes and (ii) entitled to receive an aggregate amount currently estimated by JPMorgan Chase Bank to be approximately $20.7 million as a cancellation payment pursuant to the terms of the warrants. The actual amount received by JPMorgan Chase Bank in connection with the cancellation of the warrants will depend upon various factors, including, among others, the date of cancellation of the warrants, the volatility of SonoSite common stock and interest rates.

Pursuant to the J.P. Morgan Engagement Letter, the Company agreed to pay J.P. Morgan a fee of $1,000,000 which was due upon delivery by J.P. Morgan of its opinion to the Board and the execution of the Merger Agreement and is creditable towards any transaction fee, plus an additional fee equal to 1.40% of the total consideration payable upon the consummation of the Transaction. In addition, the Company has agreed to reimburse J.P. Morgan for its reasonable expenses incurred in connection with its services, including the fees and expenses of counsel and other professional advisors, and will indemnify J.P. Morgan against certain liabilities arising out of its engagement.

Purpose of the Merger

The purpose of the Merger is to enable FUJI, through Purchaser, to acquire the entire equity interest in our company. The first step in the acquisition of our company was the Offer by Purchaser to acquire all of the outstanding Shares. The Merger is the second and final step in the acquisition of our company by FUJI by acquiring all of the outstanding Shares not tendered and purchased pursuant to the Offer or otherwise.

The acquisition of our company has been structured as a cash tender offer and a cash merger in order to provide a prompt and orderly transfer of ownership from our public shareholders to FUJI. The purchase of Shares pursuant to the Offer practically assures that the Merger will be consummated.

Certain Effects of the Offer and the Merger

As a result of the Merger, FUJI will beneficially own the entire equity interest in SonoSite. Therefore, following the Merger, present holders of Shares (other than FUJI) will no longer have an equity interest in us and will no longer share in future earnings and potential growth of our company, if any. Instead, each holder of Shares immediately prior to the Effective Time (other than Purchaser or FUJI or any subsidiary of FUJI and any shareholders who are entitled to and have properly exercised dissenters rights under Washington law) will have the right to receive the Merger Consideration (subject to withholding and transfer taxes) to which such holder is entitled under the Merger Agreement.

If the Merger is completed, the Shares will be delisted from NASDAQ and deregistered under the Exchange Act. As such, we would no longer file periodic reports with the SEC on account of the Shares or otherwise.

Plans for the Company

Upon the consummation of the Merger, the separate existence of Purchaser will cease and SonoSite will continue its existence as the Surviving Corporation. The Surviving Corporation will possess all the rights, privileges, immunities, powers, liabilities and duties of our company. It is expected that, initially following the

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Merger, our business and operations will be continued by the Surviving Corporation substantially as they are currently being conducted by us. FUJI will continue to evaluate our business and operations after the Merger, and will take such actions as it deems appropriate under the circumstances then existing. FUJI intends to seek additional information about us during this period. Thereafter, FUJI intends to review such information as part of a comprehensive review of our business, operations, capitalization and management with a view to optimizing exploitation of our potential.

Except as indicated in this Information Statement, FUJI does not have any present plans or proposals which relate to or would result in an extraordinary transaction, such as a merger, reorganization or liquidation, involving our company, a sale or transfer of a material amount of our assets, any material change in our capitalization or dividend policy or any other material change in our corporate structure or business.

Going Private Transactions

The SEC has adopted Rule 13e-3 promulgated under the Exchange Act, which is applicable to certain going private transactions and which may, under certain circumstances, be applicable to the Merger. However, Rule 13e-3 would be inapplicable if (1) the Shares are deregistered under the Exchange Act prior to the Merger or other business combination or (2) the Merger or other business combination is consummated within one year after the purchase of the Shares pursuant to the Offer and the amount paid per Share in the Merger or other business combination is at least equal to the amount paid per Share in the Offer. We, FUJI and Purchaser believe that Rule 13e-3 will not be applicable to the Merger because it is anticipated that the Merger will be effected within one year following the consummation of the Offer and, in the Merger, our shareholders will receive the same price per Share as paid in the Offer. If applicable, Rule 13e-3 requires, among other things, that certain financial information concerning the fairness of the proposed transaction and the consideration offered to minority shareholders in the transaction be filed with the SEC and disclosed to shareholders prior to the consummation of the transaction.

