Table of Contents

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

# FORM 10-Q

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

**For the quarterly period ended November 26, 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**

# AngioDynamics, Inc.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **11-3146460** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **603 Queensbury Ave., Queensbury, New York** | **12804** |
| **(Address of principal executive offices)** | **(Zip Code)** |

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

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 January 3, 2006, there were 12,353,411 shares of the issuer's common stock outstanding.

Table of Contents

**AngioDynamics, Inc. and Subsidiary**

**INDEX**

AngioDynamics, Inc. and Subsidiary

**CONSOLIDATED BALANCE SHEETS**

(in thousands)

| | November 26, 2005 (unaudited) | May 28, 2005 (audited) |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 13,043 | $14,498 |
| Marketable securities, at fair value | 14,440 | 12,601 |
| Accounts receivable - trade, net of allowance for doubtful accounts of $221 and $203, respectively | 10,814 | 9,929 |
| Inventories | 10,705 | 10,264 |
| Deferred income taxes | 735 | 736 |
| Due from former parent | | 85 |
| Prepaid expenses and other | 1,011 | 1,594 |
| Total current assets | 50,748 | 49,707 |
| PROPERTY, PLANT AND EQUIPMENT - AT COST, less accumulated depreciation and amortization | 9,712 | 8,528 |
| DEFERRED INCOME TAXES | 557 | 501 |
| INTANGIBLE ASSETS, less accumulated amortization of $1,141 and $1,036, respectively | 3,127 | 839 |
| OTHER ASSETS | 94 | 97 |
| TOTAL ASSETS | $ 64,238 | $59,672 |

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)

| | November 26, 2005 | May 28, 2005 |
|---|---|---|
| | (unaudited) | (audited) |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 2,042 | $ 3,971 |
| Accrued liabilities | 4,793 | 3,491 |
| Income taxes payable | 95 | |
| Current portion of long-term debt | 175 | 165 |
| Total current liabilities | 7,105 | 7,627 |
| LONG-TERM DEBT, net of current portion | 2,845 | 2,935 |
| Total liabilities | 9,950 | 10,562 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY | | |
| 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 12,285,744 shares at November 26, 2005 and 12,051,632 shares at May 28, 2005 | 123 | 121 |
| Additional paid-in capital | 55,089 | 52,878 |
| Accumulated deficit | (772) | (3,720) |
| Accumulated other comprehensive loss | (152) | (169) |
| Total stockholders' equity | 54,288 | 49,110 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 64,238 | $59,672 |

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

Table of Contents

AngioDynamics, Inc. and Subsidiary

**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(in thousands, except per share data)

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| | November 26, 2005 | November 27, 2004 | November 26, 2005 | November 27, 2004 |
| Net sales | $ 18,707 | $ 14,402 | $ 35,074 | $ 27,507 |
| Cost of goods sold | 7,861 | 6,338 | 14,708 | 12,450 |
| Gross profit | 10,846 | 8,064 | 20,366 | 15,057 |
| Operating expenses | | | | |
| Selling and marketing | 5,202 | 3,773 | 9,727 | 7,235 |
| General and administrative | 1,700 | 1,376 | 3,263 | 2,509 |
| Research and development | 1,545 | 1,122 | 3,064 | 2,250 |
| Total operating expenses | 8,447 | 6,271 | 16,054 | 11,994 |
| Operating profit | 2,399 | 1,793 | 4,312 | 3,063 |
| Other income (expenses) | | | | |
| Interest income | 167 | 60 | 330 | 112 |
| Interest expense | (34) | (38) | (70) | (75) |
| Other income | 73 | | 111 | |
| Income before income tax provision | 2,605 | 1,815 | 4,683 | 3,100 |
| Income tax provision | 950 | 779 | 1,735 | 1,303 |
| NET INCOME | $ 1,655 | $ 1,036 | $ 2,948 | $ 1,797 |
| Earnings per common share | | | | |
| Basic | $ .14 | $ .09 | $ .24 | $ .16 |
| Diluted | $ .13 | $ .09 | $ .23 | $ .15 |

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

Table of Contents

AngioDynamics, Inc. and Subsidiary

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

Twenty-six weeks ended November 26, 2005
(unaudited)
(in thousands, except share data)

| | Common stock | | Additional paid-in Capital | Accumulated deficit | Accumulated other comprehensive loss | Total | Comprehensive income |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| Balance at May 28, 2005 | 12,051,632 | $ 121 | $ 52,878 | $ (3,720) | $ (169) | $ 49,110 | |
| Net income | | | | 2,948 | | 2,948 | $ 2,948 |
| Exercise of stock options | 221,751 | 2 | 1,029 | | | 1,031 | |
| Tax benefit on exercise of stock options | | | 960 | | | 960 | |
| Purchases of common stock under Employee Stock Purchase Plan (the “ESPP”) | 12,361 | | 178 | | | 178 | |
| Compensation related to stock option plans | | | 44 | | | 44 | |
| Unrealized loss on marketable securities, net of tax of $ 28 | | | | | (47) | (47) | (47) |
| Unrealized gain on interest rate swap, net of tax of $ 37 | | | | | 64 | 64 | 64 |
| Comprehensive income | | | | | | | $ 2,965 |
| Balance at November 26, 2005 | 12,285,744 | $ 123 | $ 55,089 | $ (772) | $ (152) | $ 54,288 | |

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

AngioDynamics, Inc. and Subsidiary

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

(in thousands)

| | Twenty-six weeks ended | |
|---|---|---|
| | November 26, 2005 | November 27, 2004 |
| Cash flows from operating activities: | | |
| Net income | $ 2,948 | $ 1,797 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 493 | 374 |
| Tax benefit on exercise of stock options | 960 | |
| Gain on sale of marketable securities | (111) | |
| Deferred income tax provision | (64) | |
| Provision (benefit) for doubtful accounts | 18 | (1) |
| Compensation related to stock option plans | 196 | 33 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (903) | 10 |
| Inventories | (441) | (500) |
| Due from/to former parent | 85 | (488) |
| Prepaid expenses and other | 583 | (203) |
| Accounts payable and accrued liabilities | (1,478) | 179 |
| Income taxes payable | 95 | 76 |
| Net cash provided by operating activities | 2,381 | 1,277 |
| Cash flows from investing activities: | | |
| Additions to property, plant and equipment | (1,569) | (523) |
| Acquisition of distribution rights | (1,593) | |
| Increase in restricted cash | | (1) |
| Purchases of marketable securities | (12,019) | (9,652) |
| Proceeds from sales of marketable securities | 10,216 | |
| Net cash used in investing activities | (4,965) | (10,176) |
| Cash flows from financing activities: | | |
| Repayment of long-term debt | (80) | (75) |
| 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 | 178 | |
| Proceeds from the exercise of stock options | 1,031 | 84 |
| Payments of costs relating to initial public offering | | (949) |
| Net cash provided by financing activities | 1,129 | 19,001 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (1,455) | 10,102 |
| Cash and cash equivalents | | |
| Beginning of period | 14,498 | 1,747 |
| End of period | $ 13,043 | $ 11,849 |

AngioDynamics, Inc. and Subsidiary

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

(unaudited)

(in thousands)

| | Twenty-six weeks ended | |
|---|---|---|
| | November 26, 2005 | November 27, 2004 |
| Schedule of non-cash investing activity: | | |
| Acquisition of distribution rights | $ 800 | |
| Accrued liabilities | $ 800 | |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | $ 70 | $ 76 |
| Income taxes | $ 513 | $ 275 |

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

AngioDynamics, Inc. and Subsidiary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE A - CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated balance sheet as of November 26, 2005, the consolidated statement of stockholders' equity and comprehensive income for the twenty-six weeks ended November 26, 2005, and the consolidated statements of income and cash flows for the periods ended November 26, 2005 and November 27, 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 November 26, 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 November 26, 2005 and November 27, 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, Leocor, Inc. ("Leocor") (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 November 26, 2005, the Company had 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 O). 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 November 26, 2005 and November 27, 2004, compensation expense of $22,000 and $19,000, respectively, was recognized under these plans for options granted to consultants. During the twenty-six weeks ended November 26, 2005 and November 27, 2004, compensation expense of $44,000 and $33,000, respectively, was recognized under these plans for options granted to consultants. During the

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE B - STOCK-BASED COMPENSATION (continued)**

thirteen and twenty-six weeks ended November 26, 2005, compensation expense of $19,000 and $152,000, respectively, was recognized under these plans for restricted stock unit and performance share awards granted to employees.

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 | | Twenty-six weeks ended | |
|---|---|---|---|---|
| | November 26, 2005 | November 27, 2004 | November 26, 2005 | November 27, 2004 |
| | (in thousands) | | | |
| Net income | | | | |
| As reported | $ 1,655 | $ 1,036 | $ 2,948 | $ 1,797 |
| Add total stock-based compensation recorded under intrinsic value based method for restricted stock unit and performance share awards, net of tax effects | 27 | 13 | 129 | 22 |
| Deduct total stock-based compensation under fair value based method for all awards, net of tax effects | (310) | (465) | (598) | (705) |
| Pro forma net income | $ 1,372 | $ 584 | $ 2,479 | $ 1,114 |
| Earnings per common share | | | | |
| Basic - as reported | $ .14 | $ .09 | $ .24 | $ .16 |
| Basic - pro forma | .11 | .05 | .21 | .10 |
| Diluted - as reported | $ .13 | $ .09 | $ .23 | $ .15 |
| Diluted - pro forma | .11 | .05 | .19 | .09 |

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 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 | | Twenty- six weeks ended | |
|---|---|---|---|---|
| | November 26, 2005 | November 27, 2004 | November 26, 2005 | November 27, 2004 |
| Basic | 12,249,124 | 11,446,720 | 12,196,206 | 11,444,610 |
| Effect of dilutive securities | 634,309 | 606,439 | 674,237 | 588,042 |
| Diluted | 12,883,433 | 12,053,159 | 12,870,443 | 12,032,652 |

**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)**

November 26, 2005 and November 27, 2004
(unaudited)

## NOTE E - ACCUMULATED OTHER COMPREHENSIVE LOSS

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

| | November 26, 2005 | May 28, 2005 |
|---|---|---|
| | (in thousands) | |
| Fair value on interest rate swap | $ (116) | $ (180) |
| Unrealized holding (loss) gain on marketable securities | (36) | 11 |
| Accumulated other comprehensive loss | $ (152) | $ (169) |

## NOTE F - MARKETABLE SECURITIES

Marketable securities as of November 26, 2005 consist of the following:

| | Amortized cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair value |
|---|---|---|---|---|
| | | (in thousands) | | |
| Marketable securities | | | | |
| U.S. government agency obligations | $ 8,949 | $ 20 | $ (38) | $ 8,931 |
| Corporate bond securities | 5,551 | — | (42) | 5,509 |
| | $ 14,500 | $ 20 | $ (80) | $14,440 |

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 |
| | $ 12,586 | $ 60 | $ (45) | $12,601 |

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE F - MARKETABLE SECURITIES (continued)**

As of November 26, 2005, the Company held securities with a fair value of $10,772,000, that had unrealized losses totaling $80,000. 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 November 26, 2005, by contractual maturity, are shown below. Actual 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 | $ 11,489 | $11,448 |
| Due after one through five years | 3,011 | 2,992 |
| | $ 14,500 | $14,440 |

**NOTE G - INVENTORIES**

Inventories consist of the following:

| | November 26, 2005 | May 28, 2005 |
|---|---|---|
| | (in thousands) | |
| Finished goods | $ 5,777 | $ 6,014 |
| Work in process | 1,685 | 1,532 |
| Raw materials | 3,243 | 2,718 |
| | $ 10,705 | $10,264 |

Allowance for excess and obsolete inventory were $926,000 and $779,000 at November 26, 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 and twenty-six weeks ended November 26, 2005, the Company accrued an installment payment of $200,000, which has been recorded as a component of research and development expenses.

