

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (date of earliest event reported): August 15, 2006**

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**ANGIODYNAMICS, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**

(State or Other Jurisdiction of Incorporation)

**0-50761**

(Commission File Number)

**11-3146460**

(IRS Employer Identification No.)

**603 Queensbury Avenue, Queensbury, New York**

(Address of Principal Executive Offices)

**12804**

(Zip Code)

**(518) 798-1215**

(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On August 15, 2006, the Compensation Committee of the Board of Directors of AngioDynamics, Inc. (the "Company") took the following actions:

1. Amended the compensation payable to the chairmen of the Compensation Committee and the Nominating & Corporate Governance Committee of the Board of Directors by providing for an annual cash retainer of \$5,000 for each chairman, effective retroactively to June 6, 2006. As amended, the compensation of the non-employee directors of the Company, including committee chairman, is set forth on, and is incorporated into this Item 1.01 by reference to, exhibit 10.1 to this current report on Form 8-K.
2. Approved increased annual base salaries for fiscal 2007 for the Company's Chief Executive Officer (which is also the Company's President), (the "CEO"), and the Company's other Executive Officers who will be named executive officers in the Company's 2006 proxy statement. The fiscal 2007 base salaries are as follows:

<u>Name</u>	<u>Position</u>	<u>Fiscal 2007 Base Salary</u>
Eamonn P. Hobbs	President and CEO	\$313,000
Paul J. Shea	Vice President, Sales	\$185,427
Robert M. Rossell	Vice President, Marketing	\$185,317
Brian S. Kunst	Vice President, Regulatory Affairs/Quality Assurance	\$173,500
William M. Appling	Vice President, Research	\$176,578

3. Amended the Company's Management Profitability Bonus Program (the "Bonus Program") to increase the target bonus for the CEO to 50% from 40% of his salary for fiscal 2007 and subsequent fiscal years. A copy of the Bonus Program, as amended, is filed as exhibit 10.3 to this current report on Form 8-K and incorporated by reference into this Item 1.01

In addition, on August 15, 2005, the Compensation Committee approved the individual annual performance objectives, or MBO's, for fiscal 2007 for the Company's CEO under the Bonus Program. The Bonus Program, as amended as described above, provides for annual target bonuses for the CEO of 50% of base salary and for all other executive officers of 30% of base salary. As previously reported in the Company's current report on Form 8-K filed on August 4, 2005, 30% of each target bonus is payable at the end of the Company's fiscal year, contingent upon achievement of the officer's MBO's. Payment of the remaining 70% of the bonus is paid quarterly upon the Company's achievement of quarterly EBIT budget objectives, with 25% of each payment made held back for distribution after the end of the fiscal year if the Company achieves its annual EBIT goal as set forth in the Company's annual budget.

The CEO develops and submits his MBO's directly to the compensation committee for its review and approval. The fiscal 2007 MBO's for the CEO consist of a combination of several Company financial benchmarks, including objectives relating to revenues, gross margins, EBIT, expense limitations and similar goals, and specific personal performance objectives set for CEO. The personal objectives generally relate to matters within each officer's specific department or area of responsibility. The various MBO's were assigned percentage values in accordance with their importance to the Company's achievement of its overall objectives.

In addition, the committee approved the following payments for the Company's Executive Officers under the Bonus Program for fiscal 2006:

- a) Payment of the fiscal 2006 MBO bonuses
- b) Payment of the annual EBIT escrow and payment of a prorated amount of the annual overachievement bonus

<u>Name</u>	<u>FY 2006 MBO Bonus</u>	<u>FY2006 EBIT and Overachievement Bonus</u>
Eamonn P. Hobbs	\$ 34,680	\$ 22,421
Paul J. Shea	\$ 14,369	\$ 11,498
Robert M. Rossell	\$ 14,303	\$ 11,190
Brian S. Kunst	\$ 14,544	\$ 10,780
William M. Appling	\$ 12,298	\$ 10,652

- 4. At the August 15, 2006 meeting, the Compensation Committee also approved grants of non-qualified stock options under the Company's 2004 Stock and Incentive Award Plan (the "2004 Plan") to the Company's Executive Officers, which have been reported on Form 4 filings made by or on behalf of each officer with the Securities and Exchange Commission ("SEC"). The option grants were made pursuant to option agreements, the form of which, together with the 2004 Plan, have previously been filed as exhibits with the SEC.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<b>Exhibit</b>	<b>Description</b>
10.1.	Summary of the Compensation of the Non-Employee Directors of AngioDynamics, Inc.
10.2	Summary of Fiscal 2007 Base Compensation for the Chief Executive Officer and other Named Executive Officers
10.3	AngioDynamics, Inc. Management Profitability Bonus Program (amended as of August 15, 2006)

SIGNATURES

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

Date: August 21, 2006

ANGIODYNAMICS, INC.  
(Registrant)

By: /s/ Joseph G. Gerardi  
Joseph G. Gerardi  
Vice President, Chief Financial Officer

EXHIBIT INDEX

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**Summary of the Compensation of the Non-employee  
Directors of AngioDynamics, Inc.**

**Annual Cash Retainers (payable in quarterly installments):**

All Board Members	\$ 24,000
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**Additional Cash Retainer**

Audit Committee Chair	\$ 1,000 (monthly)
Chairman of the Board	\$ 2,000 (monthly)
Compensation Committee Chair	\$ 5,000 (annually)
Nominating and Corporate Governance Chair	\$ 5,000 (annually)

**Board and Committee Meetings Fees:**

Board	\$ 1,500/meeting
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Committees

Chairman	\$ 1,500/meeting
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Members	\$ 750/meeting
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**Equity Grants:**

Initial grant to new Directors:

Option for 25,000 shares (48-months vesting period) under the Company's 2004 Stock and Incentive Award Plan (the "2004 Plan")

Annual grant to each Director:

Option for 6,000 shares (36-month vesting period) under the 2004 Plan.

