

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan SONOSITE, INC. 401(K) RETIREMENT SAVINGS PLAN	1b Three-digit plan number (PN) ►	001	
	1c Effective date of plan	04/01/1998	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) SONOSITE, INC. 21919 30TH DR SE BOTHELL, WA 98021-3904	2b Employer Identification Number (EIN) 91-1405022	2c Sponsor's telephone number 425-951-1200	2d Business code (see instructions) 339110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/26/2011	KATE YOUNG
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SONOSITE, INC. 21919 30TH DR SE BOTHELL, WA 98021-3904	3b Administrator's EIN 91-1405022 3c Administrator's telephone number 425-951-1200
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	628
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	552
b Retired or separated participants receiving benefits.....	6b	1
c Other retired or separated participants entitled to future benefits.....	6c	114
d Subtotal. Add lines 6a , 6b , and 6c	6d	667
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	667
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	543
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	40

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan SONOSITE, INC. 401(K) RETIREMENT SAVINGS PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 SONOSITE, INC.		D Employer Identification Number (EIN) 91-1405022

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
THE VANGUARD GROUP, INC.
23-1945930

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 16 25 37 52 59	NONE	33160	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan SONOSITE, INC. 401(K) RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN)	001
C Plan sponsor's name as shown on line 2a of Form 5500 SONOSITE, INC.	D Employer Identification Number (EIN) 91-1405022	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	
(2) Participant contributions	1b(2)	5500	511
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	346318	386084
(9) Value of interest in common/collective trusts.....	1c(9)	1883927	2096239
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	28494408	34355358
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	30730153	36838192

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	30730153	36838192
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	3391982	
(C) Others (including rollovers)	2a(1)(C)	782042	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		4174024

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	18783	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		18783

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	677379	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		677379

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		96927
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		3458989
c Other income.....	2c		161
d Total income. Add all income amounts in column (b) and enter total.....	2d		8426263

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2286149	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		2286149
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	32075	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		32075
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2318224

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		6108039
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLARK NUBER, P.S.

(2) EIN: 91-1194016

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....	X		511
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>SONOSITE, INC. 401(K) RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SONOSITE, INC.</u>	D Employer Identification Number (EIN) <u>91-1405022</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>23-2186884</u> Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Independent Auditors' Report***To the Plan Administrator
SonoSite, Inc. 401(k) Retirement Savings Plan
Bothell, Washington***

We were engaged to audit the accompanying statements of net assets available for benefits of the SonoSite, Inc. 401(k) Retirement Savings Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits and supplementary information as of and for the year ended December 31, 2010. These financial statements and supplementary information are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Vanguard Fiduciary Trust Company (Vanguard), the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplementary information. The plan administrator has informed us that Vanguard holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from Vanguard as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by Vanguard is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplementary information taken as a whole. The form and content of the information included in the financial statements and supplementary information, other than that derived from the information certified by Vanguard, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Certified Public Accountants
August 8, 2011

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

**Attachment to Form 5500, Schedule H, Line 4(i)
Schedule of Assets Held at December 31, 2010**

Employer: SonoSite, Inc.

