

## **Toshiba Medical Systems Acquire Vital Images, Inc.**

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Toshiba Medical Systems Corporation ("TMSC") and Vital Images, Inc. (Nasdaq: VTAL) ("Vital") have entered into a definitive agreement pursuant to which a subsidiary of TMSC will acquire all of the outstanding shares of common stock of Vital for \$18.75 per share, or approximately \$273 million in the aggregate, through a cash tender offer followed by a merger.

Under the terms of the agreement, which has been unanimously approved by each of Vital's and TMSC's boards of directors, Vital's shareholders will receive \$18.75 in cash for each outstanding share of Vital common stock they own. This represents a 39 percent premium over the volume-weighted average Vital share price for the past 30 calendar days.

Satoshi Tsunakawa, chief executive officer of TMSC, said: "After a decade-long successful partnership spanning more than 50 countries, TMSC is taking the partnership to the next level. We have enormous respect for Vital's products, pipeline and people, and look forward to working with their highly skilled team to enhance clinical value for patients throughout the world. This transaction will allow TMSC to significantly strengthen its Imaging Solutions business by integrating our technologies to meet the global demand for advanced visualisation and imaging informatics provided to healthcare professionals and through healthcare IT providers."

Michael Carrel, CEO of Vital, stated: "This is a great day for Vital's shareholders, employees, customers and partners. TMSC has been our largest customer for a decade, as well as a strategic development partner. We will combine forces to enhance the multi-modality platform we have been marketing to hospitals in the U.S. and overseas. This transaction means we can now accelerate our global presence with the strength and backing of TMSC."

Under the terms of the agreement, it is anticipated that Merger Sub will commence a tender offer for all of the outstanding shares of Vital by May 11, 2011.

The closing of the tender offer is conditioned on, among other things, the tender of at least a majority of the outstanding shares of Vital's common stock on a fully diluted basis, required regulatory approvals, including those of the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and other customary closing conditions. It is expected that the transaction will close in the second or third quarter of 2011.

For this transaction, Morgan Stanley & Co. Incorporated acted as financial advisor to TMSC and Simpson Thacher & Bartlett LLP is acting as TMSC's legal counsel. Piper Jaffray & Co. acted as financial advisor to Vital and Faegre and Benson LLP is acting as Vital's legal counsel.

### **Vital's Commentary on First Quarter Earnings**

On a preliminary basis, Vital's revenue for the first quarter of 2011 was better than expected for its non-TMSC business, although revenues pertaining to TMSC were negatively affected by TMSC's business. While overall first quarter 2011 revenue was better than first quarter of 2010, it will be slightly below analyst expectations. Earnings were largely in-line with expectations. Vital expects to report full first quarter financial results on May 2, 2011; however, in light of the pending transaction, the first quarter earnings conference call on May 5, 2011 has been cancelled.

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