

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): October 12, 2006

ANGIODYNAMICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-50761

11-3146460

(Commission File Number)

(IRS Employer Identification No.)

603 Queensbury Avenue, Queensbury, New York

12804

(Address of Principal Executive Offices)

(Zip Code)

(518) 798-1215

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On October 12, 2006, AngioDynamics, Inc. ("AngioDynamics") entered into a Stock Purchase Agreement (the "Purchase Agreement") with Oncobionic, Inc. ("Oncobionic") and the shareholders of Oncobionic to acquire all of the issued and outstanding shares of the capital stock of Oncobionic. On October 17, 2006, AngioDynamics issued a press release announcing its entry into the Purchase Agreement, a copy of which is filed as Exhibit 99.1 to this report.

AngioDynamics and Oncobionic are parties to an existing distribution and purchase option agreement ("Distribution Agreement") under which AngioDynamics has a worldwide exclusive right to market and distribute products called "tissue portal" for use in the field of image-guided tumor ablation, subject to certain limitations set forth in the agreement. The Distribution Agreement also provided for an option to purchase Oncobionic, which expired unexercised in August, 2005. The Distribution Agreement will survive any termination of the Purchase Agreement.

Under the Purchase Agreement, AngioDynamics has agreed to pay a total purchase price consisting of (i) a fixed purchase price of \$25 million, less Oncobionic's long-term debt as of the closing date of the

acquisition (the "Fixed Purchase Price") and (ii) a contingent purchase price equal to three (3%) percent of net sales (as defined in the Agreement) of any catheter-based products sold by AngioDynamics that incorporate Oncobionic's irreversible electroporation technology for use in reducing the incidence of restenosis (the recurrence of narrowing or constriction of the arteries) associated with angioplasty procedures. Oncobionic holds a license to such technology under a license agreement with the Regents of the University of California (the "UC License").

\$5.0 million of the Fixed Purchase Price, constituting a non-refundable deposit, was paid by AngioDynamics upon the execution of the Purchase Agreement. Of the balance of the Fixed Purchase Price, 50% is payable at the closing of the acquisition, 25% is payable six months after the closing, and the remaining 25% is payable 18 months after the closing.

The closing of the acquisition is subject to Oncobionic's successful performance and completion of human use tests confirming the acute efficacy of irreversible electroporation in ablating prostate cancer. If the human use tests do not achieve the results contemplated by the test protocol, AngioDynamics may either (i) terminate the Agreement, (ii) waive the closing condition or (iii) propose one-time revisions to the test protocol and an extension of the test period, subject to Oncobionic's consent and at AngioDynamics' expense. Oncobionic may terminate the Purchase Agreement if the human use tests do not achieve the results set forth in the test protocol (after giving effect to any revisions thereof and extension thereto), unless AngioDynamics waives such closing condition. In the event of any such termination, the Oncobionic shareholders will be

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entitled to retain the \$5.0 million deposit payment received from AngioDynamics.

The closing of the acquisition is also subject to customary closing conditions, including any governmental or other consents or approvals. In addition, the Purchase Agreement provides that concurrently with the closing of the acquisition, AngioDynamics will enter into non-competition agreements and consulting agreements with certain of the principals of Oncobionic.

The Purchase Agreement also permits Oncobionic to license its irreversible electroporation technology for Cardiac Arrhythmia Application (as defined in the Purchase Agreement) to a single licensee and to appoint an affiliate of certain of the shareholders of Oncobionics as its agent (the "Agent") for a period of four years, commencing on the execution of the Purchase Agreement, to identify a potential licensee for such license. Under the Purchase Agreement, prior to the closing, AngioDynamics has a right of first refusal on any third-party offers for a license to the Cardiac Arrhythmia Application.

Under a commission agreement between Oncobionic and the Agent entered into concurrently with the Purchase Agreement, Oncobionic has agreed to pay the Agent fifty (50%) percent of all license fees and royalties received from any licensee identified by the Agent after payment of all license fees dues under the UC License. Additionally, Oncobionic has agreed to pay the Agent a termination fee equal to fifty (50%) percent of (i) the unconditional, non-refundable, up-front fees and (ii) the guaranteed minimum royalty payments that would have been paid to Oncobionic under a proposed license in excess of the fees due under the UC License, if Oncobionic rejects a *bona fide* offer by a potential licensee or is otherwise unable in good faith to reach an agreement with a potential licensee.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release dated October 17, 2006.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 18, 2006

ANGIODYNAMICS, INC.
(Registrant)

By: /s/ Joseph G. Gerardi

Joseph G. Gerardi
Vice President, Chief Financial Officer

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EXHIBIT INDEX

Exhibit

[99.1](#) [Press release dated October 17, 2006.](#)

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ANGIODYNAMICS TO ACQUIRE ONCOBIONIC AND ITS REVOLUTIONARY NEW CANCER THERAPY

Conference call begins October 18 at 8:30 a.m. Eastern time

QUEENSBURY, N.Y. (October 17, 2006) – AngioDynamics, Inc. (NASDAQ: ANGO) announces the signing of an agreement to acquire Oncobionic, Inc., a privately held company that has developed an irreversible electroporation (IRE) soft tissue ablation technology intended for use in targeted, or focal, cancer and benign tumor therapy. This technology holds the potential to safely treat a wide range of diseases from liver tumors to prostate cancer quickly and efficiently. AngioDynamics has made an initial, non-refundable, cash deposit of \$5 million to Oncobionic, with an additional \$20 million in cash payments to be made over two years subsequent to achievement of specified milestones. The acquisition of Oncobionic will close upon successful human use of its IRE technology, for which testing is expected to commence in mid calendar 2007.