Agreements among FUJI, Purchaser and the Company

The Merger Agreement

The Merger Agreement governs the contractual rights between us, FUJI and Purchaser in relation to the Offer and the Merger. The Merger Agreement is attached to this Information Statement as Annex 1 to provide you with information regarding its terms. It is not intended to provide any other factual information about the parties. The representations, warranties and covenants set forth in the Merger Agreement (1) were made solely for purposes of the Merger Agreement and solely for the benefit of the contracting parties, (2) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made to FUJI and Purchaser in connection with the Merger Agreement, (3) will not survive consummation of the Merger, (4) are qualified in certain circumstances by a materiality standard which may differ from what may be viewed as material by investors, (5) were made only as of the date of the Merger Agreement or such other date as is specified in the Merger Agreement, and (6) may have been included in the Merger Agreement for the purpose of allocating risk between the parties rather than establishing matters as facts. Investors are not third party beneficiaries under the Merger Agreement, and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or conditions of the parties. Moreover, information concerning the subject matter of the representation and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in subsequent public disclosure. The Merger Agreement is attached to this Information Statement as Annex 1 and is incorporated herein by reference.

The Confidentiality Agreement

We entered into a letter agreement with FUJIFILM on August 26, 2011 (the Confidentiality Agreement). Under the terms of the Confidentiality Agreement, we and FUJIFILM agreed to furnish the other party, on a

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confidential basis, with certain information concerning their respective businesses in connection with the evaluation of a possible transaction between us and FUJI. The parties also agreed to limitations on the use or benefit of the confidential information exchanged.

The Loan Agreement

We entered into a Loan Agreement with FUJIFILM Holdings America Corporation, an affiliate of FUJI (FUJI America), on February 21, 2012 (the Loan Agreement). Pursuant to the Loan Agreement, we received proceeds of $68,144,900 from FUJI America. The proceeds were solely used to finance our obligations with respect to the termination of our outstanding options and restricted stock units, as described in Sections 7.9(a) and (b) of the Merger Agreement, and to pay any of our costs and expenses related thereto (the Loan). The Loan, together with all accrued and unpaid interest, is payable at the option of FUJI America upon written notice to us at any time after the closing of the Merger.

Pursuant to the terms of the Loan Agreement, (a) during the period beginning on the date of the Loan Agreement and ending on March 31, 2012 (the Initial Period), the interest rate per annum (on the basis of a 360-day year) shall equal to the offered rate on a page or service that displays an average British Bankers Association LIBOR Rate for deposits in United States dollars (for delivery on the date of the Loan Agreement in London) with a term beginning on the date of the Loan Agreement and ending on March 31, 2012, determined at or about 11:00 a.m. (London time) on the date of the Loan Agreement), plus 0.8% and (b) following the Initial Period and for each successive three-month periods ending on June 30, September 30, December 31 and March 31 of each year (each, an Interest Period), the interest rate per annum (on the basis of a 360-day year) shall equal to the offered rate on a page or service that displays an average British Bankers Association LIBOR Rate for deposits in United States dollars (for delivery on the first business day in New York and that is also a business day in London immediately before the first day of such Interest Period) with a term of three months, determined at or about 11:00 a.m. (London time) on the relevant date, plus 0.8%.

The Loan Agreement specifies events of default customary to facilities of its type, including any non-payment of principal, interest or other amounts, misrepresentation of representations and warranties, or other material breach of the Loan Agreement. Upon the occurrence of an event of default, the payments by us of all of our outstanding obligations may be accelerated, and FUJI America s commitment under the Loan Agreement may be terminated.

Representation on our Board

In accordance with the Merger Agreement, at the Appointment Time, Purchaser became entitled to designate such number of directors, rounded to the next whole number, on our Board as will give Purchaser representation on our Board equal to the product of the total number of directors on our Board (determined after giving effect to the directors elected pursuant to such designation) multiplied by the percentage of the issued and outstanding Shares owned by FUJI, Purchaser or any other subsidiary of FUJI. In connection therewith, each of Carmen L. Diersen, Steven R. Goldstein, M.D., William G. Parzybok, Jr. and Robert G. Hauser, M.D. resigned from our Board, effective as of February 16, 2012. At the time of their resignation, Ms. Diersen was a member of the Nominating and Corporate Governance Committee, Dr. Goldstein, Mr. Parzybok and Dr. Hauser were members of the Compensation Committee, and Ms. Diersen was a member of the Audit Committee.

Effective as of February 16, 2012, the following designees of Purchaser were appointed to our Board to fill the vacancies created by the resignation of the above-listed directors: Kouichi Tamai, Toru Takahashi, Ryutaro Hosoda, Naohiro Fujitani and Kenji Sukeno. Biographical and other information about the directors designated for appointment by Purchaser is disclosed below. In addition, subject to the terms of the Merger Agreement, pending completion of the Merger, Purchaser is entitled, at its request, to have its designees appointed to the committees of our Board.