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE I - SUPPLY AND DISTRIBUTION RIGHTS AGREEMENT**

On October 17, 2005, the Company entered into a Supply and Distribution Rights Agreement (the "Agreement") with Bioniche Pharma Group Limited ("Bioniche").

Under the Agreement, the Company was appointed the exclusive distributor in the Field (as defined below) in the United States and any other areas as may be agreed to by the parties (the "Territory") of Bioniche's sodium tetradecyl sulfate product in concentrations of 1% and 3%, and any concentration subsequently approved by the U.S. Food and Drug Administration (the "FDA"), brand name "Sotradecol™", and any improvements thereto, during the term of the Agreement, together with packaging, labeling and accessories (the "Product").

The distribution rights cover sales to general surgeons, vascular surgeons, general/vascular surgeons, interventional radiologists, cardiovascular surgeons, cardiothoracic surgeons and cardiologists for the treatment of varicose veins or other vascular indications as may be approved by the FDA (the "Field"). Sotradecol is used in sclerotherapy, a non-surgical procedure to remove varicose veins.

The Agreement also provides the Company with a right of first negotiation for any additional products developed by Bioniche or its affiliates for use in the Field in the Territory. The Company has agreed not to distribute, market or sell in the Field in the Territory during the term of the Agreement any other sclerosing agent approved by the FDA for use in the treatment of varicose veins or other vascular indications in the Territory.

The initial term of the Agreement is seven years, with automatic successive three-year renewal terms unless terminated by either party on 120 days' written notice. Under the Agreement, the Company is required to pay Bioniche a non-refundable fee of $2.3 million, consisting of $1.5 million payable 30 days after the date of the Agreement and $800,000 payable at the end of the Company's first fiscal quarter following the first commercial sale of Product.

To maintain its exclusive distribution rights, the Company must purchase minimum quantities of Product in each year of the Agreement. If the Company fails to do so, Bioniche's sole remedy is to convert the relationship to a non-exclusive distributorship. If a pharmaceutical product containing sodium tetradecyl sulfate or polidocanol as the active ingredient which is approved by the FDA for use in the treatment of varicose veins or other vascular indications in the Territory, other than the Product, is sold in the Field in the Territory by an unaffiliated third party during the term of the Agreement, the annual minimum purchase requirements will automatically be reduced by 50% for the remainder of the Agreement and any renewal term.

Bioniche has agreed to indemnify the Company against, among other things, any injury, illness or death of any person due to the composition or manufacture of the Product. The Company has agreed to indemnify Bioniche against, among other things, any claims based on or attributable to any unauthorized

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE I - SUPPLY AND DISTRIBUTION RIGHTS AGREEMENT (continued)**

modification or alteration of the Product made by the Company or the combination by the Company of the Product with any medical device. As of November 26, 2005, there were no claims made against either party, and the Company is unable to determine any potential exposure it may have under the indemnification provision.

During the thirteen weeks ended November 26, 2005, the Company made the first payment of $1,500,000 and together with the second non-refundable fee of $800,000 and legal costs to execute the Agreement of $93,000, a total of $2,393,000 has been recorded on the balance sheet under “Intangible Assets” as of November 26, 2005. The pending $800,000 fee has been recorded as a component of “Accrued Liabilities” as of November 26, 2005. The non-refundable fees and associated costs to execute are being amortized over the initial seven-year term of the Agreement.

**NOTE J - ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

| | November 26, 2005 | May 28, 2005 |
|---|---|---|
| | (in thousands) | |
| Payroll and related expenses | $ 2,800 | $2,537 |
| Fair value of interest rate swap | 185 | 286 |
| Distribution fee (see Note I) | 800 | |
| Other | 1,008 | 668 |
| | $ 4,793 | $3,491 |

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE K - LINE OF CREDIT FACILITY**

On November 23, 2005, the Company entered into a new $7,500,000 working capital revolving line of credit facility with a bank (the "Facility"), which replaced the Company's $3,000,000 line of credit. The Facility is collateralized by substantially all of the assets of the Company and expires on November 30, 2006. The initial advance under the Facility will bear interest at LIBOR plus 175 basis points ("LIBOR rate"). Thereafter, the interest rate will be adjusted monthly, at the Company's election, to either the then-current LIBOR rate or the bank's prime rate. Interest under the Facility is payable monthly. The Facility contains customary events of default that will permit the bank to accelerate payment of all outstanding advances if not cured within any applicable grace period, including payment defaults; failure to comply with other obligations, covenants or conditions; defaults under other obligations that may materially affect the Company's property or its ability to repay advances under the line of credit; insolvency or bankruptcy; change in ownership of 25% or more of the Company's common stock; material adverse changes in the Company's financial condition; and if the bank in good faith believes itself to be insecure. As of November 26, 2005, no amounts were outstanding under the Facility.

**NOTE L - INCOME TAXES**

The Company's effective income tax rate for the thirteen and twenty-six weeks ended November 26, 2005 was 36.5% and 37.0%, respectively, compared to 42.9% and 42.0% for the thirteen and twenty-six weeks ended November 27, 2004. The decrease is primarily attributable to the use of research and development credits available to the Company in the current period.

**NOTE M - 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 and twenty-six weeks ended November 26, 2005, the Company did not incur any charges from the Former Parent for insurance or corporate services. For the thirteen weeks ended November 27, 2004, the Company

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE M - RELATED PARTY TRANSACTIONS (continued)**

incurred charges of $88,000 and $56,000, from the Former Parent for insurance and corporate services, respectively. For the twenty-six weeks ended November 27, 2004, the Company incurred charges of $211,000 and $122,000, from the Former Parent for insurance and corporate services, respectively.

**NOTE N - COMMON STOCK**

Stock Option Plans

During the thirteen and twenty-six weeks ended November 26, 2005, options for a total of 25,500 and 305,800 shares of common stock, respectively, were granted to employees and directors under the 2004 Stock and Incentive Award Plan (the “2004 Plan”). During the twenty-six weeks ended November 26, 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 37,204 and 636 shares of common stock were exercised under the 1997 Plan and 2004 Plan, respectively, during the thirteen weeks ended November 26, 2005, at prices ranging from $4.35 to $13.18 per share. Options for a total of 142,950 and 1,461 shares of common stock were exercised under the 1997 Plan and 2004 Plan, respectively, during the twenty-six weeks ended November 26, 2005, at prices ranging from $4.35 to $13.18 per share.

During the thirteen weeks ended November 26, 2005, options for a total of 1,063 and 8,300 shares of common stock were forfeited under the 1997 Plan and 2004 Plan, respectively, at prices ranging from $6.52 to $24.21 per share. During the twenty-six weeks ended November 26, 2005, options for a total of 2,336 and 10,650 shares of common stock were forfeited under the 1997 Plan and 2004 Plan, respectively, at prices ranging from $4.35 to $24.21 per share.

As of November 26, 2005, options to acquire 747,398 and 58,586 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)**

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE N - 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 21,501 and 77,340 shares of common stock were exercised during the thirteen and twenty-six weeks ended November 26, 2005, respectively, at prices ranging from $2.56 to $9.80 per share. During the thirteen and twenty-six weeks ended November 26, 2005, Mirror Options for a total of 5,050 and 5,902 shares of common stock, respectively, were forfeited at prices ranging from $2.88 to $4.50 per share. Mirror Options to acquire 121,359 shares of common stock were exercisable as of November 26, 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 1st and June 1st 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

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE N - COMMON STOCK (continued)**

capacity for at least six months, with a customary working schedule of 20 or 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 and twenty-six weeks ended November 26, 2005, 5,773 and 12,361 shares, respectively, were issued at an average price of $14.44 and $14.42 per share, respectively, 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.

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE O - LITIGATION**

Diomed v. AngioDynamics and VNUS Medical Technologies v. Diomed, Vascular Solutions, and AngioDynamics

On January 6, 2004, Diomed, Inc. ("Diomed") 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 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.

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.

In December 2005, the Company filed a motion for summary judgment of non-infringement in this action. Diomed, Inc. has also moved for summary judgment.

On October 4, 2005, VNUS Medical Technologies, Inc. ("VNUS") filed an action against the Company, and others (collectively, the "Defendants") entitled VNUS Medical Technologies, Inc. v. Diomed Holdings, Inc., Diomed Inc., AngioDynamics, Inc., and Vascular Solutions, Inc., case no. C05-02972 MMC, filed in the U.S. District Court for the Northern District of California. The complaint alleges that the Defendants infringed on VNUS' U.S. patent nos. 6,258,084, 6,638,273, 6,752,803, and 6,769,433 by making, using, selling, offering to sell and/or instructing users how to use Diomed's "EVLT" products, AngioDynamics' "VenaCure" products, and Vascular Solutions' "Vari-Lase" products. The complaint alleges the Defendants' actions have caused, and continue to cause, VNUS to suffer substantial damages. The complaint seeks to prohibit the Defendants from continuing to market and sell these products and asks for compensatory and treble money damages, reasonable attorneys' fees, costs and pre-judgment and post-judgment interest. The Company believes that its product does not infringe the VNUS patents and has filed an answer to the complaint, including a counterclaim for relief and a demand for jury trial. The Company purchases the lasers and laser fibers for its laser systems from biolitec under a supply and distribution agreement.

