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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 27, 2005

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-50761

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**AngioDynamics, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**603 Queensbury Ave., Queensbury, New York**  
(Address of principal executive offices)

**11-3146460**  
(I.R.S. Employer  
Identification No.)

**12804**  
(Zip Code)

**(518) 798-1215**  
Registrant's telephone number, including area code

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of September 29, 2005, there were 12,231,428 shares of the issuer's common stock outstanding.

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AngioDynamics, Inc. and Subsidiary

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AngioDynamics, Inc. and Subsidiary  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	August 27, 2005	May 28, 2005
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 13,298	\$14,498
Marketable securities, at fair value	15,516	12,601
Accounts receivable - trade, net of allowance for doubtful accounts of \$196 and \$203, respectively	9,484	9,929
Inventories	10,998	10,264
Deferred income taxes	736	736
Due from former parent		85
Prepaid expenses and other	1,004	1,594
	<hr/>	<hr/>
Total current assets	51,036	49,707
PROPERTY, PLANT AND EQUIPMENT - AT COST, less accumulated depreciation and amortization	8,895	8,528
DEFERRED INCOME TAXES	501	501
INTANGIBLE ASSETS, less accumulated Amortization of \$1,067 and \$1,036, respectively	808	839
OTHER ASSETS	95	97
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 61,335</b>	<b>\$59,672</b>
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The accompanying notes are an integral part of these consolidated financial statements.

AngioDynamics, Inc. and Subsidiary  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

	August 27, 2005	May 28, 2005
	(unaudited)	(audited)
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,135	\$ 3,971
Accrued liabilities	3,118	3,491
Due to former parent	4	
Current portion of long-term debt	170	165
	<u>6,427</u>	<u>7,627</u>
Total current liabilities	6,427	7,627
LONG-TERM DEBT, net of current portion	2,890	2,935
	<u>9,317</u>	<u>10,562</u>
Total liabilities	9,317	10,562
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$.01 per share - 5,000,000 shares authorized; no shares issued and outstanding		
Common stock, par value \$.01 per share - 45,000,000 shares authorized; issued and outstanding 12,220,630 shares at August 27, 2005 and 12,051,632 shares at May 28, 2005	122	121
Additional paid-in capital	54,477	52,878
Accumulated deficit	(2,427)	(3,720)
Accumulated other comprehensive loss	(154)	(169)
	<u>52,018</u>	<u>49,110</u>
Total stockholders' equity	52,018	49,110
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 61,335</b>	<b>\$59,672</b>

The accompanying notes are an integral part of these consolidated financial statements.

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AngioDynamics, Inc. and Subsidiary  
**CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)  
(in thousands, except per share data)

	Thirteen weeks ended	
	August 27, 2005	August 28, 2004
Net sales	\$ 16,367	\$ 13,105
Cost of goods sold	6,847	6,112
<b>Gross profit</b>	<b>9,520</b>	<b>6,993</b>
<b>Operating expenses</b>		
Selling and marketing	4,524	3,463
General and administrative	1,563	1,132
Research and development	1,519	1,128
<b>Total operating expenses</b>	<b>7,606</b>	<b>5,723</b>
<b>Operating profit</b>	<b>1,914</b>	<b>1,270</b>
<b>Other income (expenses)</b>		
Interest income	163	51
Interest expense	(37)	(36)
Other income	39	
<b>Income before income tax provision</b>	<b>2,079</b>	<b>1,285</b>
Income tax provision	786	524
<b>NET INCOME</b>	<b>\$ 1,293</b>	<b>\$ 761</b>
<b>Earnings per common share</b>		
Basic	\$ .11	\$ .07
Diluted	\$ .10	\$ .06

The accompanying notes are an integral part of these consolidated financial statements.

## AngioDynamics, Inc. and Subsidiary

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**

Thirteen weeks ended August 27, 2005

(unaudited)

(in thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total	Compre- hensive income
	Shares	Amount					
Balance at May 28, 2005	12,051,632	\$ 121	\$ 52,878	\$ (3,720)	\$ (169)	\$49,110	
Net income				1,293		1,293	\$ 1,293
Exercise of stock options	162,410	1	759			760	
Tax benefit on exercise of stock options			723			723	
Purchases of common stock under Employee Stock Purchase Plan (the "ESPP")	6,588		95			95	
Compensation related to stock option plans			22			22	
Unrealized loss on marketable securities, net of tax of \$6					(10)	(10)	(10)
Unrealized gain on interest rate swap, net of tax of \$15					25	25	25
Comprehensive income							\$ 1,308
Balance at August 27, 2005	12,220,630	\$ 122	\$ 54,477	\$ (2,427)	\$ (154)	\$52,018	

The accompanying notes are an integral part of these consolidated financial statements.

## AngioDynamics, Inc. and Subsidiary

**CONSOLIDATED STATEMENTS OF CASH FLOWS**(unaudited)  
(in thousands)

	Thirteen weeks ended	
	August 27, 2005	August 28, 2004
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,293	\$ 761
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	225	183
Tax benefit on exercise of stock options	723	
Gain on sale of marketable securities	(38)	
Deferred income tax provision	(8)	
Provision (benefit) for doubtful accounts	(7)	(29)
Compensation related to stock option plans	155	14
Changes in operating assets and liabilities		
Accounts receivable	452	797
Inventories	(734)	(671)
Prepaid expenses and other assets	590	161
Accounts payable and accrued liabilities	(1,303)	(621)
Income taxes payable		45
Due to/from former parent	89	(350)
Net cash provided by operating activities	1,437	290
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(559)	(258)
Purchases of marketable securities	(8,409)	(2)
Proceeds from sales of marketable securities	5,516	
Net cash used in investing activities	(3,452)	(260)
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(40)	(35)
Payment of note payable - former parent		(3,000)
Proceeds from stock subscription receivable		19,949
Proceeds from issuance of common stock		2,992
Proceeds from issuance of common stock under the ESPP	95	
Proceeds from the exercise of stock options	760	
Payments of costs relating to initial public offering		(934)
Net cash provided by financing activities	815	18,972
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,200)</b>	<b>19,002</b>
<b>Cash and cash equivalents</b>		
Beginning of period	14,498	1,747
End of period	\$ 13,298	\$ 20,749

AngioDynamics, Inc. and Subsidiary

**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

(unaudited)  
(in thousands)

	Thirteen weeks ended	
	August 27, 2005	August 28, 2004
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 37	\$ 38
Income taxes	\$ 91	

The accompanying notes are an integral part of these consolidated financial statements.



AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 27, 2005 and August 28, 2004  
(unaudited)

**NOTE A - CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated balance sheet as of August 27, 2005, the consolidated statement of stockholders' equity and comprehensive income for the thirteen weeks ended August 27, 2005, and the consolidated statements of income and cash flows for the periods ended August 27, 2005 and August 28, 2004, have been prepared by the Company without audit. The consolidated balance sheet as of May 28, 2005, was derived from audited consolidated financial statements. In the opinion of management, all adjustments (which include only normally recurring adjustments) necessary to state fairly the financial position, changes in stockholders' equity and comprehensive income, results of operations and cash flows as of August 27, 2005 (and for all periods presented) have been made.

Certain information and footnote disclosures, normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted. It is suggested that these unaudited interim consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended May 28, 2005, filed by the Company on August 26, 2005. The results of operations for the periods ended August 27, 2005 and August 28, 2004 are not necessarily indicative of the operating results for the respective full fiscal years.

The unaudited interim consolidated financial statements include the accounts of AngioDynamics, Inc. and its wholly-owned subsidiary, Leacor, Inc. ("Leacor") (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated. The Company's operations are classified in one segment, peripheral vascular disease, as management of the Company's products and services follows principally the same marketing, production, and technology strategies.

**NOTE B - STOCK-BASED COMPENSATION**

As of August 27, 2005, the Company has two stock-based compensation plans, exclusive of the stock option plans related to the distribution by E-Z-EM, Inc. ("E-Z-EM" or the "Former Parent") of all of its shares of the Company's common stock to the E-Z-EM stockholders in October 2004 (see Note K). The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees", SFAS No. 123, "Accounting for Stock-based Compensation" for non-employees, and related interpretations. Accordingly, no compensation expense has been recognized under these plans concerning options granted to key employees and to members of the Board of Directors, as all such options granted had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. During the thirteen weeks ended August 27, 2005 and August 28, 2004, compensation expense of \$22,000 and \$14,000, respectively, was recognized under these plans for options granted to consultants. During the thirteen weeks ended August 27, 2005, compensation expense of \$38,000 and \$95,000 was recognized under these plans for restricted stock unit and performance share awards, respectively, granted to employees.

## AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**August 27, 2005 and August 28, 2004  
(unaudited)**NOTE B - STOCK-BASED COMPENSATION (continued)**

Performance share awards are accounted for under the provisions of APB No. 25 for variable awards.

If the Company had elected to recognize compensation expense based upon the fair value at the grant date for options and awards granted under these plans to employees and to members of the Board of Directors, consistent with the methodology prescribed by SFAS No. 123, the Company's pro forma net income and earnings per common share would be as follows:

	Thirteen weeks ended	
	August 27, 2005	August 28, 2004
	(in thousands)	
Net income		
As reported	\$ 1,293	\$ 761
Add total stock-based compensation recorded under intrinsic value based method for restricted stock unit and performance share awards, net of tax effects	88	
Deduct total stock-based compensation under fair value based method for all awards, net of tax effects	(274)	(231)
Pro forma net income	<u>\$ 1,107</u>	<u>\$ 530</u>
Earnings per common share		
Basic - as reported	\$ .11	\$ .07
Basic - pro forma	.09	.05
Diluted - as reported	\$ .10	\$ .06
Diluted - pro forma	.09	.04

## AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**August 27, 2005 and August 28, 2004  
(unaudited)**NOTE C - EARNINGS PER COMMON SHARE**

Basic earnings per share are based on the weighted average number of common shares outstanding without consideration of potential common stock. Diluted earnings per share are based on the weighted average number of common and potential common shares outstanding. The calculation takes into account the shares that may be issued upon exercise of stock options and restricted stock unit awards, reduced by the shares that may be repurchased with the funds received from the exercise, based on the average price during the period.

The following table sets forth the reconciliation of the weighted-average number of common shares:

	Thirteen weeks ended	
	August 27, 2005	August 28, 2004
Basic	12,143,287	11,378,214
Effect of dilutive securities	713,679	411,756
Diluted	12,856,966	11,789,970

**NOTE D – EFFECTS OF RECENTLY ISSUED PRONOUNCEMENTS**

In August 2005, the Financial Accounting Standards Board (“FASB”) issued Financial Staff Position (“FSP”) No. FAS 123(R)-1, “Classification and Measurement of Freestanding Financial Instruments Originally Issued in Exchange for Employee Services under SFAS No. 123(R), “Share-Based Payment”, that a freestanding financial instrument originally subject to the SFAS becomes subject to the recognition and measurement requirements of other applicable generally accepted accounting principles when the rights conveyed by the instrument to the holder are no longer dependent on the holder being an employee of the entity. The provisions of this FSP are effective upon the Company’s initial adoption of SFAS 123(R), which is currently set for the first quarter of the fiscal year ending June 2, 2007. The Company has not determined the impact of this staff position on the financial statements of the Company at this time.

AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

August 27, 2005 and August 28, 2004  
(unaudited)

**NOTE E – ACCUMULATED OTHER COMPREHENSIVE LOSS**

The components of accumulated other comprehensive loss, net of related tax, are as follows:

	August 27, 2005	May 28, 2005
	(in thousands)	
Fair value on interest rate swap	\$ (155)	\$ (180)
Unrealized holding gain on marketable securities	1	11
<b>Accumulated other comprehensive loss</b>	<b>\$ (154)</b>	<b>\$ (169)</b>

**NOTE F – MARKETABLE SECURITIES**

Marketable securities as of August 27, 2005 consist of the following:

	Amortized cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair value
	(in thousands)			
Marketable securities				
U.S. government agency obligations	\$ 10,016	\$ 28	\$ (39)	\$10,005
Corporate bond securities	5,501	18	(8)	5,511
	<b>\$ 15,517</b>	<b>\$ 46</b>	<b>\$ (47)</b>	<b>\$15,516</b>

Marketable securities as of May 28, 2005 consist of the following:

	Amortized cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair value
	(in thousands)			
Marketable securities				
U.S. government agency obligations	\$ 7,642	\$ 30	\$ (45)	\$ 7,627
Corporate bond securities	4,944	30		4,974
	<b>\$ 12,586</b>	<b>\$ 60</b>	<b>\$ (45)</b>	<b>\$12,601</b>

## AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**August 27, 2005 and August 28, 2004  
(unaudited)**NOTE F – MARKETABLE SECURITIES (continued)**

As of August 27, 2005, the Company held securities with a fair value of \$8,961,000, that had unrealized losses totaling \$47,000. As of May 28, 2005, the Company held securities with a fair value of \$4,456,000, that had unrealized losses totaling \$45,000.