EIN: 91-1405022

Plan No.: 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Vanguard	Vanguard Target Retirement 2025	**	\$ 6,739,982
*	Vanguard	Vanguard Target Retirement 2020	**	4,338,159
*	Vanguard	Vanguard Target Retirement 2030	**	3,939,904
*	Vanguard	Vanguard Target Retirement 2035	**	3,544,869
*	Vanguard	Vanguard Retirement Savings Trust	**	2,096,239
*	Vanguard	Vanguard 500 Index	**	2,049,699
*	Vanguard	Vanguard Total Bond Market Index	**	1,809,239
*	Vanguard	Vanguard Target Retirement 2040	**	1,481,142
*	Vanguard	Vanguard Target Retirement 2015	**	1,387,829
	American Funds	American Funds Europacific Growth	**	1,271,557
*	Vanguard	Vanguard Morgan Growth	**	1,165,615
*	Vanguard	Vanguard Small-Cap Index	**	1,059,991
*	Vanguard	Vanguard Mid-Cap Index	**	1,039,603
*	Vanguard	Vanguard Windsor II	**	924,988
	Artisan	Artisan International Value	**	706,478
*	Vanguard	Vanguard Target Retirement 2010	**	582,686
*	Vanguard	Vanguard Small-Cap Growth Index	**	556,021
*	Vanguard	Vanguard Target Retirement 2045	**	516,576
*	Vanguard	Vanguard Target Retirement Income	**	347,615
*	Vanguard	vanguard Target Retirement 2005	**	314,731
*	Vanguard	Vanguard Target Retirement 2050	**	263,400
*	Vanguard	Vanguard Small-Cap Value Index	**	173,799
*	Vanguard	Vanguard Prime Money Market Fund	**	108,181
*	Vanguard	Vanguard Target Retirement 2055	**	33,294
*	Participant Loans	Interest rates from 4.75% to 9.75%	0	386,084
Total				<u>\$ 36,837,681</u>

* Party-in-interest as defined by section 3(14) of ERISA.

** Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditors' report.

***SONOSITE, INC. 401(k)
RETIREMENT SAVINGS PLAN***

Financial Statements

For the Year Ended December 31, 2010

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Independent Auditors' Report***To the Plan Administrator
SonoSite, Inc. 401(k) Retirement Savings Plan
Bothell, Washington***

We were engaged to audit the accompanying statements of net assets available for benefits of the SonoSite, Inc. 401(k) Retirement Savings Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits and supplementary information as of and for the year ended December 31, 2010. These financial statements and supplementary information are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Vanguard Fiduciary Trust Company (Vanguard), the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplementary information. The plan administrator has informed us that Vanguard holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from Vanguard as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by Vanguard is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplementary information taken as a whole. The form and content of the information included in the financial statements and supplementary information, other than that derived from the information certified by Vanguard, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Certified Public Accountants
August 8, 2011

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

**Statements of Net Assets Available for Benefits
December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Assets:		
Investments, at fair value-		
Mutual funds	\$ 34,355,358	\$ 28,494,408
Collective trust fund	<u>2,096,239</u>	<u>1,883,927</u>
Total investments	36,451,597	30,378,335
Receivables-		
Employee contributions	511	5,500
Notes receivable from participants	<u>386,084</u>	<u>346,318</u>
Total receivables	<u>386,595</u>	<u>351,818</u>
Net Assets Available for Benefits at Fair Value	36,838,192	30,730,153
Adjustment from fair value to contract value for the fully benefit-responsive collective trust fund	<u>(82,546)</u>	<u>(40,727)</u>
Net Assets Available for Benefits	<u>\$ 36,755,646</u>	<u>\$ 30,689,426</u>

See accompanying notes.

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

**Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2010**

Additions to Net Assets:

Contributions-	
Employee	\$ 3,391,982
Rollover	<u>782,042</u>

Total contributions 4,174,024

Investment income-

Net appreciation in fair value of investments	3,458,989
Interest and dividends	<u>751,431</u>

Total investment income 4,210,420

Total Additions 8,384,444

Deductions from Net Assets:

Benefits paid to participants	2,286,149
Administrative expenses	<u>32,075</u>

Total Deductions 2,318,224

Net Increase in Net Assets Available for Benefits 6,066,220

Net Assets Available for Benefits:

Beginning of year 30,689,426

End of Year \$ 36,755,646

See accompanying notes.

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 1 - Description of the Plan

The following description of the SonoSite, Inc. 401(k) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan established by SonoSite, Inc. (the Company) under the provisions of Section 401(a) of the Internal Revenue Code (IRC). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Eligibility - Employees will be eligible to become participants in the Plan upon attainment of age 21 unless they are temporary employees, summer interns, leased employees, employees covered by a collective bargaining agreement or independent contractors.

