
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): May 10, 2006

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 May 10, 2006, the board of directors of AngioDynamics, Inc. (the “Company”) reapproved the Company’s standard indemnification agreement for its directors and officers. Following such approval, the Company entered into the indemnification agreement with each of its directors and officers. In general, the indemnification agreement provides that the Company will indemnify each director and officer to the fullest extent permitted by law against any and all expenses (including attorney’s fees and all other costs of investigations and defense), judgments, fines, penalties and amounts paid in settlements of any action, suit or proceeding, or any inquiry or investigation, whether instituted by the Company or any other party, and, upon the request of the director or officer, will advance such expense amounts to the indemnified person. The foregoing description of the Company’s standard indemnification agreement is qualified in its entirety by reference to the agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 5.05 Amendments to the Registrant’s Code of Ethics, or Waiver of a Provision of the Code of Ethics.

On May 10, 2006, the Company’s board of directors approved amendments to the Company’s Code of Business Conduct and Ethics (the “Code”), which applies to all of its directors, officers and employees. The description of the amendments to the Code set forth below is qualified in its entirety by reference to the amended Code, which is filed as Exhibit 14 to this Current Report on Form 8-K and is incorporated herein by reference. The amended Code will also be posted on the Investor-Corporate Governance section of the Company’s website at www.angiodynamics.com.

The following amendments were made to the Code: the Introduction was amended to provide that the Code be read in conjunction with the Company’s Compliance Plan and Code of Conduct for Interactions with Customers (the “Compliance Plan”), in addition to the Company Handbook; Section IA. of the Code was modified to make mandatory the reporting of existing or potential violations of the Code and to clarify the appropriate contact persons (“Appropriate Ethics Contacts”) under the Code; Section IB. of the Code was amended to delete, for practical reasons, the requirement that the board approve all conflicts of interest; Section IIG. of the Code was amended to require that the use and receipt of gifts and business gratuities comply with the Compliance Plan and Internal Revenue Service regulations; and Section III of the Code was amended to require prior approval by an Appropriate Ethics Contact for waivers of any provision of the Code. (Waivers for executive officers and directors remain subject to further approval by the board of directors or a committee thereof.) The amendments also include technical, administrative and other non-substantive word changes in other sections of the Code.

Item 9.01 Financial Statements and Exhibits

- (d) Exhibits.
- 10.1 Form of Indemnification Agreement of AngioDynamics, Inc.
- 14 Code of Business Conduct and Ethics, as amended on May 10, 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: May 12, 2006

ANGIODYNAMICS, INC.
(Registrant)

By: /s/ Joseph G. Gerardi

Joseph G. Gerardi
Vice President, Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Indemnification Agreement of AngioDynamics, Inc.
14	Code of Business Conduct and Ethics, as amended on May 10, 2006.

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, effective as of [] [], 200[], by and between AngioDynamics, Inc., a Delaware corporation (the “Company”), and [] (the “Indemnitee”).

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available; and

WHEREAS, the Indemnitee is a director or officer of the Company; and

WHEREAS, both the Company and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today’s environment; and

WHEREAS, the Certificate of Incorporation and By-laws of the Company require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law and the Indemnitee has been serving and continues to serve as a director or officer of the Company in part in reliance on such provisions of the Certificate of Incorporation and By-laws of the Company; and

WHEREAS, in recognition of Indemnitee’s need for substantial protection against personal liability in order to enhance Indemnitee’s continued service to the Company in an effective manner and Indemnitee’s reliance on the aforesaid provisions of the Certificate of Incorporation and By-laws of the Company, and in part to provide Indemnitee with specific contractual assurance that the protection promised by such provisions of the Certificate of Incorporation and By-laws of the Company will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such provisions or any change in the composition of the Company’s Board of Directors or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement and for the continued coverage of Indemnitee under the Company’s directors’ and officers’ liability insurance policies.

NOW, THEREFORE, in consideration of the premises and of the Indemnitee continuing to serve the Company directly or, at its request, another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions:

- (a) Change in Control: shall be deemed to have occurred if (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the
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stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company’s then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all the Company’s assets.

- (b) Claim: any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether instituted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.
- (c) Expenses: include attorneys’ fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.
- (d) Indemnifiable Event: any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or

other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

- (e) Independent Legal Counsel: an attorney or firm of attorneys, selected in accordance with the provisions of Section 3, who shall not have otherwise performed services for the Company or Indemnitee within the last five years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).
- (f) Reviewing Party: any appropriate person or body consisting of a member or members of the Company's Board of Directors or any other person or body appointed by the Board who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.
- (g) Voting Securities: any securities of the Company which vote generally in the election of directors.