The amortized cost and fair value of marketable securities as of August 27, 2005, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in thousands)	
Due in one year or less	\$ 14,009	\$14,033
Due after one through five years	1,508	1,483
	<u>\$ 15,517</u>	<u>\$15,516</u>

**NOTE G - INVENTORIES**

Inventories consist of the following:

	August 27, 2005	May 28, 2005
	(in thousands)	
Finished goods	\$ 6,060	\$ 6,014
Work in process	1,592	1,532
Raw materials	3,346	2,718
	<u>\$ 10,998</u>	<u>\$10,264</u>

Reserves for excess and obsolete inventory were \$854,000 and \$779,000 at August 27, 2005 and May 28, 2005, respectively.

**NOTE H – DISTRIBUTION AGREEMENT**

In June 2004, the Company signed a Distribution Agreement (the "Agreement") granting to the Company worldwide exclusive rights to market, sell, and distribute products for use in image-guided procedures. The Agreement is effective for an initial term of ten years and will automatically renew for an additional five-year period if certain minimum purchase requirements are met. In consideration for these rights, the Company will pay up to \$1,000,000 in five installments, each contingent upon the achievement of specified product development and approval milestone events, as defined. During the thirteen weeks ended August 27, 2005, the Company made an installment payment of \$100,000, which has been recorded as a component of research and development expenses.

## AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**August 27, 2005 and August 28, 2004  
(unaudited)**NOTE H – DISTRIBUTION AGREEMENT (continued)**

The Agreement contained an option for the Company to purchase 100% of the capital stock or substantially all assets of the entity that owns the products for the sum of \$15,000,000, payable in four equal installments of \$3,750,000 over a two-year period from the closing date of the purchase option. On August 22, 2005, the Company declined to exercise the purchase option and it terminated.

**NOTE I - ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

	August 27, 2005	May 28, 2005
	(in thousands)	
Payroll and related expenses	\$ 2,174	\$2,537
Fair value of interest rate swap	246	286
Other	698	668
	<u>\$ 3,118</u>	<u>\$3,491</u>

**NOTE J – RELATED PARTY TRANSACTIONS**

Certain identifiable, allocable costs incurred by the Former Parent on behalf of the Company for commissions, foreign selling expenses and administrative expenses were proportionately charged to the Company through December 31, 2004, under the Master Separation and Distribution Agreement with the Former Parent.

In addition to the allocations, the Former Parent provided insurance coverage to the Company through October 30, 2004. The amount payable by the Company for such coverage was the actual cost of such insurance as allocated by the insurance carrier providing such coverage, and if such allocation was not provided by the insurance carrier, the amount payable by the Company was determined by the Former Parent based upon the respective total revenues of the Former Parent and the Company and such other factors as the Former Parent reasonably determined to be appropriate.

For the thirteen weeks ended August 27, 2005, the Company did not incur any charges from the Former Parent for insurance or corporate services. During the thirteen weeks ended August 28, 2004, the Company incurred charges of \$123,000 and \$66,000, from the Former Parent for insurance and corporate services, respectively.

## AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**August 27, 2005 and August 28, 2004  
(unaudited)**NOTE J – RELATED PARTY TRANSACTIONS (continued)**

Details of amounts due (to)/from former parent are as follows as of:

	August 27, 2005	May 28, 2005
Sales to former parent	\$	\$ 34
Inventory transfer		62
Income taxes	(4)	
Administrative services		(11)
	\$ (4)	\$ 85

**NOTE K – COMMON STOCK**Stock Option Plans

During the thirteen weeks ended August 27, 2005, options for a total of 280,200 shares of common stock were granted to employees and directors under the 2004 Stock and Incentive Award Plan (the "2004 Plan"). During the thirteen weeks ended August 27, 2005, options for a total of 1,000 shares of common stock were granted to consultants under the 1997 Stock Option Plan (the "1997 Plan"). All options were granted at exercise prices equal to the quoted market price of the Company's common stock at the date of the grants. Options under these grants vest 25% per year over four years for employees, 33 1/3% per year over three years for directors, and 100% after one year for consultants. All options expire on the tenth anniversary of the grant date.

Options for a total of 105,746 and 825 shares of common stock were exercised under the 1997 Plan and 2004 Plan, respectively, during the thirteen weeks ended August 27, 2005, at prices ranging from \$4.35 to \$13.18 per share.

During the thirteen weeks ended August 27, 2005, options for a total of 1,273 and 2,350 shares of common stock were forfeited under the 1997 Plan and 2004 Plan, respectively, at prices ranging from \$4.35 to \$17.25 per share.

As of August 27, 2005, options to acquire 784,602 and 49,764 shares of common stock were exercisable under the 1997 Plan and 2004 Plan, respectively.

In connection with the completion of the separation and spin-off of the Company from E-Z-EM, as of October 29, 2004, all outstanding E-Z-EM options ("E-Z-EM Pre-spin Options") were adjusted and Company options (the "Mirror Options") were issued to E-Z-EM option holders. The E-Z-EM Pre-spin Options and the Mirror Options are collectively referred to herein as the "Replacement Options".

AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

August 27, 2005 and August 28, 2004  
(unaudited)

**NOTE K – COMMON STOCK (continued)**

The exercise price and the number of shares subject to each of the Replacement Options was established pursuant to a formula designed to ensure that: (1) the aggregate “intrinsic value” (i.e., the difference between the exercise price of the option and the market price of the common stock underlying the option) of the Replacement Option did not exceed the aggregate intrinsic value immediately prior to the spin-off of the outstanding E-Z-EM Pre-spin Option replaced by such Replacement Option and (2) the ratio of the exercise price of each option to the market value of the underlying stock immediately before and after the spin-off was preserved.

Substantially all of the other terms and conditions of each Replacement Option, including the time or times when, and the manner in which, each option is exercisable, the permitted method of exercise, settlement and payment, the rules that apply in the event of the termination of employment of the employee, the events, if any, that may give rise to an employee’s right to accelerate the vesting or the time or exercise thereof and the vesting provisions, are the same as those of the replaced E-Z-EM Pre-spin Option, except for the duration of the exercise periods of the Mirror Options, all of which will expire no later than May 2008. In addition, option holders who are employed by one company are permitted to exercise, and are subject to all of the terms and provisions of, options to acquire shares in the other company as if such holder was an employee of such other company.

As a result of the spin-off, on October 29, 2004, 421,926 Mirror Options, with a weighted average exercise price of \$4.22, were issued to E-Z-EM officers, directors, employees and consultants.

Mirror Options for a total of 55,839 shares of common stock were exercised during the thirteen weeks ended August 27, 2005, respectively, at prices ranging from \$2.95 to \$9.80 per share. Mirror Options to acquire 143,807 shares of common stock were exercisable as of August 27, 2005.

Employee Stock Purchase Plan

In July 2004, the Company adopted the AngioDynamics, Inc. Employee Stock Purchase Plan (the “Stock Purchase Plan”), which was approved by stockholders on October 18, 2004. The Stock Purchase Plan provides a means by which employees of the Company (the “participants”) may be given an opportunity to purchase common stock of the Company through payroll deductions. The maximum number of shares to be offered under the Stock Purchase Plan will be 200,000 shares of the Company’s common stock, subject to any increase authorized by the board of directors. Shares will be offered through two overlapping offering periods, each with a duration of approximately 12 months, commencing on the first business day on or after December 1<sup>st</sup> and June 1<sup>st</sup> of each year, and each consisting of a series of successive three-month purchase periods. A participant may not participate in more than one offering period at a time. An employee is eligible to participate in an offering period if, on the first day of an offering period, he or she has been employed in a full-time capacity for at least six months, with a customary working schedule of 20 or



AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

August 27, 2005 and August 28, 2004  
(unaudited)

**NOTE K – COMMON STOCK (continued)**

more hours per week and more than five months in a calendar year. Employees who own stock possessing 5% or more of the total combined voting power or value of all classes of the Company's stock are not eligible to participate in the Stock Purchase Plan. The purchase price of the shares of common stock acquired on each purchase date will be the lower of (i) 85% of the fair market value of a share of common stock on the first day of the offering period or (ii) 85% of the fair market value of a share of common stock on the last day of the purchase period, subject to adjustments made by the board of directors, as defined. The Stock Purchase Plan is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. For the thirteen weeks ended August 27, 2005, 6,588 shares were issued at an average price of \$14.41 per share, under the Stock Purchase Plan.

Performance Share and Restricted Stock Unit Awards

On May 11, 2005, the compensation committee of the Company's board of directors approved grants of 33,750 performance share awards and 33,750 restricted stock unit awards under the 2004 Plan to the Company's executive officers, effective June 1, 2005. The performance criteria established by the compensation committee for earning the performance share awards is the achievement of certain earnings per share ("EPS") goals and revenue goals by the Company for each of the 2006 through 2009 fiscal years. Shares not earned in a fiscal year may be earned in the following fiscal year if the EPS or revenue goals in such following year are exceeded by an amount at least equal to the shortfall for the applicable goal for the preceding year. The performance share awards are subject to additional conditions, including the recipient's continued employment with the Company. The restricted stock unit awards vest in full upon the recipient's continued employment with the Company through the end of the Company's fiscal year ending on or about May 30, 2009. The restricted stock unit awards will be forfeited if the recipient ceases to be employed by the Company, competes with the business of the Company, or otherwise engages in activities detrimental to the Company's business before such date. The performance share awards and restricted stock units settle in shares of the Company's common stock on a one-for-one basis.

**NOTE L – LITIGATION**

On January 6, 2004, Diomed, Inc. filed an action against the Company entitled Diomed, Inc. v. AngioDynamics, Inc., civil action no. 04 10019 RGS in the U.S. District Court for the District of Massachusetts. Diomed's complaint alleges that the Company infringed on Diomed's U.S. patent no. 6,398,777 by selling a kit for the treatment of varicose veins (now called the "VenaCure Procedure Kit") and two diode laser systems: the Precision 980 Laser and the Precision 810 Laser, and by conducting a training program for physicians in the use of our VenaCure Procedure Kit. The complaint alleges the Company's actions have caused, and continue to cause, Diomed to suffer substantial damages. The complaint seeks to prohibit the Company from continuing to market and sell

AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

August 27, 2005 and August 28, 2004  
(unaudited)

**NOTE L – LITIGATION (continued)**

these products, as well as conducting a training program, and asks for compensatory and treble money damages, reasonable attorneys' fees, costs and pre-judgment interest. The Company believes that the Company's product does not infringe the Diomed patent. The Company purchases the lasers and laser fibers for its laser systems from biolitec, Inc. ("biolitec") under a supply and distribution agreement. Under the Company's agreement with biolitec, biolitec is obligated, at its sole cost and expense, to defend this action and has engaged counsel on the Company's behalf.

On April 12, 2005, the Court issued a Memorandum and Order on Claims Construction, commonly known as a Markman ruling, in which the Court rejected Diomed's interpretation of certain claim limitations. Instead, the Court agreed with the Company on certain claim limitations and, as a result, effectively added additional weight to the Company's position that the proper use of its product does not infringe Diomed's patent.

The Company has been named as a defendant in an action entitled Duhon, et. al v. Brezoria Kidney Center, Inc., case no. 27084 filed in the District Court of Brezoria County, Texas, 239th Judicial District on December 29, 2003. The complaint alleges that the Company and its co-defendants, E-Z-EM and Medical Components, Inc., or Medcomp, designed, manufactured, sold, distributed and marketed a defective catheter that was used in the treatment of, and caused the death of, a hemodialysis patient, as well as committing other negligent acts. The complaint seeks compensatory and other monetary damages in unspecified amounts. Under the Company's distribution agreement with Medcomp, Medcomp is required to indemnify the Company against all the Company's costs and expenses, as well as losses, liabilities and expenses (including reasonable attorneys' fees) that relate in any way to products covered by the agreement. The Company has tendered the defense of the Duhon action to Medcomp, and Medcomp has accepted defense of the action. On June 30, 2005, the suit was settled for \$500,000 to be paid by Medcomp. The settlement included dismissal of all claims against the Company and E-Z-EM.