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Following the election or appointment of Purchaser s designees and until the Effective Time, at least three directors who were on the Company s board of directors prior to any appointments by FUJI shall remain on the Company s board of directors after such appointments by FUJI (Continuing Directors). If the number of Continuing Directors is reduced below three prior to the Effective Time, the remaining Continuing Directors shall be entitled to designate an individual to fill such vacancy who is not a current or former officer, director, employee or consultant of FUJI or any of its subsidiaries (a FUJI Insider), and the Company shall cause such designee to be appointed to the Company s board of directors. If, notwithstanding compliance with the foregoing provisions, the number of Continuing Directors is reduced to zero, then the other directors on the Company s board of directors shall designate and appoint to the Company s board of directors three directors who are not FUJI Insiders who shall be deemed Continuing Directors for all purposes of the Merger Agreement.

In addition, if FUJI s designees are elected or appointed to the Company s board of directors pursuant to the Merger Agreement, until the Effective Time, the Company s board of directors shall have at least such number of directors as may be required by the rules of the NASDAQ or the federal securities laws who are considered independent directors within the meaning of such laws (Independent Directors). After and subject to payment by Purchaser for the shares of Company common stock tendered pursuant to the Offer, the Company shall, upon FUJI s request, take all action necessary to elect to be treated as a Controlled Company for purposes of Listing Rule 5615(c) of the NASDAQ rules (or any successor provision) and make all necessary filings and disclosures associated with such status. If the number of Independent Directors falls below the number of directors as may be required by such laws for any reason whatsoever, the remaining Independent Director(s) shall be entitled to designate persons to fill such vacancies who shall be deemed to be Independent Directors for purposes of the Merger Agreement or, if no other Independent Director then remains, the other directors shall designate such number of directors as may be required by the rules of the NASDAQ or the federal securities laws, to fill such vacancies who shall not be shareholders or affiliates of FUJI or Purchaser, and such persons shall be deemed to be Independent Directors for purposes of the Merger Agreement.

Following the election or appointment of FUJI s designees pursuant to the Merger Agreement and prior to the Effective Time, any actions with respect to the enforcement of the Merger Agreement by the Company shall be effected only by and at the direction of a majority of the Continuing Directors (or the sole Continuing Director if there shall only be one Continuing Director then in office), and any such authorization or direction shall constitute the authorization and direction of the full Company s board of directors with respect thereto, and no other action on the part of the Company, including any action by any other director of the Company, shall be required to authorize, or for the Company to take, any such action.

Furthermore, if FUJI s designees are elected or appointed to the Company s board of directors prior to the Effective Time pursuant to the Merger Agreement, the approval of a majority of Continuing Directors (or the sole Continuing Director if there shall be only one Continuing Director) shall be required in order to (i) amend, modify or terminate the Merger Agreement, or agree or consent to any amendment, modification or termination of the Merger Agreement, in any case on behalf of the Company; (ii) extend the time for performance of, or waive, any of the obligations or other acts of FUJI or Purchaser under the Merger Agreement; (iii) exercise or waive any of the Company s rights, conditions, benefits or remedies under the Merger Agreement; (iv) except as provided therein, amend or otherwise modify the Company s articles of incorporation or bylaws; (v) authorize or execute any contract, or any amendment or modification of any contract, between the Company or any of its subsidiaries on the one hand, and FUJI, Purchaser or any of their affiliates on the other hand, or the termination of any such contract then in effect by the Company or any such subsidiary; or (vi) make any other determination or give any approval or authorization that is required to be taken or given by the Company s board of directors with respect to any action to be taken or not to be taken by or on behalf of the Company relating to the Merger Agreement or the transactions contemplated thereby, including the Offer and the Merger.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement. The Merger Agreement is attached to this Information Statement as Annex 1 and is incorporated herein by reference.

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Interests of Certain Persons in the Merger

Our executive officers and the members of our Board may be deemed to have interests in the transactions contemplated by the Merger Agreement that may be different from or in addition to those of our shareholders generally. These interests may create potential conflicts of interest. Our Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement. In addition, certain agreements, arrangements or understandings between us and certain of our executive officers and members of our Board are described further below.

Executive Employment Agreements

We are a party to senior management employment agreements with certain of our named executive officers (Kevin M. Goodwin, John W. Sparacio, James M. Gilmore and Diku Mandavia, M.D.) that provide for certain payments and benefits upon a termination of employment by us following a change in control and/or subsequent to termination of employment. These Agreements are substantially similar to each other and provide for payments and/or benefits (a) upon a change in control, and (b) upon certain terminations of employment thereafter, as described below. In addition, our Amended and Restated 2005 Stock Incentive Plan (the 2005 Plan) provides for equity acceleration upon a change in control as detailed below.