In response to the Company's request to biolitec that it assume the defense of the VNUS action, biolitiec advised the Company that the claims asserted in the VNUS action were not covered by the indemnification provisions in the supply and distribution agreement. biolitec further advised the Company that, based on the refinement of the claims in the Diomed action, such claims were also not within biolitec's indemnification obligations under the agreement. The Company advised biolitec that it disagreed with biolitec's position and that the Company expected biolitec to continue to honor its indemnification obligations to the Company under the agreement. Subsequently, the Company has engaged in discussions with bioitec to resolve this disagreement. Pending the outcome of these ongoing discussions, biolitec has agreed to continue to provide, at its cost and expense, the Company's defense in the Diomed and VNUS actions. However, should it ultimately be determined that the claims asserted in either or both of these actions are not within biolitec's indemnification obligations under the supply and distribution agreement, the Company will be responsible for paying the costs and expenses of defending the actions and for any settlements or judgments in the actions. There is a reasonable possibility of an outcome unfavorable to the Company in the Diomed action, with a range of potential loss of between $674,000 and $5.4 million dollars.

AngioDynamics, Inc. and Subsidiary

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

November 26, 2005 and November 27, 2004
(unaudited)

**NOTE O - LITIGATION (continued)**

Chapa, San Juanita v. Spohn Hospital Shoreline

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.

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.

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.

We sell our broad line of quality devices in the United States through a direct sales force which, as of November 26, 2005, was comprised of 45 sales persons, two clinical sales specialists, 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 limited, until November 2006, 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.

Consistent with our growth strategy, in October 2005, we entered into a Supply and Distribution Rights Agreement with Bioniche Pharma Group Limited to be the exclusive distributor in our field of Sotradecol™, a sclerosing drug that was recently approved by the FDA. We believe that Sotradecol will become an important treatment method for small, uncomplicated varicose veins. We believe that the addition of Sotradecol to our existing Venacure product portfolio gives us an opportunity to be a market leader in treatment methods for all varicose vein conditions.

Our ability to further increase our profitability will depend in large part on continuing to improve 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 six months ended November 26, 2005 and November 27, 2004 both represent twenty-six weeks. The twenty-six weeks ended November 26, 2005 are referred to as the “fiscal 2006 period” and the twenty-six weeks ended November 27, 2004 are referred to as the “fiscal 2005 period”. Our fiscal quarters ended November 26, 2005 and November 27, 2004 both represent thirteen weeks. The thirteen weeks ended November 26, 2005 are referred to as the “2006 quarter” and the thirteen weeks ended November 27, 2004 are referred to as the “2005 quarter”.

For the fiscal 2006 period, we reported net income of $2.9 million, or approximately $0.24 and $0.23 per common share on a basic and diluted basis,

respectively, on revenues of $35.1 million. For the fiscal 2005 period, we reported net income of $1.8 million, or approximately $0.16 and $0.15 per common share on a basic and diluted basis, respectively, on revenues of $27.5 million. Gross margins improved to 58.1% for the fiscal 2006 period from 54.7% for the fiscal 2005 period. Cash flow from operations was $2.4 million, an increase of $1.1 million from the fiscal 2005 period.

**Results of Operations**

The following table sets forth certain operational data as a percentage of sales for the thirteen weeks ended November 26, 2005 and November 27, 2004.

| | Thirteen weeks ended | |
|---|---|---|
| | November 26, 2005 | November 27, 2004 |
| Net Sales | 100.0% | 100.0% |
| Gross profit | 58.0% | 56.0% |
| Selling and marketing expenses | 27.8% | 26.2% |
| General and administrative expenses | 9.1% | 9.6% |
| Research and development expenses | 8.3% | 7.8% |
| Operating profit | 12.8% | 12.4% |
| Other income | 1.1% | 0.2% |
| Net income | 8.8% | 7.2% |

**Thirteen weeks ended November 26, 2005 and November 27, 2004**

Net Sales. Net sales for the 2006 quarter increased by 29.9%, or $4.3 million, to $18.7 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 103.1% or $1.5 million, due primarily to the continued growth of our Morpheus CT PICC; hemodialysis products, for which sales increased by 23.6%, or $906,000; VenaCure products, for which sales increased by 46.3%, or $847,000; and angiographic products, for which sales increased 18.3%, or $804,000. All of the increase in our sales was due to increased unit sales.

Gross Profit. For the 2006 quarter, our gross profit as a percentage of sales increased to 58.0% from 56.0% for the 2005 quarter. The increase in gross profit margin was exclusively the result of a favorable product mix from increased sales of higher margin products, such as our EvenMore catheter, the VenaCure procedure kit, and the Morpheus CT PICC.

Selling and marketing expenses. Selling and marketing expenses were 27.8% of net sales for the 2006 quarter, compared with 26.2% for the 2005 quarter. For the 2006 quarter, these expenses increased 37.9%, or $1.4 million, compared with the 2005 quarter. Selling expenses increased 46.3%, or $1.2 million, due to personnel expenses related to the increased number of territories and commissions on higher sales. Marketing expenses increased 20.3%, or $248,000, due to increased personnel expenses, promotions and convention expenses.

General and administrative expenses. General and administrative expenses were 9.1% of net sales for the 2006 quarter, compared with 9.6% for the 2005 quarter. For the 2006 quarter, these expenses increased 23.5%, or $324,000, partially due to increased consulting and accounting fees, director fees, and insurance premiums, all primarily associated with the cost of operating as an independent public company. Non-recurring consulting fees incurred in conjunction with our initial efforts to comply with Section 404 of the Sarbanes-Oxley Act comprised $50,000 of this amount. One-time training expenses incurred as part of our conversion to a new business enterprise system accounted for $50,000 of the increase.

Research and development expenses. Research and development (R&D) expenses were 8.3% of net sales for the 2006 quarter, compared to 7.8% for the 2005 quarter. R&D expenses increased by 37.7%, or $423,000, due to expenses associated with ongoing projects and the accrual of a $200,000 installment payment under a research and distribution agreement.

Other Income (Expenses). Other income increased $184,000 to $206,000 for the 2006 quarter, due to an increase in interest income of $107,000. Both an increase in 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 $73,000.

Income Taxes. Our effective tax rate for the 2006 quarter was 36.5% compared to 42.9% for the 2005 quarter. The decrease is attributable to research and development credits recorded in the 2006 quarter, plus a decrease in state taxes as the 2005 quarter included a catch-up provision for states in which we had recently attained a taxable presence.

Net Income. For the 2006 quarter, we reported net income of $1.7 million, an increase of 59.8%, or $619,000, over net income of $1.0 million 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.

The following table sets forth certain operational data as a percentage of sales for the twenty-six weeks ended November 26, 2005 and November 27, 2004.

| | Twenty-six weeks ended | |
|---|---|---|
| | November 26, 2005 | November 27, 2004 |
| Net Sales | 100.0% | 100.0% |
| Gross profit | 58.1% | 54.7% |
| Selling and marketing expenses | 27.7% | 26.3% |
| General and administrative expenses | 9.3% | 9.1% |
| Research and development expenses | 8.8% | 8.2% |
| Operating profit | 12.3% | 11.1% |
| Other income (expense) | 1.1% | 0.1% |
| Net earnings | 8.4% | 6.5% |

**Twenty-six weeks ended November 26, 2005 and November 27, 2004**

Net Sales. Net sales for the fiscal 2006 period increased by 27.5%, or $7.6 million, to $35.1 million, compared to the fiscal 2005 period. The increase in sales was primarily due to the continued growth from new products released in, or subsequent to, the fiscal 2005 period 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 124.7% or $3.0 million, due primarily to the continued growth of our Morpheus CT PICC; hemodialysis products, for which sales increased by 20.5%, or $1.5 million; VenaCure products, for which sales increased by 41.8%, or $1.4 million; and angiographic products, for which sales increased 14.4%, or $1.2 million. All of the increase in our sales was due to increased unit sales.

Gross Profit. For the fiscal 2006 period, gross profit as a percentage of sales increased to 58.1% from 54.7% for the fiscal 2005 period. The increase in gross margin percentage was due 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 production efficiencies resulting from continuous efforts to streamline the manufacturing process.

Selling and marketing expenses. Selling and marketing expenses were 27.7% of net sales for the fiscal 2006 period, compared to 26.3% for the fiscal 2005 period. For the fiscal 2006 period, selling and marketing expenses increased 34.4%, or $2.5 million, compared to the fiscal 2005 period. Selling expenses increased 41.7%, or $2.1 million, due to personnel expenses related to the increased number of territories and commissions on higher sales. Marketing expenses increased 16.9%, or $356,000, due to increased personnel expenses, promotions and convention expenses.

General and administrative expenses. General and administrative expenses were 9.3% of net sales for the fiscal 2006 period, compared to 9.1% for the fiscal 2005 period. For the fiscal 2006 period these expenses increased 30.0%, or $754,000, due to increased consulting and accounting fees, director fees, and insurance premiums, all primarily associated with the cost of operating as an independent public company. Non-recurring consulting fees incurred in conjunction with our initial efforts to comply with Section 404 of the Sarbanes-Oxley Act comprised $80,000 of this amount. One-time training expenses incurred as part of our conversion to a new business enterprise system accounted for $50,000 of the increase.

Research and development expenses. Research and development (R&D) expenses were 8.8% of net sales for the fiscal 2006 period, compared to 8.2% for the fiscal 2005 period. R&D expenses increased by 36.2%, or $814,000, due to expenses associated with ongoing projects.

Other Income (Expenses). Other income increased $334,000 to $371,000 for the fiscal 2006 period, due to an increase in interest income of $218,000. Both an increase in our investment portfolio and higher yields contributed to this increase. Other income for the fiscal 2006 period also included realized gains on the sale of marketable securities totaling $111,000.

Income Taxes. Our effective tax rate for the fiscal 2006 period was 37.0% compared to 42.0% for the fiscal 2005 period. The decrease is attributable to research and development credits recorded in the fiscal 2006 period, plus a decrease in state taxes as the fiscal 2005 period included a catch-up provision for states in which we had recently attained a taxable presence.

Net Income. For the fiscal 2006 period, we reported net income of $2.9 million, an increase of 64.1%, or $1.2 million, over the fiscal 2005 period. The increase in net income was attributable primarily to increased sales and higher gross margin, offset somewhat by increased operating expenses, as discussed above.

**Liquidity and Capital Resources**

For the fiscal 2006 period, we generated cash flow from operations of $2.4 million on net income of $2.9 million. A tax benefit on the exercise of stock options of $960,000, depreciation and amortization expense of $493,000, and decreases to prepaid assets were offset by decreases to accounts payable and increases in inventory and accounts receivable.

For the fiscal 2006 period, our investing activities used net cash of $5.0 million, due to our net investment of $1.8 million of excess cash and cash generated from operations into U.S. Government obligations and corporate securities. We also made the first of two installment payments under an exclusive supply and distribution agreement, which together with costs to execute

the agreement totaled $1.6 million. Additionally, we made equipment purchases and building improvements totaling $1.6 million during the fiscal 2006 period, of which approximately $800,000 related to our implementation and conversion to a new enterprise resource planning system.