The Company has been named as a defendant in an action entitled Chapa, San Juanita, et. al v. Spohn Hospital Shoreline, et al, file no. 03-60961-00-0-1, filed in the District Court of Nueces County, Texas, on July 22, 2003, and re-filed in November 2004. The complaint alleges that the Company and its co-defendant, Medcomp, designed, manufactured, sold, distributed and marketed a defective catheter that was used in the treatment of, and caused the death of, a hemodialysis patient, as well as committing other negligent acts. The complaint seeks compensatory and other monetary damages in unspecified amounts. The Company has tendered the defense of the Chapa action to Medcomp, and Medcomp has accepted defense of the action. Based upon the Company's prior experience with Medcomp, it expects Medcomp to honor its indemnification obligation to the Company if it is unsuccessful in defending this action.

AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

August 27, 2005 and August 28, 2004  
(unaudited)

**NOTE L – LITIGATION (continued)**

The Company is party to other legal actions that arise in the ordinary course of business. The Company believes that any liability resulting from any currently pending litigation will not, individually or in the aggregate, have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

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### Item 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following information should be read together with the consolidated financial statements and the notes thereto and other information included elsewhere in this Quarterly Report on Form 10-Q.

#### **Forward-Looking Statements**

This Quarterly Report on Form 10-Q, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are intended to be covered by the safe harbors created thereby. In some cases, forward-looking statements may be identified by terminology such as "may", "will", "should", "expects", "intends", "anticipates", "plans", "believes", "seeks", "estimates", "predicts", "potential", "continue" or variations of such terms or similar expressions. These statements relate to future events or AngioDynamics' future financial performance and involve known and unknown risks, uncertainties and other factors that may cause AngioDynamics or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, among other things, our ability to develop new products and enhance existing products, our ability to protect our intellectual property, pending and potential intellectual property infringement claims by third parties, our dependence on single source suppliers, our relationships with interventional physicians, the difficulty in predicting our sales and planning our manufacturing requirements, the performing by cardiologists of more interventional procedures, possible undetected defects in our products, pending and potential product liability claims by customers or patients, the volatility of our operating results, the effect on our operations of healthcare reform measures, potential declines in reimbursements by government or other third-party payors for procedures using our products, failure to obtain regulatory approvals for our products, a disaster or other disruption at our manufacturing facility or the facilities of our suppliers, and our likely need for additional financing to fund any significant acquisitions. We discuss certain of these matters more fully in other of our filings with the SEC, including our Annual Report on Form 10-K for our 2005 fiscal year, which was filed with the SEC on August 26, 2005. This Quarterly Report should be read in conjunction with that Annual Report on Form 10-K, and all our other filings, including Current Reports on Form 8-K, made with the SEC through the date of this report. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained in this Quarterly Report. As a result of these matters, including changes in facts or other factors, the actual circumstances relating to the subject matter of any forward-looking statement in this Quarterly Report may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report are made only as of the date of this report and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

#### **Overview**

AngioDynamics is a provider of innovative medical devices used in minimally invasive, image-guided procedures to treat peripheral vascular disease, or PVD. We design, develop, manufacture and market a broad line of therapeutic and diagnostic devices that enable interventional physicians (interventional radiologists, vascular surgeons and others) to treat PVD and other non-coronary diseases. We believe that we are the only company whose primary focus is to offer a comprehensive product line for the interventional treatment of these diseases.

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We sell our broad line of quality devices in the United States through a direct sales force which, as of August 27, 2005, was comprised of 46 sales persons, seven regional managers and a vice president of sales. In an effort to generate increased sales, we intend to expand our domestic sales force to 70 direct sales representatives within the next three years. Outside the United States, we sell our products indirectly through a network of distributors in 34 markets. Historically, no more than 5% of our net sales have been in non-U.S. markets.

Our growth depends in large part on the continuous introduction of new and innovative products, together with ongoing enhancements to our existing products, through internal product development, technology licensing, and strategic alliances. In this regard, our strategic plan calls for an annual investment of 8% of sales for research and development activities.

In addition, we also seek to grow through selective acquisitions of complementary products, technologies or businesses. Our cash resources are limited and, except to the extent we can use our equity securities as acquisition capital, which is also presently limited due to restrictions related to our spin-off from E-Z-EM, we will require additional equity or debt financing to fund any significant acquisitions. We cannot assure you that we will be able to successfully identify or consummate any such acquisitions or that any required financing will be available on terms satisfactory to us or at all.

Our ability to further increase our profitability will depend in large part on improving our gross profit margin. As discussed below, our gross profit margin has improved significantly in recent periods, primarily due to increased sales of higher margin products. We expect continued steady growth of our gross profit margin, as we expand our efforts to increase sales of such higher margin products as our Morpheus CT PICC and EvenMore catheter, and develop and introduce additional higher margin products. We also plan to take advantage of our expanded production facility to manufacture more of the products we sell, which we anticipate will further improve our margins. However, we cannot assure you that our efforts will result in continued improvement in our gross margins and profitability. We expect that revenue growth and gross margin improvements will continue to be offset somewhat by increases in selling expenses from the addition of direct sales personnel, as discussed above, and from additional expenses incurred as a result of operating as a public company, independent of our former parent company, E-Z-EM, Inc.

Our fiscal quarters ended August 27, 2005 and August 28, 2004 both represent thirteen weeks. The thirteen weeks ended August 27, 2005 are referred to as the "2006 quarter" and the thirteen weeks ended August 28, 2004 are referred to as the "2005 quarter".

For the 2006 quarter, we reported net income of \$1.3 million, or \$0.11 and \$0.10 per common share on a basic and diluted basis, respectively, on revenues of \$16.4 million. For the 2005 quarter, we reported net income of \$761,000, or \$0.07 and \$0.06 per common share on a basic and diluted basis, respectively, on revenues of \$13.1 million. Gross profit margin improved to 58.2% for the 2006 quarter from 53.4% for the 2005 quarter. Cash flow from operations was \$1.4 million, an increase of \$1.1 million from the 2005 quarter.

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### **Results of Operations**

The following table sets forth certain operational data as a percentage of sales for the thirteen weeks ended August 27, 2005 and August 28, 2004.

	Thirteen weeks ended	
	August 27, 2005	August 28, 2004
Net Sales	100.0%	100.0%
Gross profit	58.2%	53.4%
Selling and marketing expenses	27.6%	26.4%
General and administrative expenses	9.6%	8.7%
Research and development expenses	9.3%	8.6%
Operating profit	11.7%	9.7%
Other income	1.0%	0.1%
Net income	7.9%	5.8%

**Net Sales.** Net sales for the 2006 quarter increased by 24.9%, or \$3.3 million, to \$16.4 million, compared with the 2005 quarter. The increase in sales was primarily due to the continued growth from new products released in, or subsequent to, the 2005 quarter as well as the continuing market share gains of our existing product lines. Faster growing products included our image-guided vascular access line, for which sales increased 157.0% or \$1.5 million, due primarily to the continued growth of our Morpheus CT PICC; hemodialysis products, for which sales increased by 17.2%, or \$640,000, due mostly to sales of our EvenMore catheter; VenaCure products, for which sales increased by 36.5%, or \$556,000; and angiographic products, for which sales increased 10.1%, or \$421,000. Substantially all of the increase in our sales was due to increased unit sales, with only 1.6% of the increase attributable to price increases.

**Gross Profit.** For the 2006 quarter, our gross profit as a percentage of sales increased to 58.2% from 53.4% for the 2005 quarter. The increase in gross profit margin was due primarily to a favorable product mix resulting from increased sales of higher margin products (such as our EvenMore catheter, the VenaCure procedure kit, and the Morpheus CT PICC) and, to a lesser extent, modest price increases implemented subsequent to the 2005 quarter, and manufacturing process improvements.

**Selling and marketing expenses.** Selling and marketing expenses were 27.6% of net sales for the 2006 quarter, compared with 26.4% for the 2005 quarter. For the 2006 quarter, these expenses increased 30.6%, or \$1.1 million, compared with the 2005 quarter. Selling expenses increased 37.1%, or \$954,000, due to the increased number of territories and commissions on higher sales. Marketing expenses increased 12.1%, or \$108,000, due to increased market research and convention expenses.

**General and administrative expenses.** General and administrative expenses were 9.6% of net sales for the 2006 quarter, compared with 8.7% for the 2005 quarter. For the 2006 quarter, these expenses increased 38.1%, or \$431,000, due to increased legal, consulting and accounting fees and increased personnel costs, all primarily associated with the cost of operating as an independent public company.

**Research and development expenses.** Research and development (R&D) expenses were 9.3% of net sales for the 2006 quarter, compared to 8.6% for the 2005 quarter. R&D expenses increased by 34.7%, or \$391,000, due to expenses associated with ongoing projects.

**Other Income (Expenses).** Other income increased \$150,000 to \$165,000 for the 2006 quarter, due to an increase in interest income of \$112,000. Both an increase in

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our investment portfolio and higher yields contributed to this increase. Other income for the 2006 quarter also includes realized gains on the sale of marketable securities totaling \$39,000.

**Income Taxes.** Our effective tax rate for the 2006 quarter was 37.8% compared to 40.8% for the 2005 quarter. The decrease is attributable to the use of research and development credit carryforwards and contribution carryforwards during the 2006 quarter.

**Net Income.** For the 2006 quarter, we reported net income of \$1.3 million, an increase of 70.0%, or \$532,000, over net income of \$761,000 for the 2005 quarter. The increase in net income was attributable primarily to increased sales, higher gross profit margin, and increased investment income, partially offset by higher operating expenses.

### **Liquidity and Capital Resources**

For the 2006 quarter, we generated cash flow from operations of \$1.4 million on net income of \$1.3 million. A tax benefit on the exercise of stock options of \$723,000, depreciation and amortization expense of \$225,000, and decreases to accounts receivable and prepaid assets were offset partly by decreases in inventory and accounts payable.

For the 2006 quarter, our investing activities used net cash of \$3.5 million, due primarily to our net investment of \$2.9 million of excess cash and cash generated from operations into U.S. Government obligations and corporate securities. Additionally, we made equipment purchases and building improvements totaling \$559,000 during the 2006 quarter.

Financing activities provided net cash of \$815,000 for the 2006 quarter, due to proceeds of \$855,000 received from the exercise of stock options and purchases under our employee stock purchase. These proceeds were offset by a principal payment of \$40,000 made on our long-term debt.

There have been no material changes with respect to our contractual obligations and their effect on liquidity and cash flows previously disclosed in our Annual Report on 10-K for our fiscal year ended May 28, 2005.

For the 2006 quarter, we funded capital expenditures and our working capital requirements (exclusive of an installment payment of \$100,000 under a distribution agreement) with cash from operations. Our current policy is to fund operations and capital requirements without incurring significant debt. In fiscal 2003, we financed our facility expansion with long-term industrial revenue bonds. As of August 27, 2005, and May 28, 2005, debt (current maturities of long-term debt and long-term debt) was \$3.1 million. On November 22, 2004, we renewed our \$3.0 million bank line of credit with KeyBank National Association, which extended the line of credit to November 30, 2005. Advances under the line of credit will bear interest at the bank's prime rate plus 0.50%. Accrued interest is payable monthly, and all outstanding principal amounts are payable at maturity, subject to a requirement to pay the outstanding principal balance and maintain a zero outstanding balance for at least one 30-day period during the term of the line of credit. All outstanding amounts under the line of credit are immediately due and payable upon any payment default or other default under the security agreement with the bank. No amounts were outstanding under the line of credit as of August 27, 2005.

As of August 27, 2005, approximately \$28.8 million, or 47.0%, of our assets consisted of cash and cash equivalents and marketable securities, principally U.S. government issued or guaranteed securities. The current ratio was 8.1 to 1, with working capital of \$44.7 million, as of August 27, 2005, compared to a current ratio of 6.5 to 1, with working capital of \$42.1 million, as of May 28, 2005.

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We are also restricted in our ability to obtain equity financing due to the distribution by E-Z-EM of our stock to its stockholders, which was completed on October 30, 2004. We are limited in the amount of equity securities or convertible debt we can issue in the two years following the stock distribution by E-Z-EM in order to preserve the tax-free treatment of the distribution and avoid tax liabilities to E-Z-EM and its stockholders and corresponding liabilities to us. Specifically, we are limited to issuing no more than approximately 5.5 million shares of our common stock in capital raising transactions over this period.

We believe that our current cash and investment balances, which include the net proceeds from our initial public offering, together with cash generated from operations and our existing line of credit will provide sufficient liquidity to meet our anticipated needs for capital for at least the next 12 months. If, as discussed above, we seek to make significant acquisitions of other businesses, technologies or products, we will, in all likelihood, require additional financing. We cannot assure you that such financing will be available on commercially reasonable terms, if at all.