2. Basic Indemnification Arrangement.

- (a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than thirty days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim. If so requested by Indemnitee, the Company shall advance (within two business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"). Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless the Board of Directors has authorized or consented to the initiation of such Claim.
- (b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the

Independent Legal Counsel referred to in Section 3 hereof is involved) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(a) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), the Reviewing Party shall be the Independent Legal Counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the States of New York or Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. Change in Control. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control) then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or provision of the Company's Certificate of Incorporation or By-Laws now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee would be permitted to be

indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within two business days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or provision of the Company's Certificate of Incorporation or By-Laws now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

5. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

6. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

7. No Presumptions. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

8. Nonexclusivity, Etc. The rights of the Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under or provision of the Company's Certificate of Incorporation or By-Laws or the General Corporation Law of the State of Delaware (the "DGCL") or otherwise. To the extent that a change in the DGCL (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the provisions of the Company's Certificate of Incorporation and By-Laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

11. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, By-law or otherwise) of the amounts otherwise indemnifiable hereunder.

14. Binding Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in

effect regardless of whether Indemnitee continues to serve as an officer or director of the Company or of any other enterprise at the Company's request.

15. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this [] day of [], 200[].

ANGIODYNAMICS, INC.

By:

Name:

Title:

[Indemnitee]

ANGIODYNAMICS, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

Adopted by the Board of Directors on May 21, 2004 and amended by the Board of Directors on May 10, 2006.

Introduction

This Code of Business Conduct and Ethics (“Code”) embodies the commitment of AngioDynamics, Inc. (the “Company”) to conduct our business in accordance with all applicable laws, rules and regulations, with honesty, and the highest ethical standards. All officers, employees and members of our Board of Directors are expected to adhere to those principles and procedures of this Code that apply to them. Section I of this Code shall be our code of ethics for Senior Financial Officers (as defined below) under Section 406 of the Sarbanes-Oxley Act of 2002 and related rules.

The Code should be read in conjunction with our Company Handbook, which contains detailed rules and guidelines with which all Company employees are expected to comply, and the Compliance Plan and Code of Conduct for Interactions with Customers (the “Compliance Plan”).

SECTION I**A. Compliance and Reporting**

Any employee or director who becomes aware of any existing or potential violation of this Code or any illegal or unethical behavior must promptly report as follows:

- in the case of an alleged violation by directors, the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) or the Principal Accounting Officer (we refer to the CFO and the Principal Accounting Officer as “Senior Financial Officers”) to:
 - the Chairman of the Audit Committee of the Board of Directors;
- in the case of an alleged violation by employees other than the CEO, CFO or Principal Accounting Officer to:
 - the CEO;
 - the CFO; or
 - the Chairman of the Audit Committee of the Board of Directors.

The CEO, the Senior Financial Officers and the Chairman of the Audit Committee of the Board of Directors are “Appropriate Ethics Contacts”. Any officer, employee or director who is unsure whether a violation has occurred should promptly discuss the situation with an Appropriate Ethics Contact. All reports will be treated with confidentiality, and it is the Company’s policy not to allow any retaliation for reports made in good faith.

B. Conflicts of Interest

A “conflict of interest” occurs when an individual’s personal interest improperly interferes with the interests of the Company. Working for a competitor, customer or supplier at the same time as working for the Company will almost always be a conflict of interest. Of particular concern are conflicts of interest involving any management or other employees who have a significant role in the Company’s financial, reporting or internal controls. In particular, an employee or director must never use or attempt to use his or her position at the Company to obtain any improper personal benefit for himself or herself, for his or her family members, or for any other person.

Any officer, employee or director who is aware of any situation that is or could reasonably be expected to give rise to a conflict of interest must promptly discuss the matter with an Appropriate Ethics Contact.

C. Public Disclosure

Information in the Company’s public communications, including Securities and Exchange Commission (“SEC”) filings and communications with shareholders, must be full, fair, accurate, timely and understandable. The CEO and all Senior Financial Officers are responsible for full, fair, accurate, timely and understandable disclosure in public communications and in reports and documents of the Company that are filed with or submitted to the SEC. Accordingly, it is the responsibility of the CEO and each Senior Financial Officer promptly to bring to the attention of the Disclosure Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings and to otherwise assist the Disclosure Committee in fulfilling its responsibilities as specified in the Company’s Disclosure Controls and Procedures.

The CEO and each Senior Financial Officer shall also promptly bring to the attention of the Disclosure Committee and the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls that could adversely affect the Company’s ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s financial reporting, disclosures or internal controls.