Financing activities provided net cash of $1.1 million for the fiscal 2006 period, due to proceeds of $1.2 million received from the exercise of stock options and purchases under our employee stock purchase plan. These proceeds were offset by principal payments totaling $80,000 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 fiscal 2006 period, we funded capital expenditures and our working capital requirements (exclusive of the aforementioned installment payment of $1.6 million under a supply and 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 November 26, 2005, and May 28, 2005, debt (current maturities of long-term debt and long-term debt) was $3.0 million and $3.1 million, respectively. On November 23, 2005, we replaced our $3.0 million bank line of credit with a $7.5 million line of credit facility with KeyBank National Association, with a maturity date of November 30, 2006. The new line of credit carries the same annual facility fee as our previous agreement; based on our financial strength, we were able to increase the amount of funds available to us at no additional expense. The initial advance under the line of credit will bear interest at the rate of LIBOR plus 175 basis points (the “LIBOR rate”.) Thereafter, the interest rate will be adjusted monthly at our election, to either the then-current LIBOR rate or the KeyBank prime rate. 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 November 26, 2005.

As of November 26, 2005, approximately $27.5 million, or 42.8%, of our assets consisted of cash and cash equivalents and marketable securities, mostly U.S. government issued or guaranteed securities. The current ratio was 7.1 to 1, with working capital of $43.6 million, as of November 26, 2005, compared to a current ratio of 6.5 to 1, with working capital of $42.1 million, as of May 28, 2005.

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 until November 2006 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 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 November 26, 2005, our valuation allowance and net deferred tax asset were approximately $628,000 and $1.3 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 November 26, 2005 and May 28, 2005, our reserve for excess and obsolete inventory was $926,000 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 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 November 26, 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 $2,473,000.

The interest rate on the callable bonds is subject to the call option being exercised by the debtor. For the twenty-six weeks ended November 26, 2005, the weighted average after-tax interest rate on the callable bonds approximated 1.9%. 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 November 26, 2005, we maintained variable interest rate financing of $3,020,000 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.

On November 23, 2005, we entered into a $7,500,000 working capital line of credit with a bank. The initial advance under the line of credit will bear interest at the rate of LIBOR plus 175 basis points (the “LIBOR rate”.) Thereafter, the interest rate will be adjusted monthly at our election, to either the then-current LIBOR rate or the bank’s prime rate. 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.

**Changes in Internal Control over Financial Reporting**

No change in our internal control over financial reporting occurred during the quarter ended November 26, 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.

In December 2005, we filed a motion for summary judgment of non-infringement in the action entitled Diomed Inc. v. AngioDynamics, Inc., civil action no. 04 00019RGS in the U.S. District Court for the District of Massachusetts. Diomed, Inc. has also moved for summary judgment in this action.

On October 4, 2005, VNUS Medical Technologies, Inc. ("VNUS") filed an action against AngioDynamics and others (collectively, the "Defendants") entitled VNUS Medical Technologies, Inc. v. Diomed Holdings, Inc., Diomed Inc., AngioDynamics, Inc., and Vascular Solutions, Inc., case no. C05-02972 MMC, filed in the U.S. District Court for the Northern District of California. The complaint alleges that the Defendants infringed on VNUS's U.S. patent nos. 6,258,084, 6,638273, 6,752,803, and 6,769,433 by making, using, selling, offering to sell and/or instructing users how to use Diomed's "EVLT" products, AngioDynamics' "VenaCure" products, and Vascular Solutions' "Vari-Lase" products. The complaint alleges the Defendants' actions have caused, and continue to cause, VNUS to suffer substantial damages. The complaint seeks to prohibit the Defendants from continuing to market and sell these products and asks for compensatory and treble money damages, reasonable attorneys' fees, costs and pre-judgment and post-judgment interest. We believe that our product does not infringe the VNUS patents and have filed an answer to the complaint, including a counterclaim for relief and a demand for jury trial. We purchase our lasers and laser fibers for our laser systems from biolitec, Inc. ("biolitec") under a supply and distribution agreement.

In response to our request to biolitec that it assume the defense of the VNUS action, biolitiec advised us that the claims asserted in the VNUS action were not covered by the indemnification provisions in the supply and distribution agreement. biolitec further advised us that, based on the refinement of the claims in the Diomed action, such claims were also not within biolitec's indemnification obligations under the agreement. We advised biolitec that we disagreed with its position and that we expected it to continue to honor its indemnification obligations to us under our agreement. Subsequently, we have engaged in discussions with bioitec to resolve this disagreement. Pending the outcome of these ongoing discussions, biolitec has agreed to continue to provide, at its cost and expense, our defense in the Diomed and VNUS actions. However, should it ultimately be determined that the claims asserted in either or both of these actions are not within biolitec's indemnification obligations under the supply and distribution agreement, we will be responsible for paying the costs and expenses of defending the actions and for any settlements or judgments in the actions. There is a reasonable possibility of an outcome unfavorable to us in the Diomed action, with a range of potential loss of between $674,000 and $5.4 million dollars.

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 1A. **Risk Factors**

Not applicable.

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:

Initial Public Offering
Use of proceeds
as of November 26, 2005
($ in thousands)

| Description | Balance |
|---|---|
| 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) |
| Payments under a licensing and distribution agreement | (1,593) |
| Installment payments under a research and distribution agreement. | (600) |
| Net proceeds as of November 26, 2005 | $16,243 |

Item 3. **Defaults Upon Senior Securities**

None.

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

At the Annual Meeting of Shareholders held on October 11, 2005, the following persons were elected as Directors of the Company:

Class II Directors: (until the 2008 Annual Meeting)

Gregory D. Casciaro
Howard W. Donnelly
Robert E. Flaherty

In this election, 9,403,145, 9,829,346 and 9,403,445 votes were cast for Mr. Casciaro, Mr. Donnelly and Mr. Flaherty, respectively, and 860,104, 433,903 and 859,804 shares were withheld from voting for Mr. Casciaro, Mr. Donnelly and Mr. Flaherty, respectively.

The following Directors continue in office for the duration of their terms:

Class I Directors: (until the 2007 Annual Meeting)

Jeffrey G. Gold
Paul S. Echenberg
Dennis S. Meteny

Class III Directors: (until the 2006 Annual Meeting)

Eamonn P. Hobbs
David P. Meyers
Howard S. Stern

In addition, the action of the audit committee of the Board of Directors in appointing PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2006 was approved by a vote of 10,239,411 in favor, 2,200 against and 21,638 shares withheld from voting.

Item 5. **Other Information**

None.

Item 6. **Exhibits**

| No. | Description |
|---|---|
| 10.1 | Supply and Distribution Rights Agreement dated October 17, 2005 between AngioDynamics, Inc. and Bioniche Pharma Group Limited* |
| 10.2 | First Amendment to 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.

Table of Contents

**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 January 10, 2006

/s/ Eamonn P. Hobbs

Eamonn P. Hobbs, President,
Chief Executive Officer

Date January 10, 2006

/s/ Joseph G. Gerardi

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

**EXHIBIT 10.1**

Confidential Treatment requested.
Confidential portions of this
document have been redacted
and have been separately filed
with the Commission

**SUPPLY AND DISTRIBUTION RIGHTS AGREEMENT**

**THIS SUPPLY AND DISTRIBUTION RIGHTS AGREEMENT** is entered into the _____ (17) day of October, 2005;

**BETWEEN:** **Bioniche Pharma Group Limited**, a corporation incorporated under the laws of Ireland, with a principal place of business located at Inverin, County Galway, Ireland

(hereinafter referred to as "**Bioniche**");

**AND:** **AngioDynamics, Inc.,** a corporation incorporated under the laws of Delaware, with its principal place of business located at Queensbury, New York, USA

(hereinafter referred to as "**AngioDynamics**")

**WHEREAS** Bioniche, directly or through its Affiliates (as hereinafter defined), researches, develops, manufactures and markets biological and pharmaceutical products and devices for human use;

**WHEREAS** Bioniche or its Affiliates has developed a certain pharmaceutical product for use in the treatment of varicose veins (the "Product", as hereinafter defined and as more particularly described in **Schedule "A"** hereto);

**WHEREAS** Bioniche owns one hundred percent (100 %) of Bioniche Pharma (USA) Inc., a corporation incorporated under the laws of Delaware, which holds an approved ANDA for the Product (each, as hereinafter defined) and one hundred percent (100%) of Bioniche Pharma (Canada) Limited, a corporation incorporated under the laws of Canada, which holds a license from Cumberland Pharmaceuticals, Inc. for the Trade Mark (as hereinafter defined);

**WHEREAS** AngioDynamics is a distributor of healthcare products to physicians in the North American market and has expertise in marketing and distributing products for use in the Field in the Territory (each, as hereinafter defined);

**WHEREAS** Bioniche wishes to grant to AngioDynamics (and AngioDynamics wishes to accept): (i) the exclusive right to distribute, sell, and offer for sale the Product in the Field in the Territory; (ii) the exclusive right to use the Trade Mark (as hereinafter defined) in the Territory and in the Field; and (iii) the co-exclusive right (together with Bioniche) to market and promote the Product in the Field in the Territory;

**AND WHEREAS** Bioniche is willing to supply AngioDynamics with the Product for distribution in the Territory on an exclusive basis for use in the Field and AngioDynamics wishes to receive the Product on such basis, the whole in accordance with the terms and conditions hereinafter set forth;

**NOW, THEREFORE, THIS AGREEMENT WITNESSETH THAT, IN CONSIDERATION OF THE MUTUAL COVENANTS SET FORTH HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:**