### **Critical Accounting Policies**

Our significant accounting policies are summarized in Note A to our consolidated financial statements included in our Annual Report on Form 10-K for our 2005 fiscal year. While all these significant accounting policies affect the reporting of our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require us to use a greater degree of judgment and/or estimates. Actual results may differ from those estimates. The accounting policies identified as critical are as follows:

#### *Revenue Recognition*

We recognize revenue in accordance with generally accepted accounting principles as outlined in the SEC's Staff Accounting Bulletin No. 104, "Revenue Recognition," which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence that an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred or services have been rendered. Decisions relative to criterion (iii) regarding collectability are based upon our judgments, as discussed under "Accounts Receivable" below, and should conditions change in the future and cause us to determine this criterion is not met, our results of operations may be affected. We recognize revenue as products are shipped, based on F.O.B. shipping point terms when title passes to customers. We negotiate shipping and credit terms on a customer-by-customer basis and products are shipped at an agreed upon price. All product returns must be pre-approved by us and, if approved, are subject to a 20% restocking charge. To be accepted, a returned product must be unadulterated, undamaged and have at least 12 months remaining prior to its expiration date.

#### *Accounts Receivable*

Accounts receivable, principally trade, are generally due within 30 to 90 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current credit worthiness, as determined by a review of their current credit information. We continuously monitor aging reports, collections and payments from customers, and maintain a provision for estimated credit losses based upon our historical



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experience and any specific customer collection issues that we identify. While such credit losses have historically been within our expectations and the provisions established, we cannot guarantee that the same credit loss rates will be experienced in the future. We write off accounts receivable when they become uncollectible.

### *Income Taxes*

In preparing our financial statements, we calculate income tax expense for each jurisdiction in which we operate. This involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. We periodically evaluate deferred tax assets, capital loss carryforwards and tax credit carryforwards to determine their recoverability based primarily on our ability to generate future taxable income and capital gains. Where their recovery is not likely, we estimate a valuation allowance and record a corresponding additional tax expense in our statement of income. If actual results differ from our estimates due to changes in assumptions, the provision for income taxes could be materially affected. As of August 27, 2005, our valuation allowance and net deferred tax asset were approximately \$628,000 and \$1.2 million, respectively. We have a tax allocation and indemnification agreement with E-Z-EM with whom we will file consolidated Federal tax returns for periods through October 30, 2004. Under this agreement, we pay Federal income tax based on the amount of taxable income we generate and are credited for Federal tax benefits we generate that can be used by us or other members of the consolidated group. This agreement does not cover tax liabilities arising from state, local and other taxing authorities to whom we report separately.

### *Inventories*

We value inventories at the lower of cost (on the first-in, first-out method) or market. On a quarterly basis, we review inventory quantities on hand and analyze the provision for excess and obsolete inventory based primarily on product expiration dating and our estimated sales forecast, which is based on sales history and anticipated future demand. Our estimates of future product demand may not be accurate and we may understate or overstate the provision required for excess and obsolete inventory. Accordingly, any significant unanticipated changes in demand could have a significant impact on the value of our inventory and results of operations. As of August 27, 2005 and May 28, 2005, our reserve for excess and obsolete inventory was \$854,000 and \$779,000, respectively.

### *Property, Plant and Equipment*

We state property, plant and equipment at cost, less accumulated depreciation, and depreciate these assets principally using the straight-line method over their estimated useful lives. We determine this based on our estimates of the period over which the assets will generate revenue. We evaluate these assets for impairment annually or as changes in circumstances or the occurrence of events suggest the remaining value is not recoverable. Any change in condition that would cause us to change our estimate of the useful lives of a group or class of assets may significantly affect depreciation expense on a prospective basis.

### *Effect of Recently Issued Pronouncements*

In August 2005, the Financial Accounting Standards Board ("FASB") issued Financial Staff Position ("FSP") No. FAS 123(R)-1, "Classification and Measurement of Freestanding Financial Instruments Originally Issued in Exchange for Employee Services under SFAS No. 123(R), "Share-Based Payment", that a freestanding financial instrument originally subject to the SFAS becomes subject to the recognition and measurement requirements of other applicable generally accepted accounting principles when the rights conveyed by the instrument to the

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holder are no longer dependent on the holder being an employee of the entity. The provisions of this FSP are effective upon the Company's initial adoption of SFAS 123(R), which is currently set for the first quarter of the fiscal year ending June 2, 2007. The Company has not determined the impact of this staff position on the financial statements of the Company at this time.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk from changes in interest rates on investments and financing, which could impact our results of operations and financial position. Although we entered into an interest rate swap with a bank to limit our exposure to interest rate change market risk on our variable interest rate financing, we do not currently engage in any other hedging or market risk management tools.

Our excess cash is primarily invested in highly liquid, short-term investment grade securities of less than one year. These investments are not held for speculative or trading purposes. Changes in interest rates may affect the investment income we earn on cash, cash equivalents and debt securities and therefore affect our cash flows and results of operations. As of August 27, 2005, we were exposed to interest rate change market risk with respect to our investments in callable U.S. Government agency obligations in the amount of \$2,477,000. The interest rate on the callable bonds is subject to the call option being exercised by the debtor. For the thirteen weeks ended August 27, 2005, the weighted average after-tax interest rate on the callable bonds approximated 1.7%. Each 100 basis point (or 1%) fluctuation in interest rates will increase or decrease interest income on the government bonds by approximately \$25,000 on an annual basis.

As of August 27, 2005, we maintained variable interest rate financing of \$3,060,000 in connection with our facility expansion. We have limited our exposure to interest rate risk by entering into an interest rate swap agreement with a bank under which we agreed to pay the bank a fixed annual interest rate of 4.45%, and the bank assumed our variable interest payment obligations under the financing.

As of November 22, 2004, we renewed a \$3,000,000 working capital line of credit with a bank. Advances under this line of credit will bear interest at an annual rate of prime plus 0.5%. We will thus be exposed to interest rate risk with respect to this credit facility to the extent that interest rates rise when there are amounts outstanding under the facility.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by us (including our consolidated subsidiary) in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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**Changes in Internal Control over Financial Reporting**

No change in our internal control over financial reporting occurred during the quarter ended August 27, 2005 that has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

**AngioDynamics, Inc. and Subsidiary**

**Part II: Other Information**

**Item 1. Legal Proceedings**

Certain legal proceedings in which we are involved are discussed in Part I, Item 3 of our annual report on Form 10-K for the fiscal year ended May 28, 2005.

We are party to other legal actions that arise in the ordinary course of our business. We believe that any liability resulting from any currently pending litigation will not, individually or in the aggregate, have a material adverse effect on our business, financial position, or results of operations.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Our initial public offering on Form S-1 (reg. No. 333-113329) was declared effective on May 26, 2004.

The following table sets forth our uses of the net proceeds of the offering from the effective date of the offering to the last day of the fiscal quarter covered by this report:

<u>Description</u>	Initial Public Offering Use of proceeds as of August 27, 2005 (\$ in thousands)	<u>Balance</u>
Receipt of net proceeds of Initial Public Offering and underwriters' over allotment option		\$22,941
Repayment of note payable to E-Z-EM, Inc		(3,000)
Payment of expenses related to our initial public offering		(1,505)
Installment payments under a distribution agreement		(600)
Net proceeds as of August 27, 2005		<u>\$17,836</u>

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission Of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

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### Item 6. **Exhibits**

<u>No.</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation of the Registrant
3.2	Amended and Restated By-laws of the Registrant
10.1	Distribution Agreement dated June 22, 2004 between AngioDynamics, Inc. and Medical Components Inc.*
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14 under the Securities Exchange Act of 1934
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14 under the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Confidential treatment has been requested for the redacted portions of the exhibit.

**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 thereunto duly authorized.

ANGIODYNAMICS, Inc.

(Registrant)

Date October 7, 2005

/s/ Eamonn P. Hobbs

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Eamonn P. Hobbs, President,  
Chief Executive Officer

Date October 7, 2005

/s/ Joseph G. Gerardi

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Joseph G. Gerardi, Vice President -  
Chief Financial Officer  
(Principal Financial and Chief  
Accounting Officer)

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
ANGIODYNAMICS, INC.

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Pursuant to Sections 242 and 245 of the  
General Corporation Law of the State of Delaware

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AngioDynamics, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify as follows:

(1) The name of the Corporation is AngioDynamics, Inc. The Corporation was originally incorporated under the name A.D., Inc. The original certificate of incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on July 30, 1992.

(2) This Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation (the "Board of Directors") and by the sole stockholder of the Corporation in accordance with Sections 228, 242 and 245 of the GCL.

(3) This Amended and Restated Certificate of Incorporation restates and integrates and further amends the certificate of incorporation of the Corporation, as heretofore amended or supplemented.

(4) Upon the filing (the “Effective Time”) of this Amended and Restated Certificate of Incorporation pursuant to the GCL, (i) each share of the Corporation’s voting common stock, \$1.00 par value per share (the “Old Voting Common Stock”), and (ii) each share of the Corporation’s non-voting common stock, \$1.00 par value per share (the “Old Non-Voting Common Stock” and, together with the Old Voting Common Stock, the “Old Common Stock”), in each case, issued and outstanding immediately prior to the Effective Time shall be reclassified as and changed into 9,200 shares of validly issued, fully paid, and non-assessable Common Stock authorized by Article FOURTH of this Amended and Restated Certificate of Incorporation (totaling 9,200,000 shares of Common Stock), without any action by the holder thereof (the “Reclassification”). Each certificate that theretofore represented a share or shares of Old Common Stock shall thereafter represent that number of shares of Common Stock into which the share or shares of Old Common Stock represented by such certificate shall have been reclassified.

(5) The text of the Certificate of Incorporation is amended and restated in its entirety as follows:

FIRST: The name of the Corporation is AngioDynamics, Inc. (the “Corporation”).

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.



THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "GCL").

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 50,000,000 shares of capital stock, consisting of (i) 45,000,000 shares of common stock, par value \$.01 per share (the "Common Stock"), and (ii) 5,000,000 shares of preferred stock, par value \$.01 per share (the "Preferred Stock").

The Board of Directors is hereby expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on

such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(b) The Board of Directors shall consist of not less than one or more than fifteen members, the exact number of which shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the active Board of Directors.

(c) The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible,

of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2004 annual meeting; the term of the initial Class II directors shall terminate on the date of the 2005 annual meeting; and the term of the initial Class III directors shall terminate on the date of the 2006 annual meeting. At each succeeding annual meeting of stockholders beginning in 2004, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director.

(d) A director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

(e) Subject to the terms of any one or more classes or series of Preferred Stock, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Amended and Restated

Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article FIFTH unless expressly provided by such terms.

(f) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Amended and Restated Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SIXTH: No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the GCL as the same exists or may hereafter be amended. If the GCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the GCL, as so amended. Any repeal or modification of this Article SIXTH shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

**SEVENTH:** The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article SEVENTH shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article SEVENTH to directors and officers of the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this Article SEVENTH shall not be exclusive of any other right which any person may have or hereafter acquire under this Amended and Restated Certificate of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this Article SEVENTH shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

EIGHTH: Until such time as E-Z-EM, Inc., a Delaware corporation ("E-Z-EM"), shall engage in a pro rata distribution of the common stock of the Corporation held by E-Z-EM to the stockholders of E-Z-EM (the "Distribution"), any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation as set forth in the By-Laws of the Corporation.

From and after the consummation of the Distribution, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action shall be specifically denied.

NINTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

TENTH: In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power to adopt, amend, alter or repeal the Corporation's By-Laws. The affirmative vote of at least a majority of the entire Board of Directors shall be required to adopt, amend, alter or repeal the Corporation's By-Laws. The Corporation's By-Laws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of at least a majority of the voting power of the shares entitled to vote at an election of directors.

ELEVENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed in this Amended and Restated Certificate of Incorporation, the Corporation's By-Laws or the GCL, and all rights herein conferred upon stockholders are granted subject to such reservation.



IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be executed on its behalf this 3rd day of May 2004.

ANGIODYNAMICS, INC.

By: \_\_\_\_\_ /s/ EAMONN P. HOBBS

Name: **Eamonn P. Hobbs**

Title: **President and CEO**

AMENDED AND RESTATED  
BY-LAWS

OF

ANGIODYNAMICS, INC.

A Delaware Corporation

Effective February 27, 2004

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BY-LAWS

OF

ANGIODYNAMICS, INC.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors.

