

Overview

Introduction

PENTAX Medical Company has acquired the operating assets of Kay Elemetrics Corp. Kay's operations will be continued as a division of PENTAX Medical Company under the name "KayPENTAX." KayPENTAX will function as the ENT/Speech Pathology division of PENTAX Medical Company. The following questions and answers provide overview information for employees of both organizations.

Who is PENTAX Medical Company?

The U.S. Medical Division of PENTAX Corporation was founded in 1979 as Pentax Precision Instrument Corporation, providing endoscopic imaging devices and technology to the medical profession. Today, with 280 employees across the country and headquarters in Montvale, New Jersey, PENTAX Medical Company is an industry leader specializing in video & fiber endoscopy equipment and computer technology & imaging products for diagnostic, therapeutic, and research applications. PENTAX also introduced Motion Picture Studio, or MPS video streaming technology for GI image & data management, and pioneered advances in unsedated transnasal scope technology for the GI and ENT markets. PENTAX's products are used by physicians, hospitals and ambulatory surgery centers in the U.S. and around the world. For more information, please refer to the PENTAX Medical Company Fact Sheet included in this packet or to: www.pentaxmedical.com.

Who is Kay Elemetrics Corp.?

Founded in 1947 as Kay Electric Company and incorporated in 1970 as Kay Elemetrics, Kay specializes in providing leading speech, voice, and swallowing analysis instrumentation to the ENT, speech pathology, and linguistics markets. Our motto is "World Leaders in Speech, Voice, and Swallowing Instrumentation." Kay's products are widely used around the world, with greater than 60%

market share across all product lines in most markets served. In addition, Kay products are used in 45 of the 50 best ENT hospitals in the U.S., as ranked by *U.S. News and World Report*. Kay employs 33 people in its Lincoln Park, New Jersey headquarters, and has representatives in 40 countries around the world. For more information, please refer to the KayPENTAX Fact Sheet included in this packet, or to: www.kaypentax.com.

Why did this acquisition happen and why does it make sense?

Our companies market complementary products and share a vision for, and dedication to, delivering superior technology, combined with world-class service and support to our customers. Historically, each company has dedicated over 10% of its annual revenues to research and development. Our R&D teams will work together to seek ways to improve upon the synergies we already enjoy. We are dedicated to not just maintaining, but improving upon our position of leadership in the markets we serve. We believe our combined organizations will achieve great strides in technology, now and in the future.

How do Kay products fit with PENTAX products?

As separate companies, PENTAX and Kay have successfully partnered in the past on products including PENTAX's FEESST system and Kay's Digital Swallowing Workstation, as well as PENTAX's new ENT videoscopes and Kay's Digital Stroboscopy systems. We believe we can immediately combine our product lines, which will benefit our customers. In addition, our sales forces will benefit from sharing our resources and working together to expand our market and add incremental sales.

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PENTAX Medical Company & Kay Elemetrics Corp.

A Perfect Fit



Will there be any difference perceived by our customers?

We expect our customers will see a greater selection in products and services offered, and superior technology as the result of our combined R&D efforts!

Will my job change?

Immediately we expect that our senior management, R&D, and sales and marketing teams will begin to work together to bring the new KayPENTAX into the existing PENTAX family, and to realize the maximum synergies we share. While individual roles may evolve slightly, we expect very little change to any employee's overall job description.

Will Kay's website change?

Yes. Effective immediately, Kay's new website address is www.kaypentax.com

Will my email address change?

Currently, Kay email addresses will remain the same. However, we expect they will reflect the PENTAX family name in the upcoming months.

Will I have to move?

KayPENTAX will operate out of its current headquarters in Lincoln Park, and PENTAX Medical Company will remain in Montvale.

Will my benefits change?

Both Kay and PENTAX offer generous employee benefits packages. Effective immediately, the Human Resources Department of PENTAX will begin working with all Kay employees to explain the benefits currently enjoyed by PENTAX Medical Company employees, and discuss timelines for implementation. For specifics, please refer to the Human Resources folder you will receive from PENTAX.

Who should I ask if I have additional questions?

We hope this overview information has been helpful. However, we encourage you to speak with your Manager about any additional questions you may have. If you have specific Human Resources questions, please contact Cathy Pisano, Human Resources Manager for PENTAX at (201) 571-2300, ext. #2050.

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