## ARTICLE I
## DEFINITIONS; GENERAL PROVISIONS

**1.1 Definitions.** For the purposes of this Agreement or any notice, consent, authorization, direction or other communication required or permitted to be given hereunder, the singular shall include the plural and vice versa and the following expressions shall have the following meanings, respectively, unless the context otherwise requires:

a) "**Affiliate**" shall mean any Person which is directly or indirectly controlled by, or controls or is under common control with another Person, provided that "control" shall mean ownership as to more than fifty percent (50%) of another Person or the power to direct decisions of another Person, including, without limitation, the power to direct management and policies of another Person, whether by reason of ownership, by contract or otherwise, and shall specifically include, but shall not be limited to, Bioniche Pharma (USA) Inc., the holder of the ANDA approval for the Product (as those terms are hereinafter defined) and Bioniche Pharma (Canada) Limited, which holds a license from Cumberland Pharmaceuticals, Inc. for the Trade Mark (as hereinafter defined);

b) "**Agreement**" shall mean this Supply and Distribution Rights Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Agreement and not to any particular Article, Section, Subsection or other subdivision; and "**Article**", "**Section**", "**Subsection**" or other subdivision of this Agreement means and refers to the specified Article, Section, Subsection or other subdivision of this Agreement;

c) "**ANDA**" shall mean an abbreviated new drug application filed with the FDA with respect to the Product or, with respect to jurisdictions outside the Territory, the equivalent Governmental Body filing with respect to the Product;

d) "**Business Day**" shall mean any day, other than a Saturday, Sunday or other day on which the principal commercial banks located in Toronto, Ontario, Canada or New York, New York, USA, are not open for business during normal banking hours;

e) "**Calendar Quarter**" shall mean each three-month period commencing January 1, April 1, July 1 and October 1 of each year during the Term of this Agreement;

f) "**Competent Authority**" shall mean each and every Governmental Body which regulates or from which approvals are required for the marketing, distribution and/or sale of the Product within the Territory or in other jurisdictions, as applicable;

g) "**Competing Product**" shall mean any sclerosing agent approved by the FDA for use in the treatment of varicose veins or other vascular indications in the Territory, other than the Product;

h) "**Contract Year**" shall mean the year long period commencing July 1 and ending the following June 30 and each subsequent twelve (12) month period thereafter. However, the initial Contract Year under this Agreement shall not commence until the date of the First Commercial Sale of the Product, but in any event shall end on June 30 following the Effective Date of this Agreement. Both Bioniche and AngioDynamics understand and acknowledge that this Agreement shall commence on the Effective Date;

i) "**Device**" shall have the meaning ascribed thereto in Section 321 of the United States Food, Drug and Cosmetic Act, 21 U.S.C. §321, including any subsequent amendments thereto, as well as any alternative definition as set forth by the FDA from time to time; provided that, for the purposes hereof, a "**Device**" shall not include any Device that AngioDynamics combines with or packages with a Competing Product;

j) "**Dollar**" and the symbol "**$**" shall mean lawful money of the USA;

k) "**Effective Date**" shall mean the date first mentioned above;

l) "**FDA**" shall mean the United States Food and Drug Administration or any successor agency thereto performing the same functions in the Territory;

m) "**Field**" shall mean the distribution and sale of the Product to the following Persons whose professional practice involves the treatment of vascular disorders or conditions: (i) General Surgeons; (ii) Vascular Surgeons; (iii) General/Vascular Surgeons; (iv) Interventional Radiologists; (v) Cardiovascular Surgeons; (vi) Cardiothoracic Surgeons; and (vii) Cardiologists; in each case, for use in the treatment of varicose veins or other vascular indications, as approved from time to time by the FDA. For greater certainty, the "**Field**" shall not include distribution and sale of the Product: (a) to Group Purchasing Organizations; or (b) for use by Dermatologists, Dermatologic Surgeons, Cosmetic Dermatologists, Cosmetic Surgeons, Plastic Surgeons, or any other specialty not mentioned under items (i) to (vii) above that might practice sclerotherapy and/or deal with treatment of spider veins/reticular veins/varicose veins;

n) "**First Commercial Sale**" shall mean the first sale of Product by AngioDynamics to any third Person customer in the Field in the Territory;

o) "**GMP**" or "**cGMP**" shall mean current Good Manufacturing Practices as specified by any applicable Competent Authority or as required under FDA rules and regulations, as amended from time to time;

p) "**Government Approvals**" shall mean the approvals required from any Governmental Body for the marketing, distribution and/or sale of the Product in the Field within the Territory;

q) "**Governmental Body**" shall mean (i) any domestic or foreign national, federal, provincial, state, municipal or other government or body, (ii) any international or multilateral body, (iii) any subdivision, ministry, department, secretariat, bureau, agency, commission, board, instrumentality or authority of any of the foregoing governments or bodies, (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing governments or bodies, or (v) any domestic, foreign, international, multilateral, or multinational judicial, quasi-judicial, arbitration or administrative court, grand jury, tribunal, commission, board or panel;

r) "**Improvements**" shall mean any modification to the chemical composition of the Product made by Bioniche and/or AngioDynamics or by any of their Affiliates during the term of this Agreement;

s) "**Intellectual Property**" shall mean, whether or not reduced to writing, all inventions, all rights to inventions, patents, patent applications and issued patents, designs, design applications and design registrations, trade marks, trade mark applications, trade mark registrations, trade names, trade dress, servicemarks, logos (whether registered or unregistered), copyright, copyright applications and registrations, processes, licenses, Know-How, technology, data, chemical structures, formulae, customer lists, discoveries, trade secrets, proprietary information and all other rights and intellectual property now or hereafter owned, held or used by Bioniche or by AngioDynamics or by any of their respective Affiliates;

t) "**Know-How**" shall mean all information, data, knowledge, discoveries and trade secrets, whether or not reduced to writing, pertinent to the Product, or to the manufacture, use or sale of the Product, now or hereafter owned by, in the possession of, known to or controlled by Bioniche or its Affiliates, including any Improvements to any of the foregoing;

u) "**Laws**" shall mean:

(i) all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations, and municipal by-laws, whether domestic, foreign or international, including any such constitutions, etc. of any Governmental Body;

(ii) all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Governmental Body; and

(iii) all policies, practices and guidelines of any Governmental Body; in each case binding on or affecting the Party or Person referred to in the context in which such word is used;

and "**Law**" shall mean any one of the foregoing;

v) "**Marketing Plan**" shall mean AngioDynamics' marketing plan for Product in the Territory in the Field, which AngioDynamics will share with Bioniche and regarding which the Parties will have quarterly conference calls upon Bioniche's request and, if necessary, other meetings as the Parties may designate from time to time;

w) "**Parties**" shall mean the parties hereto collectively; and "**Party**" shall mean any one of them;

x) "**Person**" shall mean an individual, corporation, company, co-operative, partnership, organization or any similar entity;

y) "**Prime Rate**" shall mean the annual rate of interest published from time to time by the Wall Street Journal as a reference rate then in effect for determining interest rates on Dollar ($) commercial loans made by major commercial banks in the Territory;

z) "**Product**" shall mean the pharmaceutical product Sodium Tetradecyl Sulfate, in concentrations of 1%, 3% and any concentration subsequently approved by the FDA, manufactured by Bioniche and/or its Affiliates, together with packaging, labeling and such accessories, or in such other final form for patient use as shall have been approved by the Competent Authorities, and any Improvements thereto (including, for greater certainty, Sodium Tetradecyl Sulfate 1%, 3% and any concentration subsequently approved by the FDA sold by Bioniche and/or its Affiliates under any other trade name in the Territory). The Product as of the Effective Date is more particularly described in **Schedule "A"** hereto;

aa) "**Second Entry Product**" shall mean any pharmaceutical product containing Sodium Tetradecyl Sulfate or Polidocanol as the active ingredient, other than the Product, which is approved by the FDA for use in the treatment of varicose veins or other vascular indications in the Territory;

bb) "**Specifications**" shall mean the specifications for the Product, as more fully described in **Schedule "B"** hereto, as stated in the official labeling for the Product, as sold in the Territory for use in the Field;

cc) "**Term**" shall mean the term of this Agreement as defined in Section 9.1;

dd) "**Territory**" shall mean the USA (as hereinafter defined), together with any areas added from time to time as may be agreed upon in writing by the Parties;

ee) "**Trade Mark**" shall mean the common law and statutory rights in the trade mark Sotradecol in the Territory, including in the application, held by Bioniche or its Affiliates, as more fully described in **Schedule "C"** hereto, together with all registrations arising from such application from time to time; and

ff) "**USA**" shall mean the United States of America and each of its territories and possessions, including but not limited to the Commonwealth of Puerto Rico.

**1.2 Dispute Resolution; Arbitration.**

a) The Parties agree that in the event of any dispute, breach, controversy or claim between them arising from, concerning, or in any way relating to this Agreement, the Parties shall immediately undertake good faith efforts to amicably resolve such dispute between them. In the event such dispute cannot be so resolved following such prompt good faith discussions between the Parties, the dispute shall be referred to the Chief Executive Officer of each Party for prompt resolution. Any such dispute, claim, breach or controversy which cannot be resolved by the Chief Executive Officers of the Parties within thirty (30) days after it has been so referred to them hereunder can then be resolved through binding arbitration at the request of either Party. The use of arbitration to resolve all such unresolved disputes, claims, breaches or controversies under this Agreement shall be binding and mandatory upon the Parties for all purposes, except as specifically provided for below in this Section 1.2. This agreement to arbitrate all such unresolved disputes shall survive the termination, expiration or rescission of this Agreement. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association and shall be undertaken pursuant to the U.S. Federal Arbitration Act. The arbitration shall be held in Toronto, Canada, if initiated by AngioDynamics and in New York, New York, USA, if initiated by Bioniche; or such other place as the Parties may agree in writing. The language of the arbitration shall be English. The arbitration shall be conducted before a single arbitrator to be jointly designated by the Parties. If the Parties cannot mutually agree upon an arbitrator within twenty (20) Business Days after either Party has notified the other Party hereunder that it desires to arbitrate any such unresolved dispute then, and in such event, each Party shall designate, on that date, one arbitrator from the list of arbitrators maintained by the American Arbitration Association and the two arbitrators so chosen shall mutually designate a third arbitrator, or if they have been unable to do so within ten (10) Business Days after they have been so designated, application can be made by either said arbitrator to the American Arbitration Association for it to designate the third

arbitrator for this arbitration as soon as possible. Each Party shall pay all costs and expenses of the arbitrator designated by that Party hereunder and shall share 50/50 all costs and expenses of any arbitrator jointly designated by them to include any third arbitrator so chosen by their arbitrators, or by the American Arbitration Association. Each Party shall be entitled to be represented by counsel of its own choosing and to be represented by that counsel in all matters before the arbitrators with each Party being solely responsible to pay all of the costs, fees and expenses of its said counsel. The decision of the arbitrator (or a majority of the arbitrators if 3 have been appointed) shall be final and binding on all Parties and shall be enforceable in a court of competent jurisdiction; provided that the arbitrator(s) shall have no authority to grant any license to either Party to the other Party's Intellectual Property. For purposes of any such arbitration proceeding hereunder, this Agreement shall be deemed to be governed by and construed in accordance with the laws of the State of New York (without reference to the applicable choice of law rules). The relationship created by this Agreement could give rise to the need by one or both of the Parties for emergency judicial relief. Either Party shall be entitled to pursue any available remedies for emergency or preliminary injunctive relief in any court of competent jurisdiction, but immediately following the issuance of any such emergency or injunctive relief the Party obtaining such relief will consent to the stay of such judicial proceedings on the merits of both this Agreement and any related transactions pending arbitration of all of the underlying claims between the Parties in accordance with this Section 1.2.

b) Bioniche agrees and consents to the jurisdiction over it in the federal and state courts in the State of New York in relation to any enforcement action brought after an arbitration pursuant to Section 1.2 (a) and any action filed for emergency or preliminary injunctive relief pursuant to Section 1.2 (a). Bioniche further agrees to accept service of process by mail or commercial carrier sent to its last known address.