Section 2. Annual Meetings. The Annual Meeting of Stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman, if there be one, or (ii) the President, (iv) the Secretary or (v) any Assistant Secretary, if there be one, and shall be called by any such officer at the request in writing of (i) the Board of Directors or (ii) a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority include the power to call such meetings. Such request shall state the purpose or purposes of the proposed meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

Section 4. Nature of Business at Meetings of Stockholders. No business may be transacted at an Annual Meeting of Stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized



committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in Section 6 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 4.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date

of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

No business shall be conducted at the Annual Meeting of Stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 4; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 4 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an Annual Meeting determines

that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 5. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special Meeting of Stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in Section 6 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 5.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned

beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 5. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 6. Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 7. Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned

meeting, notice of the adjourned meeting in accordance with the requirements of Section 6 of this Article II shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 8. Quorum. Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of a majority of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 7 of this Article II, until a quorum shall be present or represented.

Section 9. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the total number of votes of the Corporation's capital stock present in person or represented by proxy and entitled to vote thereat, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 12 of this Article II, each stockholder present in

person or represented by proxy at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in Section 10 of this Article II. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 10. Consent of Stockholder in Lieu of Meeting. Until such time as E-Z-EM, Inc., a Delaware corporation ("E-Z-EM"), shall engage in a pro rata distribution of the common stock of the Corporation held by E-Z-EM to the stockholders of E-Z-EM (the "Distribution"), any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to



the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 10 to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided above in this Section 10. From and after the consummation of the Distribution, any action required or permitted to be taken

by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action shall be specifically denied.

Section 11. Proxies. Each stockholder entitled to vote at a meeting of the stockholders may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the

transmission of a telegram or cablegram to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such telegram or cablegram, provided that any such telegram or cablegram must either set forth or be submitted with information from which it can be determined that the telegram or cablegram was authorized by the stockholder. If it is determined that such telegrams or cablegrams are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing, telegram or cablegram authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing, telegram or cablegram for any and all purposes for which the original writing, telegram or cablegram could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing, telegram or cablegram.

Section 12. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete

list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held or (ii) during ordinary business hours, at the principal place of business of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 13. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given,

or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 14. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 11 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 15. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to

be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

Section 16. Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman or the President shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than one nor more than fifteen members, the exact number of which shall be fixed from time to time by the Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2004 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2005 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2006 Annual Meeting or, in each case, upon such director's earlier death, resignation or removal. At each succeeding Annual Meeting of Stockholders beginning in 2004, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and

qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. In no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director. Except as provided in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at each Annual Meeting of Stockholders and each director so elected shall hold office until the next Annual Meeting of Stockholders at which such director's class stands for election and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Directors need not be stockholders.

Section 2. Vacancies. Unless otherwise required by law or the Certificate of Incorporation, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class.



Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or by the Chairman at the request of a majority of the Board of Directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, telegram, facsimile or electronic mail on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Organization. At each meeting of the Board of Directors, the Chairman of the Board of Directors, or, in his or her absence, a director chosen by a majority of the directors present, shall act as chairman. The Secretary of the Corporation shall act as secretary at each meeting of the Board of

Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 6. Resignations and Removals of Directors. Any director of the Corporation may resign at any time, by giving notice in writing to the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors.

Section 7. Quorum. Except as otherwise required by law or the Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business

and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 8. Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 9. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 shall constitute presence in person at such meeting.

Section 10. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 11. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and/or a stated salary for service as director, payable in cash or securities. No such payment

shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as

of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

#### ARTICLE IV

##### OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors, at its first meeting held after each Annual Meeting of Stockholders, shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the

Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the

stockholders and of the Board of Directors. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 5. President. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall be the Chief Executive Officer of the Corporation. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and, provided the President is also a director, the Board of Directors. The President shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act, the



Vice President, or the Vice Presidents if there are more than one (in the order designated by the Board of Directors), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board of Directors or the President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if

there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer

shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors

for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

## ARTICLE V

### STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation (i) by the Chairman of the Board of Directors, or the President [or a Vice President] and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these By-Laws.

Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; provided, however, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. Every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders

for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

#### ARTICLE VI

##### NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it

appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable and, in the case of notice to a director, by facsimile or electronic mail.

Section 2. Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.



ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the General Corporation Law of the State of Delaware (the "DGCL") and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 8 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

#### ARTICLE VIII

#### INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the

Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that

no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and

officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any

way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 or Section 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in

Section 1 and Section 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director



or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. The term “another enterprise” as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or

granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of the stockholders or Board of Directors, as the case may be. All such amendments must be approved by either the holders of at least a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term “entire Board of Directors” means the total number of directors which the Corporation would have if there were no vacancies.

\* \* \*

Adopted as of: July 13, 1992

Last Amended as of: February 27, 2004

## DISTRIBUTION AGREEMENT

THIS AGREEMENT is effective as of the last date of signature set forth herein and is by and between ANGIODYNAMICS<sup>®</sup>, Inc., (hereinafter ‘ANGIODYNAMICS’), a Delaware corporation having a principal place of business at 603 Queensbury Avenue, Queensbury, New York 12804, and Medical Components Inc., (hereinafter ‘MEDCOMP’), a Pennsylvania corporation, having a principal place of business at 1499 Delp Drive, Harleysville, Pennsylvania 19438.

IN CONSIDERATION of the mutual promises contained herein, the parties agree as follows:

### 1. DEFINITIONS

- 1.1 “Territory” as used herein shall mean the entire world except where specifically indicated otherwise.
- 1.2 “Products” as used herein shall mean those products as set forth in Exhibits A, B, C, D, E (“hereinafter Exhibits A-E”) attached hereto. Exhibits A-E may be modified from time to time, during the effective period of this Agreement, by the mutual written consent of the parties.
- 1.3 “Know-how” as used herein shall include all technology and trade secrets necessary for the manufacture, sale, research and development, and marketing of the Products.
- 1.4 “Patent Rights” as used herein shall include any U.S. patent, reissued patent or patent re-examination certificate and any foreign counterparts which have a claim that covers the Products which are or will be licensed and/or assigned to MEDCOMP including pending U.S. Patent Applications, as well as any and all patent rights which are related thereto, and any patent rights acquired in the future by MEDCOMP for any improvements, adaptations, modifications or derivative inventions having a claim that covers the Products, provided that for any such rights which are licensed to or will be licensed to MEDCOMP, MEDCOMP has been granted or will be granted a right to sublicense under such license or a right to assign or otherwise convey the license agreement to third parties.
- 1.5 “Trademarks” as used herein includes all trademark(s) and trade name(s) pertaining to the Products and any related trade dress rights.
- 1.6 “Intellectual Property Right” as used herein shall include any and to all rights in and to the Products in the form of Know-how, Patent Rights, Trademarks, and copyrights which are owned, licensed or otherwise possessed by MEDCOMP.
- 1.7 “Specifications” shall mean the specifications for each of the Products and attached herewith in Exhibits A-E, as they are modified during the effective period of this Agreement by the mutual written consent of the parties.

2. APPOINTMENT

- 2.1 As designated on each of the Exhibits A, B, and E, MEDCOMP hereby grants to ANGIODYNAMICS the sole and exclusive distributorship, together with the right to appoint others, for the Products in Exhibits A, B, and E throughout the Territory. MEDCOMP shall not sell, either directly or indirectly, any of the Products in Exhibits A, B, and E to any other person or entity.
- 2.2 As designated on Exhibit C, MEDCOMP hereby grants to ANGIODYNAMICS the sole and exclusive distributorship, together with the right to appoint others, for the Products listed in Exhibit C throughout the United States, and a non-exclusive distributorship for the Products listed in Exhibit C, together with the right to appoint others, throughout the Territory, except for the United States which shall remain exclusive. In the United States, MEDCOMP shall not sell, either directly or indirectly, any of the Products in Exhibit C to any other person or entity.
- 2.3 As designated on Exhibit D, MEDCOMP hereby grants to ANGIODYNAMICS a non-exclusive distributorship for the Products listed in Exhibit D throughout the Territory, together with the right to appoint others.
- 2.4 For each of the appointments in paragraphs 2.1-2.3, ANGIODYNAMICS shall inform MEDCOMP of its selection of any appointees and MEDCOMP shall have the right to reasonably object to any such appointment.

3. PRICE, PAYMENT, AND ORDERING

- 3.1 The price of the Products shall be as set forth in Exhibit A-E attached hereto, as such price is indicated next to each Product. This price includes the cost of sterilization and packaging. Such prices shall be firm for the initial Twelve (12) month period of this Agreement, and thereafter, such prices may be adjusted upon Thirty (3) days notice to ANGIODYNAMICS by no more than Two percent (2%) per year or the U.S. consumer price index which ever is greater. The price of the Products as set forth in Exhibit A-E does not include any applicable sales and use taxes, which MEDCOMP has the legal obligation to pay.
- 3.2 Orders for the Products shall be initiated by a written purchase order sent or faxed to MEDCOMP. To facilitate MEDCOMP's production schedule, ANGIODYNAMICS shall submit purchase orders to MEDCOMP at least Forty-five (45) days prior to the requested date of delivery.
- 3.3 ANGIODYNAMICS' purchase orders, submitted to MEDCOMP with respect to the Products, shall be governed by the terms and conditions of this Agreement.
- 3.4 Full payment of the purchase price of the Products shall be net Forty-five (45) days and payment shall be made by check, or other instrument agreed to by both parties. Payment by ANGIODYNAMICS' rights under Paragraph 6 or as acceptance of the Products delivered.

4. MINIMUM SALES

- 4.1 ANGIODYNAMICS agrees to purchase from MEDCOMP the minimum yearly number of Product units for each set of Products as set forth in Exhibit A-E attached hereto. In the event that ANGIODYNAMICS fails to purchase at least 90% of the annual minimum as set forth on each Exhibit or the adjusted minimums if this contract is extended as set forth in Section 4.3, MEDCOMP, at its sole discretion, may convert the distributorship for those Products set forth as exclusive on that Exhibit for either the Territory or that portion of the Territory that was exclusive to a non-exclusive distributorship. Such remedy shall be MEDCOMP's sole and exclusive remedy in the event that ANGIODYNAMICS fails to purchase at least 90% of minimums as set forth above.
- 4.2 It shall not be considered a material breach by MEDCOMP if they supply at least 90% of the minimum requirements set forth herein.
- 4.3 If this Agreement is extended for an additional five-year term pursuant to Section 13.6, the minimum yearly number of Product units for each set of the Products will be 10% higher than the previous years' sales of each set of the Products.

5. PACKAGING AND SHIPPING

- 5.1 All Products shipped pursuant to this Agreement shall be packaged, labeled, and shipped in accordance with ANGIODYNAMICS' instructions. All freight, insurance, and other shipping expenses, as well as applicable taxes and duties, shall be borne by ANGIODYNAMICS. Each shipping container must be marked to show quantity, order, number, lot number, contents, and shipper's name. A packing slip showing this information shall be included with the shipment. A Certificate of Compliance shall accompany each lot within the shipment.
- 5.2 Title to and risk of loss of the Products shall pass to ANGIODYNAMICS from MEDCOMP at the point of destination, ANGIODYNAMICS' receiving dock.
- 5.3 MEDCOMP agrees to ship the Products with not less than three years remaining on its stated expiration date.

6. SPECIFICATIONS

- 6.1 The Products shall meet the Specifications attached herewith in Exhibits A-E. ANGIODYNAMICS reserves all right to return, at MEDCOMP's sole expense, any Product not meeting said Specifications. ANGIODYNAMICS must inform MEDCOMP within Forty Five (45) days of receipt of Product if it believes that any Product fails to meet the Specification. In the event that MEDCOMP is unable to replace such returned Product with an acceptable Product within Forty-Five (45) days, such failure shall be considered a material breach of this Agreement.