Plan Administration - The trustee and record keeper of the Plan is Vanguard Fiduciary Trust Company (Vanguard). The Plan is administered by the Company.

Contributions - Participants may defer up to 75% of eligible compensation and make catch-up contributions if they have attained age 50 before the end of the plan year. Participants may also contribute amounts representing distributions from other qualified plans.

The Plan allows the Company to make discretionary matching and non-elective (profit sharing) contributions. The Company did not authorize any discretionary matching or profit sharing contributions for the plan year ended December 31, 2010.

Participant Accounts - Each participant's account is credited with his or her contribution, the related Company contribution (if any), and the participant's share of the Plan's income. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Allocation Provisions - Dividend income, interest income and net realized and unrealized investment gain or loss of each fund shall be allocated to the accounts of each participant based on the participant's proportionate share of the various investment funds held in their investment account.

Investment Options - Participants have the option of directing their account balance into any one or more of the Plan's investment options. A participant may change their investment elections and transfer existing account balances between funds on a daily basis.

Payment of Benefits - Upon termination of employment, death, disability, or retirement, a participant or beneficiary may elect to receive a lump-sum distribution equal to the value of the participant's vested interest in his or her account. Participants are also eligible to receive withdrawals in the event of certain financial hardships. A participant's right to make deferrals to the Plan will be suspended for six months after receipt of a hardship withdrawal. Participants who have attained age 59½ can receive distributions while still employed by the Company.

Upon termination of service, a participant or beneficiary will automatically receive the vested interest in their account as a lump-sum payment if their vested benefits are \$5,000 or less.

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 1 - Continued

Notes Receivable from Participants - Participants may obtain loans as specified in the Plan document. A participant's loan is limited to the lesser of \$50,000 or 50% of the participant's vested account balance. The minimum loan amount is \$1,000. Loans are repayable through payroll deductions over a term ranging up to five years, unless the loan is used to acquire a principal residence, in which case the loan term is determined at the time the loan is made. Loans are secured by the balance of the participant's account. The interest rate determined by the plan administrator is based on the average rate used for similar personal loan transactions and is fixed over the term of the loan. The interest rates on outstanding loans ranged from 4.75% to 9.75% at December 31, 2010.

Vesting - Participants are immediately vested in their salary deferral contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary profit sharing contributions is based on years of continuous service as follows:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Forfeitures - Forfeitures are used to reduce future Company contributions or pay for administrative expenses. During 2010, forfeitures of \$30,225 were used to offset administrative expenses. Unallocated forfeitures as of December 31, 2010 and 2009 were \$108,181 and \$40,610, respectively.

Investment Management and Administrative Expenses - Investment fund options are subject to investment management fees based on a percentage of invested assets. All such fees are charged directly against the fund's investment performance and, therefore, are not separately disclosed in the accompanying financial statements. Participants should refer to the prospectuses of these funds for details on the various types and amounts of investment fees charged.

Recordkeeping and certain other administrative expenses were paid from the Plan's forfeiture account during 2010. Transaction fees for loans are charged directly to the accounts of participants with outstanding loans. The Plan's other administrative expenses are paid by the Company.

Subsequent Events - The Plan's management has evaluated subsequent events through August 8, 2011, the date on which the Plan's financial statements were available to be issued.

Note 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 2 - Continued

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments represents the change in fair value of assets from one period to the next and includes realized gains and losses on investments.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance. Accrued but unpaid interest, if any, would not have a material impact on the Plan's financial statements.

Benefits Paid to Participants - Benefits paid to participants are recognized when they are paid.