Payments upon Change in Control. Pursuant to outstanding equity award agreements, all outstanding stock options and restricted stock units held by executives vest in full upon a Change in Control , as that term is defined in our 2005 Plan. Under our 2005 Plan, upon a Change in Control, each outstanding unvested option will automatically vest and become exercisable and all restrictions on shares of restricted stock and restricted stock units will lapse. These acceleration provisions apply to outstanding equity awards issued to all employees.

In addition, pursuant to the Agreements, following a Change in Control our executives are guaranteed during the term of such Agreements (a) an annual salary no less than the annual salary in effect immediately prior to the Change in Control, (b) an annual bonus opportunity in an amount no less than the average of the executive s three annual bonuses paid in the three years prior to the Change in Control, (c) equivalent employee benefits and (d) in the event of the executive s death or disability, up to 24 months continued welfare benefits for the executive and his or her dependents, as applicable.

For these purposes, a Change in Control is deemed to occur upon (a) a merger in which SonoSite is not the surviving entity, (b) the sale of substantially all of the assets of SonoSite, (c) the acquisition of a controlling interest in our shares by any person, (d) a dissolution or liquidation, or (e) a change in our incumbent directors through contested board elections.

Payments upon Involuntary Termination following a Change in Control. In the event of an involuntary termination (meaning a termination of employment by SonoSite without Cause or by the executive for Good Reason) following a Change in Control, the executive is entitled to receive the following:

(a) a lump sum payment equal to twice the executive s then current annual salary or the annual salary immediately prior to the Change in Control, whichever is higher,

(b) a lump sum payment equal to twice the percentage of the executive s annual salary paid as a bonus for the fiscal year immediately preceding the Change in Control or, if no such bonus has been paid or determined, 100% of the executive s target bonus for the most recent fiscal year prior to the Change in Control, and

(c) 12 months continued life, disability, medical, dental, and vision benefits for the executive and his or her dependents.

In addition, the executive is entitled to a gross-up for any excess parachute payment excise taxes, if the payments or benefits under the Agreement, together with any other benefits, trigger such excise taxes.

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Receipt of severance payments is contingent on (a) compliance with a 12-month non-solicit of employees obligation (such 12-month period commencing on the date of termination), (b) execution and non-revocation of a waiver and release of claims, and (c) continued compliance with proprietary information agreements.

For these purposes, Cause will be deemed to occur upon an executive s willful misconduct, felonious conduct, or an unreasonable refusal to perform his or her duties. Good Reason will be deemed to occur upon (a) an executive s assignment of duties inconsistent with the executive s position, (b) a material reduction in an executive s base salary or benefits, (c) a relocation of more than 25 miles, or (d) a breach of the executive s employment agreement with us.

Other Provisions of the Agreements. Each Agreement provides for an initial term of two years, with automatic renewal for successive two-year terms on each annual anniversary date of the Agreement, unless earlier terminated. If a Change in Control occurs, however, each Agreement will expire two years after the Change in Control, unless earlier terminated. Each Agreement may be earlier terminated (a) prior to a Change in Control, by us upon 30 days prior written notice, so long as a Change in Control does not occur prior to the termination date set forth in the notice; (b) prior to a Change in Control, by the executive upon 30 days prior written notice, whether or not a Change in Control occurs prior to the termination date set forth in the notice; and (c) after a Change in Control, by us or the executive upon 30 days prior written notice. Notwithstanding the foregoing, once benefits have been triggered under the Agreements, termination of the Agreements does not terminate continuation of the benefits required to be provided under the Agreements.

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The table below shows as of December 31, 2011, the value of payments and benefits our named executive officers are entitled to receive upon a Change in Control or in connection with certain terminations of employment thereafter.

Post Termination or Change in Control Incremental Value Transfer

		Change in Control (4)	Involuntary Termination Following Change in Control (5)	Death or Disability Following a Change in Control (5)
Kevin M. Goodwin	Salary/Bonus	$	$ 2,517,901	$
	Benefits	$	$ 24,300	$ 30,000
	Equity Acceleration (2)	$ 3,557,650	$	$
	Tax Gross-Up (3)	$	$	$
	Total	$ 3,557,650	$ 2,542,201	$ 30,000
Marcus Y. Smith (6)	Salary/Bonus (1)	$	$ 790,000	$
	Benefits	$	$ 25,774	$ 30,000
	Equity Acceleration (2)	$ 1,831,594	$	$
	Tax Gross-Up (3)	$	$	$
	Total	$ 1,831,594	$ 815,774	$ 30,000
John W. Sparacio (7)	Salary/Bonus	$	$ 1,200,000	$
	Benefits	$	$ 12,252	