7. REGULATORY

- 7.1 MEDCOMP shall produce all Products in accordance with all applicable regulatory laws, rules, and regulations. MEDCOMP will permit ANGIODYNAMICS, or its designated representative, to perform vendor audits of MEDCOMP's facilities and procedures. MEDCOMP will notify ANGIODYNAMICS of any FDA inspections, observations, and/or 483's. Any observations/483's shall be given to ANGIODYNAMICS in writing within 30 days of the inspection. Further, MEDCOMP will provide ANGIODYNAMICS with a Certificate of Compliance, a Sterilization Certificate, and certification of non-pyrogenicity for each batch/lot of Products shipped. MEDCOMP will allow ANGIODYNAMICS, or its designated representative, subject to the confidentiality provisions herein, to inspect the Products' Design History Files and will also allow confidential access to all technical documentation necessary to demonstrate compliance with the European Medical Device Directive. Additionally, MEDCOMP will notify ANGIODYNAMICS of any proposed changes in raw materials, components, processes, or labeling, at least Ninety (90) days prior to such action and must obtain ANGIODYNAMICS' written approval for such changes, which shall not be unreasonably withheld. MEDCOMP guarantees that no Products sold pursuant to this Agreement are adulterated or misbranded within the meaning of The Federal Food, Drug and Cosmetics Act (hereinafter the "Act"), and further guarantees that no Products sold pursuant to this Agreement are barred from introduction into inter-state commerce under the provisions in Sections 404, 505 or 512 of the Act.
- 7.2 All customer complaints for the Products will be processed through ANGIODYNAMICS' Customer Service Department. Once a complaint has been received, it is the responsibility of ANGIODYNAMICS to forward a copy of the complaint within five (5) working days to MEDCOMP. If MEDCOMP receives such a complaint, MEDCOMP will notify ANGIODYNAMICS within five (5) working days. MEDCOMP agrees to perform an investigation of each customer complaint and forward complaint results in writing to ANGIODYNAMICS within a reasonable time considering the nature of the complaint. ANGIODYNAMICS agrees to complete the complaint file and respond to the customer. MEDCOMP agrees to comply with all applicable regulatory laws, rules and regulations for reporting of customer complaints by manufacturers. ANGIODYNAMICS agrees to comply with all applicable regulatory laws, rules and regulations for the reporting of customer complaints by distributors.
- 7.3 Recalls. Each party agrees to notify the other party promptly if any of the Products are the subject of a recall, market withdrawal or correction and the parties shall cooperate in the handling and disposition of such recall, market withdrawal or correction. MEDCOMP shall be responsible for the costs of such recall, market withdrawal or correction, except to the extent that such recall, market withdrawal or correction is due to ANGIODYNAMICS' improper storage, handling, distribution or marketing of the Products in which case ANGIODYNAMICS shall be responsible for the costs of such recall, market withdrawal or correction.

8. LABELS AND LABELING

- 8.1 MEDCOMP shall have the obligation to design and produce all labels, labeling, and inserts for the Products, other than the pouch and box labels.
- 8.2 ANGIODYNAMICS shall have the obligation to design and produce the pouch and box labels for the Products.
- 8.3 ANGIODYNAMICS may waive the obligation to design and produce the pouch and box labels for the Products, if both parties agree in writing that MEDCOMP labels are to be used.
- 8.4 Each party shall obtain the other party's prior written approval for the labels they have designed, prior to production of the same.
- 8.5 MEDCOMP shall have the responsibility to apply all labels, including the pouch and box labels to the Products.
- 8.6 MEDCOMP agrees that the labeling may include the ANGIODYNAMICS' trademark.
- 8.7 ANGIODYNAMICS agrees that the Products and/or their packaging shall bear, where appropriate, MEDCOMP's trademarks, and a statutory indication of the patent number or the legend "U.S. patent pending" or "U.S. pat. pending" in the U.S. and any required foreign patent marking where foreign patent rights exist.
- 8.8 MEDCOMP shall allow the addition of the ANGIODYNAMICS trademark to all currently published literature and educational materials associated with the Products.

9. WARRANTIES

- 9.1 MEDCOMP warrants that the (i) title to all Product conveyed hereunder is good, (ii) the Products delivered hereunder are free from any security interest or other lien or encumbrance, (iii) the Products shall be delivered free of the rightful claim of any third party by way of infringement of any patent or trademark, and (iv) the Products will be manufactured in accordance with the product specifications, (v) the Products are fit for the purposes described in the instructions for use and shall be free any defects that may effect the intended use, (vi) the Products shall be manufactured, produced, and delivered to ANGIODYNAMICS in accordance with all applicable laws, rules, and regulations, (vii) MEDComp agrees to indemnify, defend and hold harmless ANGIODYNAMICS, its customers, and users of the Products from all loss, damages, cost, or expense, including reasonable attorney's fees, arising from the breach by MEDCOMP of the aforementioned warranties.

10. OPTION FOR FUTURE LICENSE OR TECHNOLOGY TRANSFER

- 10.1 In the event that MEDCOMP elects not to continue manufacturing the Products, or in the event that this Agreement is terminated for a failure to supply as set forth in this Agreement, or due to MEDCOMP's insolvency or bankruptcy, MEDCOMP agrees to negotiate in good faith a royalty-bearing non-exclusive license or sublicense to make, use or sell Products under the Patent Rights to ANGIODYNAMICS, provided such ability and right to license or sublicense is available to MEDCOMP.



- 10.2 In the event that MEDCOMP ceases manufacturing the Products, to the extent such cessation is within MEDCOMP's control, MEDCOMP will provide ANGIODYNAMICS with written notice, Six (6) months in advance of the anticipated date of cessation of manufacture.
- 10.3 In the event a license or sublicense is successfully negotiated in accordance with Paragraphs 10.1, MEDCOMP agrees to cooperate with ANGIODYNAMICS and to train ANGIODYNAMICS' personnel on manufacture, design, assembly, quality control and packaging of the Products for a period of Six (6) months at no cost to ANGIODYNAMICS, and to transfer any manufacturing Know-how.

11. IMPROVEMENTS

- 11.1 ANGIODYNAMICS shall have the right to develop design improvements for the Products, and if developed solely by ANGIODYNAMICS any associated Intellectual Property rights shall belong solely to ANGIODYNAMICS and such Products shall become part of this Agreement as set forth in paragraph 11.2.
- 11.2 In the event that such design improvements are developed by ANGIODYNAMICS, the parties agree to amend this Agreement to add such improvements to the Products as set forth on Exhibit A-E.
- 11.3 ANGIODYNAMICS and MEDCOMP shall have the right to cooperate in development of design improvements for the Products. In the event ANGIODYNAMICS and MEDCOMP jointly develop design improvements for the Products, any associated Intellectual Property rights shall belong to ANGIODYNAMICS and MEDCOMP jointly and shall become part of this Agreement and shall be added as improvements to the Products as set forth on Exhibit A-E.
- 11.4 MEDCOMP shall have the right to develop design improvements for the Products and in the event that such design improvements are developed solely by MEDCOMP, MEDCOMP shall solely own all Intellectual Property rights to such improvements. The parties agree to amend this Agreement to add such improvements to the Products on Exhibit A-E.

12. INTELLECTUAL PROPERTY

- 12.1 MEDCOMP shall retain all of its rights, title and interest in and to its patents, copyrights, trademarks, trade names, and all other industrial and intellectual property. Except as otherwise expressly provided in this Agreement, ANGIODYNAMICS shall have no right, title or interest in any industrial or intellectual property relating to the Products, except to marketing and promotional materials and reports and all marketing data and all intellectual property relating thereto. Nothing herein shall be construed as a license or other grant of rights in any of the Intellectual Property of either party.
- 12.2 Validity and Infringement of MEDCOMP's Patents:
- 12.2.1 In the event ANGIODYNAMICS or MEDCOMP become aware of any actual or threatened infringement of any MEDCOMP patents, that party shall promptly notify the other.

- 12.2.2 MEDCOMP shall have the first and exclusive right, but not the obligation, to bring and control any infringement action against any person or entity materially infringing any MEDCOMP Patent Rights directly or contributorily and shall have the first right, but not the obligation, to defend any MEDCOMP Patent Rights against any challenge to the validity and enforceability of that patent in the Courts of the United States or in the United States Patent and Trademark Office or in any foreign jurisdiction. At the request of MEDCOMP, ANGIODYNAMICS agrees to cooperate with MEDCOMP, at MEDCOMP's sole cost, in any lawsuit on any of the Patent Rights, including being named as a party, if necessary.
- 12.2.3 MEDCOMP shall bear the full cost of any action brought by MEDCOMP regarding its Patent Rights and shall be entitled to all recovery from such lawsuit.

13. TERM AND TERMINATION

- 13.1 Subject to earlier termination as provided in this Section 13, this Agreement shall be for a term of Five (5) years.
- 13.2 Either party shall have the right to terminate this Agreement by written notice to the other party immediately upon the occurrence of the following:
- 13.2.1 The bankruptcy or insolvency of the other party, or the commencement of any proceedings by or against the other party seeking receivership, trusteeship, bankruptcy, reorganization, assignments for the benefit of creditors or similar proceedings.
- 13.2.2 Failure of the other party to cure any material breach (a failure by AngioDynamics to purchase the minimum requirements of each Product shall not be deemed a material breach for purposes of this Agreement) of this Agreement within Sixty (60) days after written notice of such breach. In the event ANGIODYNAMICS purchases Sixty percent (60%) or less of its minimum requirement for any Product, ANGIODYNAMICS shall lose its exclusivity rights, if any, to that Product. Furthermore, in the event ANGIODYNAMICS purchases Forty percent (40%) or less of its minimum requirement for any product, MEDCOMP shall have the right, upon written notice to ANGIODYNAMICS, to cancel this Agreement as to such Product and make any arrangements MEDCOMP believes is appropriate, in its sole and absolute discretion, to sell such Product through other individuals or entities.
- 13.2.3 Upon the mutual written consent of both parties.
- 13.3 ANGIODYNAMICS may terminate this Agreement immediately, if MEDCOMP, for any reason, is unable to supply Products that meet the product Specifications to ANGIODYNAMICS for a period of Ninety (90) days.

- 13.4 Upon termination of this Agreement, for any reason other than ANGIODYNAMICS' failure to pay for the Products, MEDCOMP shall honor ANGIODYNAMICS' orders that were placed prior to the effective date of termination and ANGIODYNAMICS shall pay for such orders and make any other payments due to MEDCOMP pursuant to the terms of this Agreement. Notwithstanding that ANGIODYNAMICS' rights to purchase the Products for distribution and sale have ceased, ANGIODYNAMICS shall be entitled to sell or otherwise dispose of the Products then remaining in its inventory.
- 13.5 Termination of the Agreement shall not relieve, nor be construed as relieving, either party of any obligation or liability to the other party arising out of, or in connection with, such party's breach of, or failure to perform, any covenant, agreement or duty contained in or pursuant to this Agreement. It is expressly agreed that Paragraphs 7 and 9 shall survive until all products are sold from inventory by ANGIODYNAMICS, paragraph 15 shall survive in accordance with the terms of that paragraph, and paragraphs 14, 16 and 18 hereof shall survive the termination of this Agreement.
- 13.6 If all minimums are met per this Agreement the terms of this contract will be extended for an additional five-year term.

14. CONFIDENTIALITY

- 14.1 Each party acknowledges and agrees that information of a confidential nature ("Confidential Information") may be disclosed by one party ("disclosing party") to the other party ("receiving party") pursuant to this Agreement. The receiving party agrees that, except as required by law, it will retain such Confidential Information in confidence and will not disclose, publish or make use of all or any part of such Confidential Information given to it by the disclosing party for any purpose other than those specified in this Agreement, without first obtaining the disclosing party's written consent. Notwithstanding the foregoing, the obligations specified herein shall not apply to any Confidential Information that is demonstrated to fall within any of the following categories: (a) to any Confidential Information which now is or hereinafter becomes publicly known or available otherwise than through unauthorized disclosure by the receiving party, and (b) to any Confidential Information which the receiving party received in good faith from a third party who is not under a similar restriction of confidentiality and having a right to disclose the information, and (c) to any Confidential Information that was already in the receiving party's possession or can be proven to have been independently developed by the receiving party, after disclosure hereunder, without the aid, application or use in any way of the Confidential Information received from the disclosing party under this Agreement, and (d) to any Confidential Information which is required by law or judicial order should be disclosed.
- 14.2 The receiving party represents that it has procedures designed to protect Confidential Information and agrees that it shall impose upon its employees and agents the same obligations with respect to the other disclosing party's Confidential Information as it imposes upon them with respect to its own Confidential Information.

15. INSURANCE

15.1 MEDCOMP warrants that it has product liability insurance in the amount of at least \$3,000,000. (Three Million Dollars). MEDCOMP shall provide ANGIODYNAMICS with a Certificate of Insurance indicating such coverage, and shall have ANGIODYNAMICS named as an additional insured under its policy. MEDCOMP agrees to provide said coverage for the duration of this Agreement and for a period of three years following the termination of this contract as provided in Section 13.

16. INDEMNIFICATION

16.1 MEDCOMP agrees to indemnify and hold ANGIODYNAMICS harmless from and against any and all costs, losses, liability, damages and expense claims (including reasonable attorneys' fees) made by any person or entity arising out of the manufacturing, processing, marketing, distribution, sale and use of the Products, where and to the extent such damages have been caused by the negligence, recklessness or willful misconduct of MEDCOMP or its employees or agents, or relate in any way to the Products as set forth in Exhibit A-E.

16.2 ANGIODYNAMICS agrees to indemnify MEDCOMP from and against any and all costs, losses, liability and expense claims (including reasonable attorneys' fees) made by any person or entity arising out of the marketing, distribution and sale of the Products, where and to the extent such damages have been caused by the negligence, recklessness or willful misconduct of ANGIODYNAMICS or its employees or agents.