**1.3 Entire Agreement.** This Agreement, together with the Schedules hereto, constitutes the entire agreement between the Parties and replaces and supersedes any prior agreement or understanding pertaining to the subject matter hereof; provided that, for greater certainty, the Confidentiality Agreement between AngioDynamics and Bioniche Pharma (Canada) Limited (an Affiliate of Bioniche) dated June 22, 2005 shall continue to govern disclosures of information between the parties thereto prior to the date hereof. No amendment of this Agreement shall be binding unless executed in writing by both Parties. Any provisions on AngioDynamics' purchase orders that are inconsistent with or supplement any of the terms or conditions of this Agreement shall be of no force or effect unless expressly agreed to in writing by Bioniche.

**1.4 Schedules.** The following are the Schedules annexed to and incorporated in this Agreement by reference and deemed to be a part hereof:

**Schedule "A"** - Description of the Product;

**Schedule "B"** - Specifications;

**Schedule "C"** - Trade Mark;

**Schedule "D"** - Minimum Purchase Requirements; and

**Schedule "E"** - Transfer Price.

## ARTICLE II
## EXCLUSIVE RIGHTS

**2.1 Exclusive Distributorship Rights.**

a) Upon and subject to the terms and conditions hereof, Bioniche and its Affiliates hereby appoint AngioDynamics, and AngioDynamics hereby accepts its appointment, as the exclusive distributor of the Product in the Field in the Territory.

b) AngioDynamics will also have the right of first negotiation to become the exclusive distributor of any additional products developed by Bioniche or its Affiliates for use in the Territory and in the Field for which Bioniche or its Affiliates has the right to sell, license, transfer or otherwise assign distribution rights (the "**First Negotiation Products**"). Accordingly, during the Term of this Agreement, Bioniche or its Affiliates shall not sell, license, transfer or otherwise assign its distribution rights in the Territory in the Field to any First Negotiation Products to any third Person, without first offering such rights to AngioDynamics in accordance with the provisions of this Section 2.1(b). At any time following the sending of a notice from Bioniche to AngioDynamics under this Section 2.1(b) with respect to the potential distribution of a First Negotiation Product in the Territory in the Field, the Parties shall have sixty (60) days (the **"Negotiating Period"**, which can be extended for one further period of thirty (30) days, as provided below) to negotiate the substantive terms of an agreement governing the First Negotiation Product. As long as the Parties are reasonably progressing in their negotiations as to any First Negotiation Product hereunder, either Party may, in its sole and absolute discretion, elect to extend the Negotiating Period for an additional period of thirty (30) days. The Parties hereby agree to negotiate diligently and in good faith during each Negotiating Period with regard to each First Negotiation Product that is the subject of a notice under this Section 2.1(b). If after the termination of the Negotiating Period, the Parties have not been able to agree as to the terms of their arrangement regarding that First Negotiation Product, Bioniche shall be free to sell, license, transfer or otherwise assign its rights in that First Negotiation Product to a third Person free of any further rights, claims or entitlements of AngioDynamics under this Agreement, on terms and conditions that are no less favourable to Bioniche, in the aggregate, than those offered by AngioDynamics during the Negotiating Period.

**2.2 Retained Rights.** Nothing herein shall be deemed to restrict or otherwise impair or impede the right and/or ability of Bioniche and/or its Affiliates to: (i) directly or indirectly market, sell, distribute, package, label, appoint additional Persons as distributors, subcontract any

such rights to or otherwise enter into any arrangement whatsoever with any Person with respect to the Product or any First Negotiation Product anywhere else in the world other than the Territory, or in the Territory outside the Field; or (ii) after the termination of an unsuccessful Negotiating Period directly market, distribute, sell, package and label any First Negotiation Product for use in the Field in the Territory; as the case may be.

**2.3 Competing Products.**

a) During the Term, AngioDynamics and its Affiliates shall not, directly or indirectly, jointly or in conjunction with any other Person, whether as principal, agent, shareholder, employee, independent contractor, or in any other manner whatsoever, distribute, market or sell in the Field in the Territory, any product (other than the Product) that: (i) is a Competing Product; and (ii) is used in the Field.

b) Notwithstanding the provisions of Section 2.3 (a), it is expressly understood and agreed to that AngioDynamics shall not be prohibited from: (i) distributing a First Negotiation Product for which the Parties have successfully negotiated distribution rights under Section 2.1 (b); or (ii) developing, manufacturing, selling, or distributing any Device, in the Field in the Territory, or elsewhere, whether within or without the Territory and/or Field, for the treatment of any medical condition including, but not limited to, the treatment of vascular conditions.

**2.4 Sales within the Territory.**

a) AngioDynamics shall not knowingly, and shall cause its Affiliates not to knowingly, directly or indirectly, without the prior written consent of Bioniche:

i) supply Product: (1) outside the Territory; or (2) inside the Territory, outside the Field; or

ii) supply Product to any Person within the Territory for resale or use: (1) outside the Territory; or (2) outside the Field.

b) Bioniche shall not knowingly, and shall cause its Affiliates not to knowingly, directly or indirectly, without the prior written consent of AngioDynamics:

i) supply Product inside the Territory and inside the Field to any Person other than AngioDynamics; or

ii) supply Product to any Person outside the Territory for resale or use within the Territory and within the Field by any Person other than AngioDynamics.

**2.5 Referrals.** AngioDynamics shall refer to Bioniche all orders or inquiries received by it in connection with the sales and distribution of Product outside the Territory, or inside the Territory but outside the Field, and Bioniche shall refer to AngioDynamics all orders or inquiries received by it in connection with the sale and distribution of Product inside the Territory, in the Field.

**2.6 Subcontracting.** AngioDynamics shall not subcontract to, or otherwise make any provision or arrangement with any Person (excluding any Affiliate; provided that AngioDynamics shall warranty and remain responsible for the performance by its Affiliate of its obligations hereunder) for the distribution and sale of Product, without the prior written consent of Bioniche, which consent shall not be unreasonably withheld, conditioned or delayed. Bioniche shall not subcontract to, or otherwise make any provision or arrangement with any person (excluding an Affiliate; provided that Bioniche shall warranty and remain responsible for the performance by its Affiliate of its obligations hereunder) for the manufacture of Product, without the prior written consent of AngioDynamics, which consent shall not be unreasonably withheld, conditioned, or delayed.

**2.7 Packaging.** AngioDynamics shall not alter, remove or conceal Bioniche's name, logo or drug registration number, nor the Trade Mark or any of Bioniche's other trademarks, trade names, trade-dress, service marks or other Intellectual Property, nor any notices in relation to the foregoing which appear on any of its proprietary Products, or on its packaging with regard thereto. Product labels shall indicate that the Product is manufactured by Bioniche or a third Person manufacturer designated by Bioniche (as approved by AngioDynamics pursuant to Section 2.6 hereof, as applicable), if any. AngioDynamics may amend Product packaging and/or labels to include AngioDynamics' name and/or logo as Product distributor with the prior written consent of Bioniche, such consent not to be unduly withheld, conditioned or delayed. Bioniche shall be deemed to have consented ten (10) Business Days after receipt of the proposed amendment, unless Bioniche shall have objected thereto within said ten (10) Business Day delay. Notwithstanding the foregoing, Bioniche's consent shall not be required for AngioDynamics to make any changes to the Product packaging which is required by FDA regulations or any other applicable Laws.

**2.8 Training.** In the First Contract Year, Bioniche agrees to provide to AngioDynamics up to twenty four (24) hours of training for a reasonable number of AngioDynamics' marketing and sales representatives in three (3) training sessions at reasonable locations of AngioDynamics' choice in the Territory. The dates and locations of such training sessions shall be agreed to in advance between the Parties.

**2.9 Additional Responsibilities.** In addition to the other terms of this Agreement, AngioDynamics shall provide order entry, Product tracking, transportation of Product to customers, customer service support, and billing/collection functions. AngioDynamics shall keep Bioniche advised of general market conditions and economic developments that may affect the sale of the Product in the Territory.

## ARTICLE III
## PRODUCT PROMOTION; INTELLECTUAL PROPERTY

**3.1 Product Promotion.** AngioDynamics and Bioniche will have the co-exclusive right to promote the Product in the Field in the Territory and, without limiting its obligations under

Section 6.2 hereof, AngioDynamics shall use commercially reasonable efforts to promote and market the Product in the Territory for use in the Field. AngioDynamics and Bioniche shall each bear all of their own expenses in connection with marketing and promotion hereunder. The Parties acknowledge and agree that the FDA must grant its approval to all packaging and labeling of the Product prior to the marketing thereof in the Territory.

**3.2 Trade Mark.** The Parties hereby acknowledge that no license to any Intellectual Property of the other Party or to the Trade Mark shall be granted or deemed to be granted hereunder. Subject to the terms and conditions hereof, AngioDynamics shall have the right as a distributor to use the Trade Mark in the Territory during the Term solely in connection with the distribution, sale and offer for sale of the Product in the Field. In its promotion and sale of Product in the Territory hereunder and in its use of the Trade Mark or other Intellectual Property indicated by Bioniche for use on or with the Product, AngioDynamics shall indicate at all times that it is acting in its capacity as a distributor of Bioniche and that the Trade Mark is used by Bioniche under license from a third Person. The Trade Mark shall be followed by the symbol "TM" and/or by any other marking as Bioniche may from time to time advise. AngioDynamics is, however, permitted to have the Trade Mark appear on its invoices, shipping documents and price lists, but not as trade mark and only as an indication of Product sold or the prices thereof.

**3.3 Intellectual Property.** Subject to Section 3.2 hereof, AngioDynamics acknowledges and agrees that, as between the Parties, all Intellectual Property rights in the Product are and shall remain the property of Bioniche or its Affiliates. Without limiting the generality of the foregoing, the Parties acknowledge and agree that the ANDA and the contents of any other regulatory dossier prepared with respect to the Product for filing with any Competent Authority and any Government Approval relating thereto shall be and remain the property of Bioniche or its Affiliates. Without the express written consent of Bioniche, AngioDynamics shall not, and it shall cause its Affiliates not to, directly or indirectly:

(i) use the Trade Mark, the Product or any related Intellectual Property for any purpose other than marketing, selling, offering to sell, and distributing the Product in the Territory for use in the Field under the terms of this Agreement;

(ii) attempt to obtain patent or other Intellectual Property protection in relation to the Product; however, it is understood that, subject to Article X hereof, AngioDynamics shall have the right to obtain patent or other Intellectual Property protection in relation to any Device which may be used to deliver the Product; and/or

(iii) use or attempt to register, directly or indirectly, a trade mark identical or confusingly similar to the Trade Mark or any of Bioniche's other trade marks used with the Product identified in writing by Bioniche to AngioDynamics.