D. Compliance with Laws, Rules and Regulations

Compliance with all applicable governmental laws, rules and regulations is essential to conducting our business. Each officer, employee and director is expected to adhere to the standards and restrictions imposed by those laws, rules and regulations. The CEO and each Senior Financial Officer shall promptly bring to the attention of the Audit Committee and the CEO any information he or she may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof.

Insider Trading

It is both illegal and against Company policy for any employee or director who is aware of material nonpublic information relating to the Company, any of its customers, suppliers, service providers or other business partners, or any other company to buy or sell any securities of those issuers or to pass on the information to anyone else under circumstances that suggest the other person may buy or sell securities based on the information.

Transactions that may be necessary or justifiable for independent reasons, including emergency expenditures and transactions planned before the employee or director learned the material information, are not exceptions. Even the appearance of an improper transaction must be avoided to prevent any potential risk to the Company or the individual. Violations of insider trading laws may be punishable by fines or imprisonment.

To assist with compliance with laws against insider trading, the Company has adopted a specific policy governing employees' trading in the Company's securities. A copy of this policy has been distributed to every employee. Any officer, employee or director who is uncertain about the legal rules involving his or her purchase or sale of any Company securities or any other securities should consult with an Appropriate Ethics Contact before making any such purchase or sale.

E. Accountability

Employees and directors shall be held accountable for their adherence to this Code. Failure to observe the terms of this Code may result in disciplinary action, including termination of employment or removal from the Board of Directors. Violations of this Code may also constitute violations of law and may result in civil or criminal penalties for employees, directors and the Company.

SECTION II

A. Corporate Opportunities

Employees and directors are expected to advance the Company's legitimate business interests when the opportunity to do so arises. Employees and directors may not take for themselves (or direct to a third party) a business opportunity that is discovered through the use of Company property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, employees and directors are prohibited from using corporate property, information or position to compete with the Company.

The line between personal and Company benefits is often difficult to draw, and sometimes both personal and Company benefits may be derived from certain activities. If an employee or director has any questions that a personal use of Company property or services may not solely be for the benefit of the Company, he should discuss the matter with an Appropriate Ethics Contact.

B. Confidentiality

In carrying out the Company's business, employees and directors often learn confidential or proprietary information about the Company, its customers, suppliers, business partners, or other third parties. Employees and directors must respect and support the confidentiality of such information, except when disclosure is authorized or legally mandated. Confidential or proprietary information includes, among other things, any non-public information concerning the Company, including its businesses, financial performance, results or prospects, and any non-public information provided to the Company by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. Every employee and director is required to execute a confidentiality agreement when he or she begins his or her employment with the Company.

C. Fair Dealing

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, never through illegal or unethical business practices. Stealing proprietary information, possessing or using trade secrets obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies, is prohibited.

Each employee and director is expected to deal fairly with the Company's service providers, suppliers, competitors and employees. No employee or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

D. Equal Employment Opportunity and Harassment

Our personnel decisions are made on the basis of merit and contribution to the Company's success. Concern for the personal dignity and individual worth of every person is an indispensable element in our standard of conduct. The Company affords equal employment opportunity to all qualified persons without regard to any impermissible criterion or circumstance. This means equal opportunity in regard to each individual's terms and conditions of employment and in regard to any other matter that affects in any way the working environment of the employee. We do not tolerate or condone any type of discrimination prohibited by law, including harassment. Employees who experience or observe work-related discrimination, harassment or similar problems are urged to promptly report them to an Appropriate Ethics Contact.

E. Protection and Proper Use of Company Assets

All officers and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted by an authorized supervisor.

F. Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

G. Use and Receipt of Gifts and Business Gratuities

Certain laws and Company policies, including the Compliance Plan, limit the giving and receiving of gifts, payments and business gratuities. Giving or receiving gifts, meals, or entertainment in our internal and external business relationships is prohibited unless, in each instance, all of the following criteria are met:

- Full adherence to the Compliance Plan and applicable Internal Revenue Service regulations;
- Compliance with applicable law and generally accepted ethical standards, including the standards of the recipient's employer, professional association or organization;
- Bona fide business purpose; and
- Reasonableness in value, settings conducive to the exchange of information, and subordination in time and focus to the bona fide business purpose.

SECTION III

WAIVERS OF THIS CODE

The Company may waive certain provisions of this Code only when determined to be absolutely appropriate under the circumstances, but only to the extent permitted by law. Any officer, employee or director who believes that a waiver may be called for must seek the prior approval of an Appropriate Ethics Contact. Waivers for executive officers (including Senior Financial Officers) or directors of the Company may be made only by the Board of Directors or a committee of the Board. Waivers shall be disclosed as required under applicable SEC and Nasdaq rules.