New Accounting Pronouncements - In September 2010, the Financial Accounting Standards Board (FASB) issued guidance clarifying the classification and measurement of participant loans by defined contribution pension plans. That guidance requires that participant loans be classified as notes receivable from participants and measured at their unpaid principal balance, plus any accrued but unpaid interest. The Plan adopted this new guidance in its December 31, 2010 financial statements and has reclassified participant loans of \$346,318 at December 31, 2009 from investments to notes receivable from participants. Net assets of the Plan were not affected by the adoption of the new guidance.

Note 3 - Fair Value Measurements

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under this guidance are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 3 - Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Plan at year-end.

Collective Trust Fund - Valued using the NAV provided by the fund's trustee. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date. The fund is traded on a private market that is not active; however, the unit price is based primarily on observable market data of the fund's underlying assets.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value (Levels 1, 2 and 3 are previously defined):

<i>Fair Value Measurements as of December 31, 2010</i>				
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Mutual funds-				
Target date	\$ 23,490,186	\$ -	\$ -	\$ 23,490,186
Blend	4,149,293			4,149,293
International	1,978,036			1,978,036
Fixed income	1,809,239			1,809,239
Growth	1,721,636			1,721,636
Value	1,098,787			1,098,787
Money market	108,181			108,181
Total mutual funds	34,355,358			34,355,358
Collective trust fund-stable value		2,096,239		2,096,239
	\$ 34,355,358	\$ 2,096,239	\$ -	\$ 36,451,597
<i>Fair Value Measurements as of December 31, 2009</i>				
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Mutual funds-				
Target date	\$ 19,926,980	\$ -	\$ -	\$ 19,926,980
Blend	3,221,623			3,221,623
International	1,626,764			1,626,764
Fixed income	1,615,695			1,615,695
Growth	1,231,292			1,231,292
Value	831,444			831,444
Money market	40,610			40,610
Total mutual funds	28,494,408			28,494,408
Collective trust fund-stable value		1,883,927		1,883,927
	\$ 28,494,408	\$ 1,883,927	\$ -	\$ 30,378,335

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 4 - Investments

The following presents investments that represent 5% or more of the Plan's net assets at December 31:

	<u>2010</u>	<u>2009</u>
Mutual Funds-		
Vanguard Target Retirement 2025 Fund	\$ 6,739,982	\$ 5,491,055
Vanguard Target Retirement 2020 Fund	4,338,159	3,750,505
Vanguard Target Retirement 2030 Fund	3,939,904	3,356,693
Vanguard Target Retirement 2035 Fund	3,544,869	3,329,065
Vanguard 500 Index Fund	2,049,699	1,695,289
Vanguard Target Retirement 2015 Fund	*	1,616,443
Vanguard Total Bond Market Index Fund	*	1,615,695
Collective Trust Fund-		
Vanguard Retirement Savings Trust	2,096,239	1,883,927

* Does not represent more than 5% of net assets at Plan year end.

Note 5 - Information Certified by the Trustee

The Plan's management has elected the method of compliance permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Under this provision of ERISA, certain information certified by a trust company need not be subjected to independent audits. The Plan's management has obtained certification from the trustee, Vanguard, that the following information provided by the trustee and included in the Plan's financial statements and supplementary information is complete and accurate:

- Fair value and, if applicable, contract value of investments as of December 31, 2010 and 2009;
- Investment income earned for the year ended December 31, 2010; and
- Investment transactions for the year ended December 31, 2010.

Note 6 - Party-in-Interest Transactions

Certain Plan investments are shares of mutual funds and units of a collective trust fund managed by an affiliate of the trustee, Vanguard. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules.

Note 7 - Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their account balances.

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 8 - Tax Status

The Company adopted a Vanguard Prototype Plan which received a favorable opinion letter dated March 31, 2008, in which the Internal Revenue Service (IRS) stated that the prototype plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan itself has not received a determination letter from the IRS. However, the Plan's management believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

The Plan is subject to audits by the IRS for certain tax periods based on applicable laws and regulations; however, there are currently no audits for any tax periods in progress.