**3.4 Notification of Infringement.** Each Party agrees to promptly notify the other Party of any conflicting use or any suspected act of infringement, passing-off or unfair competition involving the Intellectual Property of the other Party used hereunder by unauthorized Persons, or any allegations that such Intellectual Property violates the Intellectual Property rights of any

third Person, of which that Party may become aware. Each Party shall have the right, at its sole discretion, to engage in any and all proceedings or actions necessary to protect its Intellectual Property or to settle any disputes involving such unauthorized acts or such allegations relating to such Intellectual Property. Each Party agrees to fully co-operate with the other Party, at the request of the other Party, to help terminate such activities by unauthorized Persons as to the Intellectual Property of the other Party, but shall not, without the express written consent of the other Party, engage in any proceedings or actions against, enter into any settlement discussions with or in any other way attempt to terminate said activities by unauthorized Persons as to the Intellectual Property of the other Party.

**3.5 Assignment.** AngioDynamics hereby assigns and agrees to assign to Bioniche its ownership rights in and to any Improvements. AngioDynamics agrees to notify Bioniche of any such Improvements and shall, when requested to do so by Bioniche, cooperate with Bioniche in the execution of documents or provide other assistance to Bioniche needed to vest Bioniche's ownership rights to Improvements, provided that such assistance by AngioDynamics shall be at Bioniche's sole cost and expense.

## ARTICLE IV
## MARKETING

**4.1 Bioniche Approval.** Bioniche shall have the right to review and approve all AngioDynamics marketing materials for the Product. Such approval shall not be unreasonably withheld, conditioned or delayed. Bioniche shall be deemed to have consented ten (10) Business Days after receipt of the proposed materials unless Bioniche shall have objected thereto within the ten (10) Business Day period.

**4.2 Coordination.** AngioDynamics will coordinate marketing efforts with Bioniche and will cooperate with Bioniche in the development of marketing strategies. Conference calls will be held on a quarterly basis as requested by Bioniche, and additional meetings may be held, if needed and agreed upon by the Parties.

## ARTICLE V
## STANDARDS

**5.1 Regulatory Compliance.** Bioniche will permit AngioDynamics, or its designated representative, to perform vendor audits of Bioniche's or its Affiliates' facilities and procedures where Product is manufactured and/or stored, no more than once in any Contract Year, under appropriate confidentiality, insurance and security arrangements and subject to reasonable advance notice and Bioniche's or its Affiliates' scheduling concerns. Bioniche and its Affiliates will allow AngioDynamics, or its designated representative, as part of its vendor audit, to inspect all technical documentation relating to the Product, which is necessary to demonstrate compliance with FDA regulations and other Laws. Additionally, Bioniche and its Affiliates will notify AngioDynamics of any proposed changes in raw materials, components, processes or labeling of Product, at least ninety (90) days prior to such action. Bioniche and its Affiliates further agree to notify AngioDynamics of any FDA inspections, observations, and/or other

actions (including Form 483's) Bioniche or its Affiliates receives in relation to the Product, in writing within thirty (30) days of the inspection; receipt of observations; etc.

**5.2 ADE Reporting.**

a) The Parties shall keep each other informed of all reports of adverse drug/device events (hereinafter called "**ADE**"), coming to either Party's or their Affiliates' knowledge with regard to Product, regardless of the origin of such reports. The term "reports" shall include publications in journals or other media. However, AngioDynamics shall not be required to monitor such journals or other media. The Parties shall promptly advise each other of information on factors adversely or positively affecting Product that come to their respective attention.

b) A copy of any ADE report concerning the Product that a Party or its Affiliate submits to the FDA or to the Council for International Organizations of Medical Sciences (CIOMS) shall be forwarded without delay to the other Party as soon as such reports come to either Party's attention. Any other ADE reports shall be reported by each Party to the other on a quarterly basis. The informing Party or its Affiliate may provide in writing its professional evaluation of such reports, in particular with regard to suspected causality, either together with such reports or as soon as possible at a later date.

c) Subject to fully complying with all FDA requirements as to ADE reporting, the Parties may mutually agree upon further details of ADE reporting at a later date.

d) The Parties shall inform each other without delay, if any measures are necessary to remove or to minimize any risk with respect to a specific production lot or preparation of Product.

The Parties shall immediately consult each other with respect to any potentially serious or unexpected ADE reports regarding Product. Following such consultation, Bioniche or its Affiliates shall communicate such reports to the FDA and to any other applicable Governmental Body, as required by Law. Each Party shall immediately notify (and shall cause its Affiliates to notify) the other Party of the receipt of any information regarding any threatened or pending action by any Governmental Body which may affect the safety or efficacy claims of Product or the continued marketing of same in the Territory. Upon receipt of any such information divulged pursuant to this Section 5.2, the Parties shall consult with each other in an effort to arrive at a mutually acceptable procedure for taking appropriate action; provided, however, that nothing herein shall be construed as restricting the right of Bioniche to make a timely report of such matter to any Competent Authority or to take any further action that Bioniche deems appropriate or required by applicable Laws.

**5.3 Compliance with Laws.** Bioniche shall comply (and shall cause its Affiliates to comply) with all applicable Laws within or without the Territory in relation to the manufacture, handling and storage and sale of Product until delivery of the Product to the Point of Entry, as hereinafter defined. Following delivery of the Product to the Point of Entry, AngioDynamics shall comply

(and shall cause its Affiliates to comply) with all applicable Laws in relation to the handling, storage, distribution and sale of the Product in the Territory. In addition, neither Party shall (and each Party shall cause its Affiliates not to) do anything that would disparage or adversely affect the reputation and goodwill of the other Party, or the other Party's Affiliates, or disparage or adversely affect the reputation of the Product. Nothing in this Section 5.3 shall detract from the Parties' respective rights or obligations under Sections 9.1 to 9.4.

**5.4 Complaints.** All AngioDynamics' customer complaints for the Product will be processed through AngioDynamics' complaint handling department. Once a complaint has been received, it is the responsibility of AngioDynamics to forward a copy of the complaint within five (5) Business Days to Bioniche. If Bioniche receives such a complaint from an AngioDynamics customer, Bioniche will notify AngioDynamics within five (5) Business Days and shall forward a copy of the complaint to AngioDynamics within the five (5) Business Day period. Bioniche is responsible for determining whether such a complaint is ADE reportable and submitting ADE reports to the FDA. Bioniche is then responsible for conducting the complaint investigation and forwarding its investigation results to AngioDynamics within twenty (20) Business Days of Bioniche's initial receipt of the complaint. If additional information is required, Bioniche will send a written request for the additional information to AngioDynamics. AngioDynamics will be responsible for obtaining the additional information from the complainant. AngioDynamics is then responsible for completing the complaint file and ensuring that the appropriate customer follow-up has been completed.

**5.5 Recalls.** If, for any reason, it shall become necessary to trace back or recall any particular batch of Product, or to identify the customer or customers to whom any Product from such batch has been delivered, the Parties shall co-operate fully with each other in doing so. In the event that either Party has reason to believe that one or more lots of Product should be recalled or withdrawn from sale or distribution in the Territory, such Party shall immediately notify the other Party in writing. The decision as to whether or not to initiate a recall of any of the Products in the Territory shall be made by Bioniche; provided that nothing in this Section 5.5 shall be read as restricting AngioDynamics from initiating a recall in a response to the written requirements of a Governmental Body. If the recall is required because of a modification or withdrawal of a Governmental Approval, or a failure of the Product to conform to its particular specifications, Bioniche shall promptly reimburse AngioDynamics for any actual out-of-pocket costs and expenses AngioDynamics incurs in carrying out such recall and refund the price paid by AngioDynamics for the recalled Product. If the recall is required because of a negligent act or omission of AngioDynamics or its representatives in the handling, storage or distribution of the Product (or its use with or incorporation in any other product), then such recall shall be conducted by AngioDynamics at its sole cost and expense and AngioDynamics shall not be entitled to any such credits, replacements or refunds from Bioniche. If such recall is required because of a joint act or omission of the Parties hereunder, they shall jointly conduct the recall and the Parties shall share equally in all of the costs and expenses of such recall.

**5.6 Insurance.** During the Term, (i) AngioDynamics shall carry and keep in force product liability insurance and all risk and general liability insurance consistent with normal business practices from time to time to cover risks related to marketing, sales, storage and distribution of Product in the Territory, with minimum limits of liability of $3,000,000.00 per occurrence and

$10,000,000.00 in the aggregate. AngioDynamics shall provide Bioniche with a certificate of such insurance and shall have Bioniche and its Affiliates named as an additional named insured in respect thereof, and (ii) Bioniche agrees to maintain comprehensive "occurrence" general liability insurance, including "occurrence" product liability, contractual liability insurance and advertising injury coverage consistent with normal business practices from time to time to cover risks including, but not limited to those related to researching, developing, manufacturing, marketing, storage, supply and transportation of Product by Bioniche or its Affiliates, with minimum limits of liability of $3,000,000.00 per occurrence and $10,000,000.00 in the aggregate. Bioniche shall provide AngioDynamics with a certificate of such insurance and shall have AngioDynamics and its Affiliates named as an additional named insured in respect thereof.

Neither Party shall amend or terminate such coverage or allow such coverage to lapse during the Term without the prior written consent of the other Party. It is understood and agreed that furnishing of such insurance coverage will not relieve either Party of its obligations under this Agreement.

## ARTICLE VI
## PERFORMANCE

**6.1 Marketing Responsibilities.** Without prejudice to its obligations under Section 6.2, AngioDynamics shall use reasonable efforts to promote and market Product in the Territory in the Field. AngioDynamics shall bear all costs and expenses incurred by it in conjunction with the discharge of its marketing and promotion obligations hereunder. Without limiting the generality of the foregoing, AngioDynamics shall:

a) advertise and promote sales of the Product in the Field;

b) make and maintain regular contact with customers and potential customers of the Product in the Field in the Territory, including, without limitation, relevant physician specialists and their organizations and associations; and

c) maintain adequate sales and warehouse facilities for the Product being distributed in the Territory in the Field.

**6.2 Minimum Purchase Requirements.** In partial consideration for the exclusive rights in the Territory in the Field being granted it under this Agreement, AngioDynamics shall use reasonable efforts to achieve the minimum purchase requirements set forth in Schedule "D" hereto for the Product. Notwithstanding anything to the contrary herein contained, AngioDynamics shall not be responsible for failing to achieve the minimum purchase requirements established for it hereunder if such failure is directly attributable to: (i) the failure by Bioniche to deliver a sufficient quantity of the Product which satisfies the Specifications in response to purchase orders placed in accordance with Section 7.7 hereof; and/or (ii) an Event of Force Majeure, as defined in Section 7.10 hereof. If AngioDynamics does not achieve the minimum purchase requirements in any particular Contract Year (the "Deficient Contract Year"), Bioniche's sole remedy shall be to convert the exclusive license and distributor status of AngioDynamics into a non-exclusive relationship following ninety (90) days written notice to

AngioDynamics. Notwithstanding the foregoing, AngioDynamics shall be able to cure any noticed failure to meet the minimum purchase requirements by doing the following within the ninety (90) day notice period: (i) purchasing an amount of Product equal to the difference between the amount of Product actually purchased by AngioDynamics in the Deficient Contract Year and AngioDynamics' minimum purchase requirements for the Deficient Contract Year; and (ii) purchasing an amount of Product equal to fifteen percent (15%) of its annual minimum purchase requirements for the then-current Contract Year. If AngioDynamics fully complies with (i) and (ii) above, Bioniche shall have no right to convert the exclusive license and distributor status of AngioDynamics into a non-exclusive relationship. Any amount of Product purchased pursuant to (i) above shall not apply to the minimum purchase requirements of the then-current Contract Year, but the amount of Product purchased pursuant to (ii) above shall apply to the minimum purchase requirements of the then-current Contract Year.