16.3 The indemnifying party shall have the right to defend or, at its option, settle such claims, and if it chooses to exercise such right, it shall have control over any such claim or settlement negotiations. The indemnifying party shall be relieved of the foregoing obligations unless the indemnified party gives prompt notice in writing of any such claim, suit or proceeding and, at the indemnifying party's expense, gives the indemnifying party proper and full information and assistance to settle and/or defend any such claim, suit, or proceeding.

17. ARBITRATION

17.1 If any dispute or claim arising under this Agreement cannot be readily resolved by the parties, the parties agree to refer the matter to a panel consisting of one (1) senior executive from each party (or an affiliated company of the party) for review and resolution. The senior executive shall preferably not have been directly involved in the claim or dispute. A copy of the Agreement terms, relevant facts, areas of disagreement and a concise summary of basis of each side's contention will be provided to both executives who shall review the same, and attempt to reach a mutual resolution of the issue. The senior executives shall meet and attempt to resolve the dispute within thirty (30) days of their appointment. If the dispute or claim cannot be resolved by the senior executive panel within forty-five (45) days of the date of the senior executives' conference, a party may refer the matter to binding arbitration.

- 17.2 The parties agree that all disputes, controversies or claims arising out of or relating to this Agreement, with the exception of any disputes concerning the terms governing enforcement of any of MEDCOMP Patent Rights, shall be finally resolved and/or otherwise settled by arbitration in accordance with the arbitration rules of the American Arbitration Association then in force. The parties will not be asked to take any action that is illegal in any country. Each party shall bear its own costs and shall jointly share the costs of the arbitration, except to the extent that either of the parties shall be found to have acted maliciously or without justification under the terms of the Agreement by the arbitrators in which case the losing party shall bear all expense and legal fees of the other. The award of the arbitrators shall be final and conclusive and binding on both parties.
- 17.3 The number of arbitrators for all arbitration in accordance with paragraph 17.2 of this Article shall be three (3): one shall be appointed by ANGIODYNAMICS, one shall be appointed by MEDCOMP, and a third arbitrator shall be selected jointly by those two arbitrators and who shall be president of the arbitration panel. The arbitrators shall be appointed within sixty (60) days following notification of a dispute requiring resolution by arbitration. If one party fails to appoint an arbitrator within such time period, the other party may abandon arbitration and seek resolution in a court of appropriate jurisdiction or seek appointment of two (2) objectives, court-approved arbitrators within thirty (30) days of the failure of the party to initially appoint an arbitrator, one of such court-approved arbitrators to act on behalf of the party failing to initially appoint an arbitrator, and one of whom will act as president of the arbitration panel. If the party failing to initially appoint an arbitrator has a reasonable objection for good cause to any such court-approved arbitrators selected by the other party, the objecting party shall suggest an alternative arbitrator within thirty (30) days, or forfeit its right to object to any of the chosen court-approved arbitrators.
- 17.4 In construing the rights and obligations of the parties to this Agreement and the other agreements associated herewith, the arbitrators shall apply the law of the state of New York and the place of arbitration shall be in the Commonwealth of Pennsylvania at a neutral location to be agreed to by the parties, but shall not be in the place of business of either party.
- 17.5 If insofar as the arbitration award is deemed not to have the force and validity of a legal judgment, the award nonetheless shall be binding on the Parties as if agreed between themselves.
- 17.6 When any dispute occurs and when any dispute is under arbitration, except for the matters under dispute, the parties shall, within reason and to the extent practical, continue to exercise their remaining respective rights, and fulfill their remaining respective obligations under this Agreement hereunder during the period of arbitration or dispute.

18. PROPERTY RIGHTS

18.1 The parties agree that this Agreement shall not affect ownership of patents, trademarks, trade names, inventions, copyrights, know-how, and trade secrets, the use of the other party's aforementioned property rights is authorized only for the purposes herein set forth, and upon termination of the Agreement for any reason such authorization shall cease.

19. FORCE MAJEURE

19.1 Non-performance of either party shall be excused to the extent that performance is rendered impossible by strike, fire, flood, governmental acts, or orders, or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the reasonable control of and is not caused by the negligence of the non-performing party.

20. ASSIGNMENT

20.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns; provided, however, that neither party shall assign any of its rights or delegate any of its duties of performance hereunder without the prior written consent of the other party, which shall not be unreasonably withheld; provided that such consent shall not be necessary to make an assignment to an entity that is, (a) an organization of which more than fifty (50%) percent of the voting stock is controlled or owned directly or indirectly by either party to this Agreement; (b) an organization that directly or indirectly owns or controls more than fifty (50%) percent of the voting stock of either party to this Agreement; (c) an organization, the majority ownership of which is directly or indirectly common to the majority ownership of either party to this Agreement.

21. WAIVER

21.1 All waivers hereunder must be made in writing. Course of conduct between the parties, whether or not contrary to the terms of this Agreement, shall not be construed as a waiver of any of the terms of this Agreement. Failure by any party to require the other party's performance of any obligation under this Agreement shall not affect, limit, or waive the other party's right to require strict performance of that obligation any time thereafter. The waiver of any breach of a provision of this Agreement shall not be construed in any way as a waiver of any continuing or succeeding breach of such provision or modification of the provision.

22. CAPACITY

22.1 Both parties warrant that they have the legal capacity to enter into this Agreement and that they have not signed any other agreement which could conflict with the terms of this Agreement.

23. AGENCY

23.1 Nothing contained in this Agreement shall be construed as a license or create a joint venture or establish any other relationship of similar nature between the parties.

24. INVALIDITY

24.1 Should any provision of this Agreement be ruled invalid, the remaining provisions shall not be affected and shall remain in full force and effect. The parties shall in such an instance endeavor to replace the invalidated provision by a valid provision with similar intent.

25. ENTIRE AGREEMENT

25.1 This Agreement constitutes the entire Agreement between the parties hereto, and all prior or other agreements or representations, whether written or oral, are of no force or validity and are hereby superseded. The parties specifically acknowledge and agree that upon the execution of this Agreement, this Agreement shall supercede and replace all prior agreements between the parties including without limitation the distribution agreements dated March 24, 2002, March 18, 1998, and August 27, 1996. The parties hereby confirm expressly that the Agreement was freely negotiated by them.

26. HEADINGS

26.1 The headings in this Agreement are inserted for convenience of reference only, and shall not affect the interpretation of this Agreement.

27. NOTICES

27.1 Any notice required by this Agreement shall be deemed to have been given when sent by certified mail, return receipt requested, or by receipted messenger service, or by Facsimile (with a confirmatory copy sent by receipted certified mail), to the party to be notified at the following addresses, or to such other addresses as is supplied by one party to the other:

If to ANGIODYNAMICS:      President & CEO  
603 Queensbury Avenue  
Queensbury NY 12804  
Facsimile #: (518)798.3625

If to MEDCOMP:              President & CEO  
1499 Delp Drive  
Harleysville PA 19438  
Facsimile #: (215)513.2203





**SchonCath® Long Term Catheter  
Exclusive World Wide Agreement\***

PRODUCT NO.	PRODUCT DESCRIPTION	UNIT PRICE	ANNUAL MINIMUMS BY YEAR (Units)				
			1	2	3	4	5
10801801	SchonCath 12cm	\$ ***	***	***	***	***	***
10801802	SchonCath 14cm	\$ ***					
10801803	SchonCath 16cm	\$ ***					
10801804	SchonCath 18cm	\$ ***					
10801805	SchonCath 20cm	\$ ***					
10801806	SchonCath 22cm	\$ ***					
10801807	SchonCath 24cm	\$ ***					
10801808	SchonCath 26cm	\$ ***					
10801809	SchonCath 28cm	\$ ***					
10801810	SchonCath 45cm	\$ ***					
10801811	SchonCath 55cm	\$ ***					
10802301	Cutting Insertion Tray	\$ ***					
10802302	Blunt Insertion Tray	\$ ***					
10802401	Venous Adapters	\$ ***					
10802402	Arterial Adapters	\$ ***					
10800501	Peelaway Sheaths	\$ ***					
10800502	Peelaway Sheaths-Long	\$ ***					
10800601	Blunt Tunnelers	\$ ***					
10800602	Sharp Tunnelers	\$ ***					

\* AngioDynamics shall purchase the annual minimum number of products units referenced in the chart above for each respective year from the list of products on said chart.

Kit

- 1 – Appropriate Catheter
- 1 – 13ga Red Compression Collar
- 1 – 13ga Blue Compression Collar
- 1 – 10F Tesio Venous Catheter Extension
- 1 – 10F Tesio Arterial Catheter Extension
- 2 – Compression Ring
- 1 – CSR Wrap
- 1 – #11 Blade Scalpel
- 1 – 2-0 Silk Suture w/Curved Needle
- 1 – .038 x 70cm Marked GW (Schon)
- 1 – 3M Tegaderm Oval
- 2 – Modified Tunneler
- 1 – Oval Tearaway Sheath/Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio Adaptor Direction Sheet
- 1 – Angio Direction Sheet
- 1 – Oval Sheath Tearaway Clip
- 2 – Injection Port
- 1 – 18ga Introducer Needle
- 1 – Red Robert’s Mini Clamp
- 1 – Blue Robert’s Mini Clamp

Catheter

- 1 – Appropriate Schon Catheter
- 1 – 13ga Red Compression Collar
- 1 – 13ga Blue Compression Collar
- 1 – 10F Tesio Venous Catheter Extension
- 1 – 10F Tesio Arterial Catheter Extension
- 1 – CSR Wrap
- 1 – Angio Adaptor Direction Sheet
- 1 – Angio Direction Sheet
- 2 – Injection Port
- 1 – Blue Robert’s Mini Clamp
- 1 – Red Robert’s Mini Clamp
- 2 – Compression Ring

\*\*\* Confidential material redacted and filed separately with the Commission.

Cutting Insertion Tray

1 – 13ga Red Compression Collar  
 1 – 13ga Blue Compression Collar  
 1 – 10F Tesio Venous Catheter Extension  
 1 – 10F Tesio Arterial Catheter Extension  
 2 – Compression Ring  
 1 – CSR Wrap  
 1 – #11 Blade Scalpel  
 1 – 2-0 Silk Suture w/Curved Needle  
 1 – .038 x 70cm Marked GW (Schon)  
 1 – Tegaderm Oval  
 2 – Modified Tunneler  
 1 – Oval Tearaway Sheath/Dilator  
 1 – Angio GW Direction Sheet  
 1 – Angio Adaptor Direction Sheet  
 1 – Angio Direction Sheet  
 1 – Oval Sheath Tearaway Clip  
 2 – Injection Port  
 1 – 18ga x 2 <sup>3</sup>/<sub>4</sub>" Introducer Needle  
 1 – Red Robert's Mini Clamp  
 1 – Blue Robert's Mini Clamp

Venous Adapters

1 – 13ga Blue Compression Collar  
 1 – 10F Tesio Catheter Venous Extension  
 1 – Compression Ring  
 1 – Angio Adaptor Direction Sheet

Tearaway Sheath

1 – Oval Tearaway Sheath/Dilator  
 1 – Oval Sheath Tearaway Clip

Blunt Tunnelers

1 – Blunt Tunneler for Tesio Catheter

Blunt Insertion Tray

1 – 13ga Red Compression Collar  
 1 – 13ga Blue compression Collar  
 1 – 10F Tesio Venous Catheter Extension  
 1 – 10F Tesio Arterial Catheter Extension  
 2 – Compression Ring  
 1 – CSR Wrap  
 1 – #11 Blade Scalpel  
 1 – 2-0 Silk Suture w/Curved Needle  
 1 – .038 x 70cm Marked GW (Schon)  
 1 – Tegaderm Oval  
 2 – Blunt Tunneler for Tesio Catheter  
 1 – Oval Tearaway Sheath/Dilator  
 1 – Angio GW Direction Sheet  
 1 – Angio Adaptor Direction Sheet  
 1 – Angio Direction Sheet  
 1 – Oval Sheath Tearaway Clip  
 2 – Injection Port  
 1 – 18ga x 2 <sup>3</sup>/<sub>4</sub>" Introducer Needle  
 1 – Red Robert's Mini Clamp  
 1 – Blue Robert's Mini Clamp

Arterial Adaptors

1 – 13ga Red Compression Collar  
 1 – 10F Tesio Catheter Arterial Extension  
 1 – Compression Ring  
 1 – Angio Adaptor Direction Sheet

Tearaway Sheath – Long

1 – 20cm Oval Tearaway Sheath/Dilator  
 1 – Oval Sheath Tearaway Clip

Sharp Tunnelers

1 – Modified Tunneler for Tesio Catheter

**Schon XL Acute Dialysis Catheters  
Exclusive World Wide Agreement\***

PRODUCT NO.	PRODUCT DESCRIPTION	UNIT PRICE	ANNUAL MINIMUMS BY YEAR (Units)				
			1	2	3	4	5
10801701	Schon XL 15cm – Cath	\$ ***	***	***	***	***	***
10801702	Schon XL 20cm – Cath	\$ ***					
10801703	Schon XL 24cm – Cath	\$ ***					
10800701	Schon XL 15cm – Set	\$ ***					
10800702	Schon XL 20cm – Set	\$ ***					
10800703	Schon XL 24cm – Set	\$ ***					
10802701	Schon XL 15cm – Tray	\$ ***					
10802702	Schon XL 20cm – Tray	\$ ***					
10802703	Schon XL 24cm – Tray	\$ ***					

\* AngioDynamics shall purchase the annual minimum number of product units referenced in the chart above for each respective year from the list of products on said chart.