Emonn P. Hobbs, president and chief executive officer of AngioDynamics, said, “We began working closely with Oncobionic in 2004 when we signed a distribution and option agreement for advancement of irreversible electroporation for focal cancer therapy. The more we have learned, the more we have become convinced that the Oncobionic technology holds great opportunity to revolutionize focal cancer therapy, with great potential for better treatment outcomes for patients. This technology provides AngioDynamics with a strong platform to expand our product offering within interventional oncology and to become a market leader in this rapidly evolving field.”

Irreversible electroporation uses needles and image guidance similar to existing thermal ablation technologies, but instead of “cooking or freezing” the targeted tissue, IRE disrupts the cell membrane, thereby destroying the targeted cells without thermal damage and without affecting connective tissue and structures such as blood vessels and ducts. In IRE, needle electrodes are placed through the skin by image guidance in the center or at the edge of targeted tissue. A certain electrical field is then generated within the electrode array, causing permanent nanoscale defects (pores) in the cell membranes. The permanently impaired cells are left in the body to be removed by the body’s natural immune system. IRE should also allow for the preservation of nerves and other vital structures such as urethra, ducts and blood vessels.

IRE potentially offers significant advantages over radiofrequency and cryoablation, the two leading thermal ablation technologies in the market today, including:

- Faster delivery of ablation energy
- Clearly defined and predictable treatment margins
- Evidence of Real-time imaging with ultrasound
- Preservation of non-cellular structures of the tissue such as connective tissue, vessels and ducts.
- Complete destruction of tissue adjacent to large vessels (no heat sink effect)
- Evidence of rapid tissue regeneration

The IRE technology was invented at the University of California, Berkeley, by the group of Professor Boris Rubinsky, and is exclusively licensed to Oncobionic for commercial development.

Discussing development plans, Mr. Hobbs added, "A 510(k) application for general tissue ablation has been filed with the U.S. Food and Drug Administration. We currently expect first human use in liver and prostate cancer by the middle of calendar 2007. We currently expect to begin marketing a product utilizing the IRE technology by the middle of calendar 2008."

Cancer is the leading cause of death in the United States of people under age 85. Cancerous tumors within the liver, lung, breast, prostate, kidney and bone have been successfully treated with focal ablation technologies, and the company estimates an annual potential market opportunity in the United States in excess of \$1.6 billion. In addition, the company estimates an annual \$4.4 billion potential market in the United States for the treatment of Benign Prostatic Hyperplasia (BPH), more commonly known as enlargement of the prostate.

AngioDynamics notes that it continues to expect fiscal 2007 research and development expense to be 8.3% of net sales, as previously announced.

Conference Call and Presentation

AngioDynamics management will host a conference call and presentation to discuss this announcement tomorrow, October 18 beginning at 8:30 a.m. Eastern time. In addition, Gary Onik, M.D., Director of Surgical Imaging, Celebration Health / Florida Hospital, co-founder and president of Oncobionic, will be available to answer questions. To participate in the call, please dial (800) 798-2801 from the U.S., or (617) 614-6205 from outside the U.S. The passcode is 72096391. Slides that accompany management's presentation will be available at <http://investor.angiodynamics.com/>.

A telephone replay of the call will be available from 10:30 AM Eastern time on October 18, 2006 through 11:59 p.m. Eastern time on October 25, 2006 by dialing (888) 286-8010 (domestic) or (617) 801-6888 (international) and entering conference ID number 22754230.

In addition, individuals can listen to the call on the Internet by visiting the investor relations portion of the Company's web site at <http://investor.angiodynamics.com/>. A recording of the conference call, along with the slide presentation, will be archived there for 12 months.

In addition, links to research on irreversible electroporation are available on the AngioDynamics web site.

About AngioDynamics

AngioDynamics, Inc. is a leading provider of innovative medical devices used by interventional radiologists, vascular surgeons and other physicians for the minimally invasive diagnosis and treatment of peripheral vascular disease. AngioDynamics, Inc. designs, develops, manufactures and markets a broad line of therapeutic and diagnostic devices that enable interventional physicians, such as interventional radiologists, vascular surgeons and others, to treat peripheral vascular diseases and other non-coronary diseases. The Company's diverse product line includes angiographic products and accessories, dialysis products, vascular access products, PTA products, drainage products, thrombolytic products and venous products. More information is available at www.angiodynamics.com.

The statements made in this document contain certain forward-looking statements that involve a number of risks and uncertainties. Words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," or variations of such words and similar expressions, are intended to identify such forward-looking statements. Investors are cautioned that actual events or results may differ from the Company's expectations. In addition to the matters described above, the ability of the Company to develop its products, future actions by the FDA or other regulatory agencies, results of pending or future clinical trials, overall economic conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, as well as the risk factors listed from time to time in the SEC filings of AngioDynamics, Inc., including but not limited to its Annual Report on Form 10-K for the year ended June 3, 2006, may affect the actual results achieved by the Company.

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