

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (date of earliest event reported): July 29, 2005

ANGIODYNAMICS, INC.  
(Exact Name of Registrant as Specified in its Charter)

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)

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 July 29, 2005, the compensation committee of the board of directors of AngioDynamics, Inc. (the "Company"), took the following actions:

1. Approved individual annual performance objectives, or MBO's, for fiscal 2006 for the Company's executive officers under the Company's Management Profitability Bonus Program (the "Program"), which was originally adopted in June 2003. A copy of the Program is filed as exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.
2. Amended the Program to increase the President's (CEO) target bonus to 40% from 35%.
3. Approved payment under the Program of the fiscal 2005 MBO bonuses to the Company's executive officers.
4. Approved payment under the Program of the fiscal 2005 fourth quarter financial bonuses to the Company's executive officers.
5. Approved payment under the Program of the annual over-achievement bonuses for fiscal 2005 to the Company's executive officers.
6. Approved increased annual base salaries for the Company's executive officers for fiscal 2006.
7. Granted stock options to the Company's executive officers under the Company's 2004 Stock and Incentive Award Plan.

The Company's Management Profitability Bonus Program

All salaried managerial and supervisory personnel, including the Company's executive officers, are eligible to receive bonuses under the Program. For executive officers, target bonuses are set as a percentage of base salary as follows:

President (CEO)	35% of base salary (for fiscal 2005) 40% of base salary (for fiscal 2006 and thereafter)
Vice Presidents	30% of base salary

The target bonuses constitute the total bonuses payable to the executive officers in the form of MBO bonuses and quarterly and annual financial bonuses, except for any over-achievement bonuses, as described below. Thirty percent of the target bonus is payable at year-end upon satisfaction of the officer's MBO's. Each officer's MBO's, except those of the Chief Executive Officer (the "CEO"), are developed by the officer and the CEO and submitted to the compensation committee for approval. The CEO develops and submits his MBO's directly to the committee for approval. After the end of the fiscal year, payment of the MBO bonuses is subject to the approval of the compensation committee based on the recommendation of the CEO (for

all officers other than himself) or the committee itself for the CEO. The MBO's are individual performance objectives that may relate to financial, corporate, departmental, or other individual goals and objectives.

The remaining 70% of the target bonus (the "financial bonus") is payable in four equal quarterly payments upon the Company's achieving quarterly and annual earnings before interest and taxes ("EBIT") objectives set forth in the Company's annual budget, as approved by the board of directors. Of the amount payable each quarter, 25% is held back for distribution after the end of the fiscal year if the Company achieves its year-end EBIT goal. Over-achievement bonuses, totaling up to 150% of the target bonus (less amounts paid as MBO bonuses and quarterly bonuses) are payable if the Company exceeds its year-end EBIT goals by up to 120%.

Fiscal 2006 MBO's

At its meeting on July 29, 2005, the compensation committee approved the MBO's for fiscal 2006 for all the Company's executive officers. The fiscal 2006 MBO's generally consist of a combination of one or more Company financial benchmarks, including objectives relating to revenues, gross margins, EBIT, expense limitations and similar goals, and specific personal performance objectives set for each officer. These 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.

Fiscal 2005 MBO's, Fiscal 2005 Fourth Quarter Financial Bonuses, and Fiscal 2006 Base Salaries

On July 29, 2005, the compensation committee also approved payment of fiscal 2005 MBO bonuses and fiscal 2005 fourth quarter financial bonuses (including over-achievement bonuses) to the Company's executive officers, and approved increased annual base salaries for fiscal 2006 for each executive officer. The following table sets forth the fiscal 2006 annual base salaries, fiscal 2005 MBO bonuses and fiscal 2005 fourth quarter financial bonuses for the executive officers who will be included as the Named Executive Officers in the Company's 2005 proxy statement.

<u>Name</u>	<u>Position</u>	<u>Fiscal 2005 MBO Bonus</u>	<u>Fiscal 2005 4<sup>th</sup> Quarter Financial Bonus (1)</u>	<u>Fiscal 2006 Base Salary</u>
Eammon P. Hobbs	President and CEO	\$24,531	\$75,344	\$289,000
Paul J. Shea	Vice President, Sales	13,607	40,632	181,427
Robert M. Rossell	Vice President, Marketing	14,714	39,544	176,567

<u>Name</u>	<u>Position</u>	<u>Fiscal 2005 MBO Bonus</u>	<u>Fiscal 2005 4<sup>th</sup> Quarter Financial Bonus (1)</u>	<u>Fiscal 2006 Base Salary</u>
Brian S. Kunst	Vice President, Regulatory Affairs/Quality Assurance	14,175	38,095	170,100
William M. Appling	Vice President, Research & Development	13,586	37,643	168,078

(1) Includes over-achievement bonuses for fiscal 2005.

Stock Options

At the July 29, 2005 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

(c) Exhibits

[10.1 AngioDynamics, Inc. Management Profitability Bonus Program.](#)

[10.2 Summary of Fiscal 2006 Base Compensation for the Named Executive Officers of AngioDynamics, Inc.](#)

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.

Dated: August 4, 2005

ANGIODYNAMICS, INC.  
(Registrant)

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

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
<a href="#"><u>10.1</u></a>	<a href="#"><u>AngioDynamics, Inc. Management Profitability Bonus Program.</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Summary of Fiscal 2006 Base Compensation for the Named Executive Officers of AngioDynamics, Inc.</u></a>

# ANGIODYNAMICS®

INCORPORATED

## Management Profitability Bonus Program

### Overview

As it 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	35% of base salary (fiscal 2005) 40% of base salary (fiscal 2006 and thereafter)
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

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## **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

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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.

Summary of Fiscal 2006 Base Compensation for  
the Named Executive Officers of AngioDynamics, Inc.

<u>Name</u>	<u>Position</u>	<u>Fiscal 2006 Base Salary</u>	<u>Target Bonus Percentage</u>
Eammon P. Hobbs	President and CEO	\$289,000	40%
Paul J. Shea	Vice President, Sales	181,427	30%
Robert M. Rossell	Vice President, Marketing	176,567	30%
Brian S. Kunst	Vice President, Regulatory Affairs/ Quality Assurance	170,100	30%
William M. Appling	Vice President, Research & Development	168,078	30%

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