Note 9 - Risks and Uncertainties

The Plan provides for various investment fund options which in turn invest in a combination of stocks, bonds, and other investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

Note 10 - Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	<u>2010</u>	<u>2009</u>
Net assets available per the financial statements	\$ 36,755,646	\$ 30,689,426
Adjustment from contract value to fair value for the collective collective trust fund relating to fully benefit-responsive investment contracts	<u>82,546</u>	<u>40,727</u>
Net Assets per the Form 5500	<u>\$ 36,838,192</u>	<u>\$ 30,730,153</u>

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Note 10 - Continued

The following is a reconciliation of investment income per the financial statements to the Form 5500 for the year ended December 31, 2010:

Total investment income per the financial statements	\$ 4,210,420
Net change in the adjustment from contract value to fair value for the fully benefit-responsive collective trust fund from December 31, 2009 to December 31, 2010	<u>41,819</u>
Total Investment Income per the Form 5500	<u><u>\$ 4,252,239</u></u>

Note 11 - Subsequent Event

Effective March 14, 2011, the Plan was amended to allow participants to make after-tax "Roth" contributions. Participants may designate all or a portion of their elective deferrals as Roth contributions.

SUPPLEMENTARY INFORMATION

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

**Attachment to Form 5500, Schedule H, Line 4(a)
Schedule of Delinquent Participant Contributions**

Employer: SonoSite, Inc.

EIN: 91-1405022

Plan No.: 001

Participant Contributions Transferred Late to Plan	Total that Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
Check Here if Late Participant Loan Repayments are Included: ☐	Contributions not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
\$511	\$511	\$0	\$0	\$0

See independent auditors' report.

SONOSITE, INC. 401(k) RETIREMENT SAVINGS PLAN

**Attachment to Form 5500, Schedule H, Line 4(i)
Schedule of Assets Held at December 31, 2010**

Employer: SonoSite, Inc.

EIN: 91-1405022

Plan No.: 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Vanguard	Vanguard Target Retirement 2025	**	\$ 6,739,982
*	Vanguard	Vanguard Target Retirement 2020	**	4,338,159
*	Vanguard	Vanguard Target Retirement 2030	**	3,939,904
*	Vanguard	Vanguard Target Retirement 2035	**	3,544,869
*	Vanguard	Vanguard Retirement Savings Trust	**	2,096,239
*	Vanguard	Vanguard 500 Index	**	2,049,699
*	Vanguard	Vanguard Total Bond Market Index	**	1,809,239
*	Vanguard	Vanguard Target Retirement 2040	**	1,481,142
*	Vanguard	Vanguard Target Retirement 2015	**	1,387,829
	American Funds	American Funds Europacific Growth	**	1,271,557
*	Vanguard	Vanguard Morgan Growth	**	1,165,615
*	Vanguard	Vanguard Small-Cap Index	**	1,059,991
*	Vanguard	Vanguard Mid-Cap Index	**	1,039,603
*	Vanguard	Vanguard Windsor II	**	924,988
	Artisan	Artisan International Value	**	706,478
*	Vanguard	Vanguard Target Retirement 2010	**	582,686
*	Vanguard	Vanguard Small-Cap Growth Index	**	556,021
*	Vanguard	Vanguard Target Retirement 2045	**	516,576
*	Vanguard	Vanguard Target Retirement Income	**	347,615
*	Vanguard	vanguard Target Retirement 2005	**	314,731
*	Vanguard	Vanguard Target Retirement 2050	**	263,400
*	Vanguard	Vanguard Small-Cap Value Index	**	173,799
*	Vanguard	Vanguard Prime Money Market Fund	**	108,181
*	Vanguard	Vanguard Target Retirement 2055	**	33,294
*	Participant Loans	Interest rates from 4.75% to 9.75%	0	386,084
Total				<u>\$ 36,837,681</u>

* Party-in-interest as defined by section 3(14) of ERISA.

** Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditors' report.