Catheter

- 1 – Appropriate Schon XL Catheter
- 1 – Hemocath Clip
- 1 – Angio Direction Sheet
- 2 – Injection Port

Set

- 1 – Appropriate Schon XL Catheter
- 1 – #11 Blade Scalpel
- 1 – .035 x 70cm J-Flex GW
- 1 – Tegaderm Oval
- 1 – Hemo-Cath Clip
- 1 – 2-0 Curved Monofilament Suture
- 1 – 12F x 6” Vessel Dilator
- 1 – 14F x 6” Vessel Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio Direction Sheet
- 2 – Injection Port
- 1 – 18ga x 2 3/4” Introducer Needle

Tray

- 1 – Appropriate Schon XL Catheter
- 2 – CSR Wrap
- 4 – 4” x 4” Gauze
- 2 – 5cc Luer Lock Syringe
- 1 – 25ga x 5/8” Needle
- 1 – 22ga x 1 1/2” Vessel Locating Needle
- 1 – #11 Blade Scalpel
- 1 – Povidone Iodine Swabsticks
- 1 – Surgical Gloves
- 1 – 5cc Ampule Lidocaine
- 2 – 10cc Luer Lock Syringe
- 1 – 18ga x 1 1/2” Aspirating Needle
- 1 – .035 x 70cm J-Flex GW
- 1 – Fenestrated Drape
- 1 – Hemostat
- 1 – Tegaderm Oval
- 1 – Hemocath Clip
- 1 – 2-0 curved Monofilament Suture
- 1 – 15F x 6” Vascul-Sheath
- 1 – 12F x 6” Vessel Dilator
- 1 – 14F x 6” Vessel Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio Direction Sheet
- 2 – Injection Port
- 1 – 18ga x 2 3/4” Introducer Needle

\*\*\* Confidential material redacted and filed separately with the Commission.

**Dynamic Flow****USA: Exclusive Agreement\*****Rest of World (ROW): Non-Exclusive Agreement\***

PRODUCT NO.	PRODUCT DESCRIPTION	UNIT PRICE USA	ANNUAL MINIMUMS BY YEAR (Units)				
			1	2	3	4	5
10300701	D.F. 24cm – Tray	\$ ***	***	***	***	***	***
10300702	D.F. 28cm – Tray	\$ ***					
10300703	D.F. 32cm – Tray	\$ ***					
10300704	D.F. 36cm – Tray	\$ ***					
10300705	D.F. 55cm – Tray	\$ ***					
10300601	D.F. 24cm – Set	\$ ***					
10300602	D.F. 28cm – Set	\$ ***					
10300603	D.F. 32cm – Set	\$ ***					
10300604	D.F. 36cm – Set	\$ ***					
10300605	D.F. 55cm – Set	\$ ***					

**ROW Pricing will be granted by MEDCOMP upon proof of sale to non-USA Market by AngioDynamics. ROW Pricing shall be USA Price less \$\*\*\*.**

\* AngioDynamics shall purchase the annual minimum number of product units referenced in the chart above for each respective year from the list of products on said chart.

Tray

- 1 – Catheter
- 1 – Tunneling Tool
- 2 – Injection Caps
- 1 – Tearaway Sheath Introducer

Set

- 1 – Catheter
- 1 – Introducer Needle
- 1 – Tunneling Tool
- 2 – Vessel Dilators
- 2 – Injection Caps
- 1 – Scalpel
- 1 – Tearaway Sheath Introducer
- 1 – J/Flex Guidewire
- 1 – Adhesive Wound Dressing

\*\*\* Confidential material redacted and filed separately with the Commission.

**MoreFlow Dialysis Catheters**  
**Non-Exclusive Worldwide Agreement**  
**NO MINIMUMS**

PRODUCT NO.	PRODUCT DESCRIPTION	UNIT PRICE
10300501	M.F. 24cm – Basic Kit – Straight	\$ ***
10300502	M.F. 28cm – Basic Kit – Straight	\$ ***
10800503	M.F. 32cm – Basic Kit – Straight	\$ ***
10800504	M.F. 36cm – Basic Kit – Straight	\$ ***
10800505	M.F. 55cm – Basic Kit – Straight	\$ ***
10800506	M.F. 24cm – Basic Kit – Pre-Curve	\$ ***
10800507	M.F. 28cm – Basic Kit – Pre-Curve	\$ ***
10800508	M.F. 32cm – Basic Kit – Pre-Curve	\$ ***
10800509	M.F. 36cm – Basic Kit – Pre-Curve	\$ ***

**ROW Pricing will be granted by MEDCOMP upon proof of sale to non-USA market by AngioDynamics. ROW Pricing shall be USA Price less \$\*\*\*.**

Tray

- 1 – Appropriate MoreFlow Catheter
- 1 – Raulerson Bulb Syringe
- 2 – CSR Wrap
- 4 – 4x4 Gauze Sponge
- 1 – Povidone Iodine Ointment
- 2 – 5cc Luer Lock Syringe
- 1 – 25ga x 5/8” Syringe
- 1 – 22ga x 1/2” Syringe
- 1 – #11 Blade Scalpel
- 1 – Povidone Iodine Swabsticks
- 1 – Surgical Gloves
- 1 – 5cc Ampule Lidocaine
- 2 – 10cc Luer Lock Syringe
- 1 – 18ga x 1 1/2” Aspirating Needle

MoreFlow Kit

- 1 – Appropriate More-Flow Catheter
- 1 – Raulerson Bulb Syringe
- 1 – #11 Blade Scalpel
- 1 – .038 x 70cm J-Flex GuideWire
- 1 – Tegaderm Oval
- 1 – 15F x 6” Vasca-Sheath
- 1 – 12F x 6” Vessel Dilator
- 1 – 14F x 6” Vessel Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio More-Flow IFU
- 1 – Sheath Dilator
- 1 – Tunneler w/Tri-Ball Tip
- 2 – Injection Ports
- 1 – 18ga x 2 3/4” Introducer Needle
- 1 – .038 x 70cm J-Flex GuideWire
- 1 – 2-0 Silk Suture w/Curved Needle
- 1 – Fenestrated Drape
- 1 – Hemostat
- 1 – Tegaderm Oval
- 1 – 15F x 6” Vasca-Sheath
- 1 – 12F x 6” Vessel Dilator
- 1 – 14F x 6” Vessel Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio MoreFlow IFU
- 1 – Sheath Dilator
- 1 – Tunneler w/Tri-Ball Tip
- 2 – Injection Ports
- 1 – 18ga x 2 3/4” Introducer Needle

\*\*\* Confidential material redacted and filed separately with the Commission.

**DuraFlow Dialysis Catheters  
Exclusive Worldwide Agreement  
NO MINIMUMS**

PRODUCT NO.	PRODUCT DESCRIPTION	UNIT PRICE	ANNUAL ESTIMATES BY YEAR (Units)				
			1	2	3	4	5
10301101	24cm Dura Flow Straight Tray	\$ ***	***	***	***	***	***
10301102	28cm Dura Flow Straight Tray	\$ ***					
10301103	32cm Dura Flow Straight Tray	\$ ***					
10301104	36cm Dura Flow Straight Tray	\$ ***					
10301105	40cm Dura Flow Straight Tray	\$ ***					
10300111	55cm Dura Flow Straight Tray	\$ ***					
10301106	24cm Dura Flow Pre-Curve Tray	\$ ***					
10301107	28cm Dura Flow Pre-Curve Tray	\$ ***					
10301108	32cm Dura Flow Pre-Curve Tray	\$ ***					
10300109	36cm Dura Flow Pre-Curve Tray	\$ ***					
10301201	24cm Dura Flow Straight Set	\$ ***					
10301202	28cm Dura Flow Straight Set	\$ ***					
10301203	32cm Dura Flow Straight Set	\$ ***					
10301204	36cm Dura Flow Straight Set	\$ ***					
10301205	40cm Dura Flow Straight Set	\$ ***					
10301211	55cm Dura Flow Straight Set	\$ ***					
10301206	24cm Dura Flow Pre-Curve Set	\$ ***					
10301207	28cm Dura Flow Pre-Curve Set	\$ ***					
10301208	32cm Dura Flow Pre-Curve Set	\$ ***					
10301209	36cm Dura Flow Pre-Curve Set	\$ ***					

**ROW pricing will be granted by MEDCOMP upon proof of sale to non-USA market by AngioDynamics. ROW Pricing shall be USA Price less \$\*\*\* .**

Tray

- 1 – Appropriate Dura Flow catheter
- 1 – Raulerson Bulb Syringe
- 2 – CSR Wrap
- 4 – 4x4 Gauze Sponge
- 1 – Povidone Iodine Ointment
- 2 – 5cc Luer Lock Syringe
- 1 – 25ga x 5/8” Syringe
- 1 – 22ga 1/2” Syringe
- 1 – #11 Blade Scalpel
- 1 – Povidone Iodine Swabsticks
- 1 – Surgical Gloves
- 1 – 5cc Ampule Lidocaine
- 2 – 10cc Luer Lock Syringe
- 1 – 18ga x 1 1/2” Aspirating Needle
- 1 – .038 x 70cm J-Flex Guidewire
- 1 – 2-0 Silk Suture w/Curved Needle
- 1 – Fenestrated Drap
- 1 – Hemostat
- 1 – Tegaderm Oval
- 1 – 16F x 6” Vasca-Sheath
- 1 – 12F x 6” Vessel Dilator
- 1 – 14F x 6” Vessel Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio MoreFlow IFU
- 1 – Sheath Dilator
- 1 – Tunneler w/Tri-Ball Tip
- 2 – Injection Ports
- 1 – 18ga x 2 3/4” Introducer Needle

More-Flow Kit

- 1 – Appropriate More-Flow Catheter
- 1 – Raulerson Bulb Syringe
- 1 – #11 Blade Scalpel
- 1 – .038 x 70cm J-Flex Guidewire
- 1 – Tegaderm Oval
- 1 – 16F x 6” Vasca-Sheath
- 1 – 12F x 6” Vessel Dilator
- 1 – 14F x 6” Vessel Dilator
- 1 – Angio GW Direction Sheet
- 1 – Angio More-Flow IFU
- 1 – Sheath Dilator

- 1 – Tunneler w/Tri-Ball Tip
  - 2 – Injection Ports
  - 1 – 18ga x 2 3/4” Introducer Needle
- 

\*\*\* Confidential material redacted and filed separately with the Commission.

**HemoCath**  
**Exclusive Worldwide Agreement**  
**NO MINIMUMS**

PRODUCT NO.	PRODUCT DESCRIPTION	UNIT PRICE
10300301	Hemo*Cath®	\$ ***

Catheter

- 1 – Appropriate HemoCath Catheter
- 1 – Angio IFU

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\*\*\* Confidential material redacted and filed separately with the Commission.



**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934**

I, Eamonn P. Hobbs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AngioDynamics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date October 7, 2005

/s/ Eamonn P. Hobbs

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Eamonn P. Hobbs, President,  
Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934**

I, Joseph G. Gerardi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AngioDynamics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date October 7, 2005

/s/ Joseph G. Gerardi

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Joseph G. Gerardi, Vice President -  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO TITLE 18,  
UNITED STATES CODE, SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eamonn P. Hobbs, President, Chief Executive Officer and Director of AngioDynamics, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that,:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended August 27, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date October 7, 2005

/s/ Eamonn P. Hobbs

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Eamonn P. Hobbs, President,  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO TITLE 18,  
UNITED STATES CODE, SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph G. Gerardi, Vice President - Chief Financial Officer of AngioDynamics, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended August 27, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date October 7, 2005

/s/ Joseph G. Gerardi

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Joseph G. Gerardi, Vice President -  
Chief Financial Officer