**Summary of Fiscal 2007 Base Salary Compensation for  
the Chief Executive Officer and Other Named Executive  
Officers**

<u>Name</u>	<u>Position</u>	<u>Fiscal 2007 Base Salary</u>
Eamonn P. Hobbs	President and CEO	\$313,000
Paul J. Shea	Vice President, Sales	\$185,427
Robert M. Rossell	Vice President, Marketing	\$185,317
Brian S. Kunst	Vice President, Regulatory Affairs/ Quality Assurance	\$173,500
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AngioDynamics, Inc. Management Profitability  
 Bonus Program (amended as of August 15, 2006)

# ANGIODYNAMICS®

INCORPORATED

## Management Profitability Bonus Program

### Overview

As it is results in an ideal situation when both the corporation achieves its financial goals and when each member of the management staff achieves their individual objectives, it makes sense to use the AngioDynamics Profitability Bonus Program as a tool to help us manage our business and motivate our management staff to support the direction of the company.

Effective June 1, 2003, the AngioDynamics Profitability Bonus Program was modified to include individual performance objectives, also known as MBO's, which will constitute 30% of the employees total available bonus each year. The MBO segment of the bonus will be calculated and paid at year-end, while the EBIT achievement will remain as a quarterly program, resulting in an available 70% of the total bonus opportunity for quarterly payout.

In addition one fourth (1/4) of the 70% opportunity based on achieving quarterly EBIT objectives will be held until year-end, to ensure that year-end financial goals are met in addition to those for each quarter.

### MBO Development

The establishment of MBO's will be done in conjunction with each employees' immediate supervisor and the appropriate department head, prior to June 1<sup>st</sup> of each year.

Additional information will be provided to all members of the management team to help with the development of clear and effective individual objectives.

### Standard Bonus Levels

Standard bonuses will be paid according to the following schedule, based on management level:

<u>Title/Position</u>	<u>Annual Target Bonus</u>
President	50% of base salary
Vice President	30% of base salary
Director	20% of base salary
Manager	15% of base salary
Supervisor/Engineer	10% of base salary
Individual Contributor	10% of base salary

## **Eligibility**

This plan is applicable to salaried managerial and supervisory personnel, as well as individual contributors when appropriate. In order to receive bonus payments:

- Employees must be in good standing (as defined by the AngioDynamics employee handbook) for the entire quarter for which the bonus is being paid and/or escrow is being calculated. Receipt of a written warning, a performance plan of action, or other disciplinary action will nullify an employees' bonus opportunity for that particular quarter.
- Employees must be considered "Active" at the time the bonus is actually paid. Terminated employees or those that resign for whatever reason will not be eligible for any bonus payments for the current or prior quarter.
- Anyone being considered for an Individual Contributor award must be nominated by their supervisor and be approved by executive management.

## **Bonus Payments**

### ***Quarterly Corporate Objectives***

The portion of the profitability bonus (70% of the total bonus opportunity) that is determined by the company's financial results will be paid quarterly based on achievement of the budgeted income from operations for the fiscal quarter.

25% of this earned quarterly bonus will be rolled into a year-end profitability bonus pool. This money is eligible for distribution at fiscal year end and is based on achieving the year-end operating income budget.

No profitability bonus will be paid if 100% of the budgeted income from operations for the quarter is not achieved.

### ***Year-End Individual Objectives (MBO'S)***

The MBO portion of the profitability bonus program (30% of the total bonus opportunity) will be paid at year-end based on achievement of individual MBO's. Your immediate supervisor will review each of the objectives with you at the end of the fiscal year and a determination will be made as to your progress towards completion and your bonus entitlement.

### ***Year End Corporate Objectives***

#### **Quarterly Escrow**

The escrowed amount set aside from each of the prior quarters in which bonus was paid, is eligible for distribution at fiscal year end and is based on achieving the year-end operating income budget. If year-end operating income budget is not achieved, this amount will not be distributed as a profitability bonus.

If a quarterly bonus payment is made but ultimately year-end income from operations budget is not achieved, the Company reserves the right to offset the quarterly bonus payment against future bonuses

If certain quarterly bonus payments are not made but ultimately year-end results achieve 100% of budget, the Company will pay bonuses proportionately with the amount remaining in the bonus pool.

#### Overachievement Bonus

This program also offers an addition element based on overachievement of the budgeted income from operations. At the completion of the fiscal year, should the company have exceeded its EBIT goal, the total profitability bonus will be increased to a maximum of 1.5 times the original target bonus for 120% achievement of the income from operations.

- No additional bonus will be paid for overachievement greater than 120% of budgeted income from operations.
- The bonus will be extrapolated for overachievement between 100% and 120%.

#### Summary

For AngioDynamics to be successful in maintaining its business strategy, the organization must possess certain capabilities. AngioDynamics must be able to do certain things well in order for our business strategy to become a reality. The primary element that will ensure our success is our people. The primary purpose of this program is to recognize those members of the management team who contribute to AngioDynamics' success and to reward them appropriately.