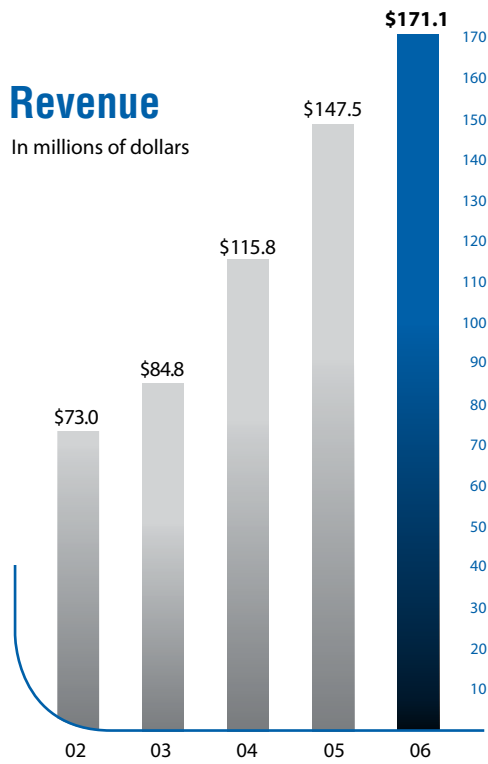




# 2006 FINANCIAL SUMMARY

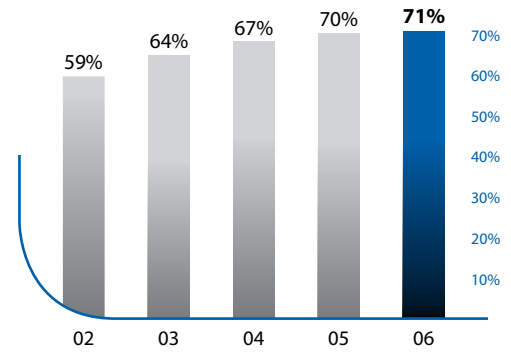
## Revenue

In millions of dollars



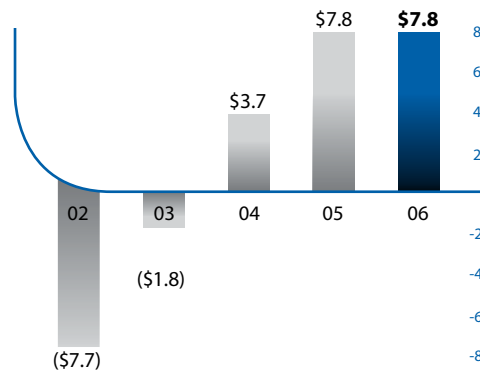
## Gross Margin

Percent of sales



## Pre-Tax Income (Loss)

In millions of dollars



Pre-tax income includes stock-based compensation of \$7.3 million in 2006 and \$0.4 million in 2005.



Kevin M. Goodwin

Fellow Shareholders,

**SonoSite's** strength derives from our focus and specialization in hand-carried ultrasound tools using proprietary technology for clinicians at the "point-of-care" throughout medicine. As the innovators and leaders of point-of-care ultrasound, we are driving the move toward visual medicine – replacing the experienced "guess" with real-time visualization for diagnostic decision-making and procedural guidance where time and accuracy are critical. Unlike other portable ultrasound systems, our systems are made to be easily carried to wherever they are needed, are fully operational within seconds, and are intuitively easy to use. We build point-of-care tools that can withstand the rigors of use on a daily, and often hourly, basis.

We ended 2006 on a strong note with revenue growing 20% in the fourth quarter, propelling the full year's revenue past the \$171 million mark, a new company record. Net income rose 33% for the year to \$7.2 million or \$0.43 per diluted share compared with \$5.4 million or \$0.34 per diluted share in 2005. The year's results included non-cash items related to stock-based compensation expense, and a tax benefit for the reversal of the valuation allowance on international deferred tax assets. Cash and investments increased by more than \$16 million and we exited the year with \$87.1 million and zero debt.

During 2006 we put the framework in place for achieving new levels of growth in the next three years. In the U.S. we implemented an alternate sales channel to target the physician-office market while redeploying our direct sales force to focus on the large and rapidly growing hospital point-of-care markets, where we have established a strong leadership position. Internationally, we expanded our footprint in China and India and achieved strong double-digit growth in many key markets around the globe.

The success of the MicroMaxx® system, our third generation of hand-carried ultrasound technology, was the engine of our growth, increasing as a percentage of revenue from 46% in the first quarter of 2006 to more than 60% by the fourth. Introduced mid-year in 2005, it is recognized the world over for

its performance excellence and has set a new standard for durability and reliability, one in which we are so confident that we back it with a 5-year warranty, unprecedented in an industry that thrives and depends on annual service contracts. More than 3,000 MicroMaxx systems can now be found in clinics, hospitals and even research outposts around the world, and our total installed base of hand-carried systems has surpassed 30,000.

Although we saw revenue growth of 16% in 2006, we did not achieve our financial objectives, and we intend to step up our performance in 2007. The way forward is clear to management. We are increasing our investment in research and development to accelerate the flow of innovative new products that will further improve the delivery of care and reduce its cost while increasing clinical productivity. We are expanding our global sales-force strength to more rapidly exploit the large opportunities before us, and increasing education programs to support market development. Finally, we are streamlining our administrative overhead to enable us to grow more efficiently and profitably.

Our past and future success relies upon the people at SonoSite who develop the technology and products, and the customer relationships that create our growth as an organization. I thank all our employees, shareholders and customers for your continued support, persistence and passion as we continue to pursue reshaping ultrasound and the field of visual medicine.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin M. Goodwin". The signature is fluid and cursive, with a large initial "K" and "G".

Kevin M. Goodwin  
President and Chief Executive Officer  
February 22, 2007

## SONOSITE PRODUCTS



**A** MicroMaxx®

**B** TITAN®

**C** 180PLUS™

**D** iLook®

### WORLDWIDE HEADQUARTERS

SonoSite, Inc.  
21919 30th Drive SE  
Bothell, WA 98021-3904  
USA  
Tel: 1-425-951-1200  
Toll Free: 1-888-482-9449  
Fax: 1-425-951-1201

### Annual Meeting

8:00 a.m., Tuesday, April 24, 2007  
SonoSite Headquarters  
21919 30th Drive SE, Bothell, WA  
98021-3904

A map is available at [www.sonosite.com](http://www.sonosite.com) by clicking the "Contact Us" link at the bottom of the home page.

### Investor Relations

SonoSite, Inc.  
21919 30th Drive SE, Bothell, WA 98021-3904  
1-425-951-1333  
SonoSite news releases are available via the  
Internet at [www.sonosite.com](http://www.sonosite.com).

**NASDAQ: SONO**

### Independent Registered Public Accounting Firm

KPMG, LLP  
801 Second Avenue, Suite 900, Seattle, WA 98104

### Transfer Agent

Computershare Trust Company, N.A.  
P.O. Box 43069, Providence, RI 02940-3069  
1-800-446-2617 Hearing Impaired (TDD): 1-800-952-9245  
[www.computershare.com](http://www.computershare.com)

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[www.sonosite.com](http://www.sonosite.com)