

Kodak to Purchase OREX, Leader in Computed Radiography Products for Specialty Markets
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Acquisition Broadens Kodak's CR Portfolio; Provides Foundation for Continued Growth

ROCHESTER, N.Y., Jan. 18 - Eastman Kodak Company today announced it has entered into an agreement to acquire OREX Computed Radiography Ltd., a leading provider of compact, robust computed radiography systems that enable medical practitioners to acquire patient x-ray images digitally.

Under the agreement, Kodak would acquire privately held OREX for approximately \$50.5 million in cash. The agreement is subject to regulatory and other approvals, and will likely close by the end of the first quarter. Kodak anticipates that OREX will add approximately \$32 million to Kodak's revenue in 2005, reflecting approximately 10 months of Kodak ownership. The company also anticipates the acquisition will be earnings neutral in 2005 and accretive thereafter. In 2004, OREX's revenue totaled approximately \$28 million.

The technology and innovation behind the hardware and software that make up OREX's small format computed radiography (CR) products have resulted in one of the most versatile and flexible compact CR systems on the market. OREX manufactures and markets these systems for specialty markets, such as orthopedics, diagnostic imaging centers and dentistry. OREX's systems also are used for in-room CR needs throughout a medical facility—such as in emergency, pediatrics and intensive care departments—enabling medical staff to stay in close contact with patients during the exam. To date, almost 4,000 OREX systems have been installed in the U.S., Europe, Japan, China and other parts of the world. To date, OREX has sold some 250 of these CR units to branches of the U.S. military.

“Acquiring OREX—whose compact CR products are leading in their market segments—is in strategic alignment with plans to market our digital medical imaging and information products to customers in specialty medical markets worldwide,” said Dan Kerpelman, President, Kodak's Health Imaging Group. “By augmenting our own highly successful CR product line, we can provide a broader array of CR solutions to meet the needs of large and small practices alike.”

Additionally, the purchase will enhance the marketability of OREX systems, since they will be supported by Kodak's considerable resources including technology and global sales reach. “Kodak has the customer focus, the breadth of digital image capture, PACS (picture archiving and communications systems) and print solutions, an excellent track record in CR systems and the global resources to further enhance and better serve OREX existing and new customers in specialty markets like no one else can,” said Hillel Bachrach, President and Chief Executive Officer of OREX. “All of us at OREX see tremendous opportunity ahead as a result of joining Kodak, which is one of the world's truly great brands.”

CR systems from OREX are also used by customers in another market Kodak serves—industrial non-destructive testing (NDT) organizations such as pipeline companies, foundries and aerospace manufacturers—offering industrial radiographers an easy digital solution to make image viewing and analysis more efficient. Kodak's Non-Destructive Testing unit, which designs and produces innovative digital and film-based NDT solutions, will market OREX CR systems to this unique industry.

“The addition of a compact CR unit to Kodak's NDT product portfolio is proof of our commitment to create new and

better ways for customers to use images and information,” said William Quinn, Worldwide General Manager of Aerial and Industrial Markets for Kodak’s Digital and Film Imaging Systems business. “Customers are very satisfied with OREX’s products for mobile NDT applications that require testing devices to move to the structure—as is the case for monitoring installed pipelines for cracks or checking for corrosion in nuclear power reactor valves.”

Headquartered in Yokneam, Israel, OREX was founded in 1996 as Digident (focusing initially on dental CR) and expanded its product line in 2001 to leverage its expertise into the broader category of specialty medical markets. With 84 employees worldwide, OREX will remain in its principal location in Israel, and will become a wholly owned subsidiary of Kodak and operate within Kodak’s Health Imaging Group.