In the event that a Second Entry Product enters the market in the Territory and is sold in the Field at any time during the Term, any annual minimum purchase requirements agreed to hereunder shall be automatically reduced by fifty percent (50%). Such decrease shall be on a going forward basis only, with a pro rata effect being calculated for any partial Contract Year.

**6.3 Reporting of Sales.** AngioDynamics shall provide Bioniche with quarterly electronic reports and detailed semi-annual written reports regarding marketing and sales of the Product in the Territory in the Field, which reports shall include information as to sales volume, average selling price, and market shares. Twice annually, AngioDynamics will allow Bioniche, upon request, to visually review AngioDynamics' customer list(s) for Product. Bioniche will have no right to copy, retain, or remove any such customer list(s).

**6.4 Reciprocal Examination Rights.** Without limiting the generality of Section 6.3, each Party, or its designated representative, shall have the right, no more than once in any Contract Year, under appropriate confidentiality, insurance and security arrangements and subject to reasonable advance notice, to examine the books and records of the other Party and its Affiliates that relate to the Product sold hereunder (including its sales in the Territory), to confirm compliance with the terms of the Agreement, including, but not limited to, Sections 2.4, 6.2 and 7.4. Neither the examining Party nor its designated representatives shall have the right to copy, retain, or remove any such books and records during such examination.

## ARTICLE VII
## PAYMENTS; ETC.

**7.1 Consideration.** In consideration for the exclusive marketing and distribution rights as to Product in the Territory in the Field being granted by Bioniche to AngioDynamics hereby, and in consideration of Bioniche agreeing to fulfill its obligations hereunder, AngioDynamics hereby agrees to:

a) pay Bioniche a non-refundable (subject to Section 9.4) fee of Two Million and Three Hundred Thousand Dollars ($2,300,000.00), as follows:

(i) One Million Five Hundred Thousand Dollars ($1,500,000.00) will be payable thirty (30) days after the Effective Date of this Agreement; and

(ii) Eight Hundred Thousand Dollars ($800,000.00) will be payable at the end of AngioDynamics' first fiscal quarter following the First Commercial Sale of the Product and in which no recalls pursuant to Section 5.5 occur; and

b) make the minimum annual purchases of Product as provided for in Section 6.2 hereof, which purchases, subject to Section 7.4 hereof, will be supplied by Bioniche at a transfer price calculated in accordance with **Schedule "E"** hereto.

**7.2 Accrual; Mode of Payment.**

a) The payments due to Bioniche by AngioDynamics under Subsection 7.1 (a) shall accrue immediately upon the achievement of the relevant milestone, and shall be paid to Bioniche in Dollars at the time specified in the relevant subsection relating to such milestone. The payment due to Bioniche by AngioDynamics for all undisputed invoices relating to Product ordered hereunder shall be paid to Bioniche in accordance with Section 7.5 hereof. All payments hereunder shall be paid by wire transfer, in immediately available funds, to an account designated by Bioniche, or by such other reasonable method as Bioniche may request, from time to time.

b) Notwithstanding Section 7.2 (a), AngioDynamics must notify Bioniche in writing if it disputes any invoiced amount within thirty (30) days of AngioDynamics' receipt of any invoice or receipt of Product at the Point of Entry (as hereinafter defined), whichever is later, otherwise AngioDynamics waives the right to dispute such invoice.

**7.3 Taxes.** Any payments required to be paid hereunder are inclusive of any taxes or customs or other duty in respect of such payments. The Parties shall co-operate and shall take all reasonable and lawful steps to avoid double taxation of payments made to Bioniche hereunder. AngioDynamics shall withhold or deduct any applicable tax from any payment made to Bioniche hereunder as required under USA federal, state or local laws. AngioDynamics shall, upon request, provide documentation from time to time as to confirm the payment by AngioDynamics of such tax to the appropriate Governmental Body. AngioDynamics shall provide to Bioniche any and all applicable sales or use tax resale certificates as may be required by any state of the USA.

**7.4 Transfer Price.** The price to be paid by AngioDynamics to Bioniche per unit of Product shall be the price as calculated subject to and in accordance with **Schedule "E"** hereto for such Product; provided that, in the event that there are major market changes or cost of manufacture increases, the Parties shall negotiate price changes in good faith to attempt to find a satisfactory solution to both Parties. In the event of the failure of the Parties to agree on price changes in good faith within three (3) months of commencing the review, the price for the Product shall be that prevailing immediately preceding commencement of the review adjusted by the percentage

change for the previous twelve (12) month period in Bioniche's direct costs of manufacture (including costs of raw materials) per unit of Product (without any consideration of any of the indirect costs of manufacture of Bioniche). Bioniche shall also provide reimbursement in the form of Product provided by Bioniche to AngioDynamics at no additional cost as set forth in **"Schedule E"** hereto.

Bioniche agrees and promises that Bioniche's price for Product sold to AngioDynamics hereunder as an exclusive distributor shall always be the lowest price which Bioniche or its Affiliates offers, charges, or accepts in full payment for the Product from Bioniche's or its Affiliates' most favored customer in the Territory including, without limitation, another distributor, unless otherwise prohibited by applicable Laws.

**7.5 Payment Terms; Currency.** AngioDynamics shall pay the price for all Product acquired hereunder to Bioniche in Dollars, within thirty (30) days from the date of receipt of the invoice or of the Product at the Point of Entry (as hereinafter defined), whichever is later, unless AngioDynamics has notified Bioniche in writing that it is rejecting the Product under Section 7.8, or that it is disputing the invoice under Section 7.2. In the case of a rejection of Product under Section 7.8 or a disputed invoice under Section 7.2, payment shall be made immediately following determination that the Product is in compliance (or, if not in compliance, is replaced by complying Product) or following resolution of the dispute, as the case may be.

**7.6 Interest.** Except as otherwise specifically provided for herein, any payments due hereunder which are not paid within thirty (30) days of the date such payments are due shall bear interest at Prime Rate plus two percent (Prime Rate + 2%) per annum, calculated on the number of days such payment is delinquent under Section 7.2 (for the milestone payments made pursuant to Section 7.1 (a)) or Section 7.5 (for payments made for purchases of Product), as the case may be. For greater certainty, neither the additional thirty (30) day grace period for payment provided under this Section 7.6 nor the delay in payment permitted under Section 7.5 (where the Product is found to be compliant or AngioDynamics' dispute of the invoice is unfounded) shall be interest free.

**7.7 Orders.**

a) On the Effective Date, AngioDynamics shall provide Bioniche with a forecast (the "**Forecast**") of its Product requirements. The Forecast shall be for twelve (12) months (beginning on the first day of the first Contract Year), with the first three (3) months of each Forecast constituting a firm order for Product, and the additional nine (9) months of each shall be non-binding. All requirements provided in Forecasts shall be updated on a "rolling" basis each quarter during the Contract Year;

b) Any and all purchase orders placed by AngioDynamics hereunder shall be for a minimum quantity of one full batch of Product (as described in **Schedule "B"**) or any number of full batches of Product; and

c) Without limiting the generality of Subsection 7.7 (a), unless otherwise agreed by Bioniche in writing, all orders must be received by Bioniche at least sixty (60) days prior to the date for required delivery of Product to AngioDynamics.

**7.8 Acceptance of Product Shipments.** All Product shipped hereunder shall be accompanied by a Certificate of Analysis. AngioDynamics shall have a maximum of fifteen (15) days from the date of its receipt of any shipment of Product to test for quality and quantity and to accept or reject such shipment. In the event AngioDynamics does not notify Bioniche of acceptance or rejection within such fifteen (15) day period, all units of the Product in such shipment shall be deemed to be accepted by AngioDynamics. If AngioDynamics believes that any shipment of Product hereunder does not meet the Specifications or the warranties set forth in Section 8.2 hereof, AngioDynamics shall promptly notify Bioniche in writing indicating the particular lot, time of delivery and the claimed defective nature of the shipment. If AngioDynamics notifies Bioniche of any claimed defect in a shipment of Product, Bioniche shall have the right, but not the obligation, to send one or more quality control representatives to retest such Product in cooperation with quality control representatives of AngioDynamics. Replacement and disposition of non-compliant Product (as determined in accordance with this Section 7.8) shall be at Bioniche's sole cost and expense provided that AngioDynamics shall have duly notified Bioniche as aforesaid. Bioniche's responsibility shall be limited to the above-mentioned replacement and disposition of non-compliant Product only. In the event of a disagreement between the Parties regarding the quality of one or more shipments of Product, the Parties shall submit samples of the shipment in question to an independent testing laboratory to make a determination, which shall be binding upon the Parties, as to the compliance, or lack thereof, of such shipment with the warranties set forth herein. Such independent testing laboratory will be chosen by the mutual consent of the Parties. The costs of such testing will be borne by Bioniche if such shipment is found to be non-compliant, or by AngioDynamics, if such shipment is found to be in compliance.

**7.9 Shipping.**

a) All Product ordered by AngioDynamics shall be delivered CIF [Incoterms; ed. 2002] the Bioniche facility in Inverin, County Galway, Ireland to AngioDynamics' distribution center, located at Queensbury, New York in the Territory or at any other such location in the continental USA as AngioDynamics may designate from time to time (the **"Point of Entry"**). For greater certainty, Bioniche shall be responsible for paying customs, insurance and freight charges required to deliver the Product to the Point of Entry and the purchase price for Product shall be payable in accordance with the provisions of Section 7.5 hereof. Title to and risk of loss of Product shall pass from Bioniche to AngioDynamics when Product is received by AngioDynamics at the Point of Entry;

b) AngioDynamics shall be responsible for the transportation of the Product from the Point of Entry to AngioDynamics' sites in the Territory and shall be responsible for all transportation and insurance charges associated therewith. AngioDynamics

shall ensure that any carriers comply with all Laws in the Territory and the requirements of Competent Authorities regarding the Product;

c) Bioniche will use diligent efforts to ship the Product ordered by AngioDynamics within sixty (60) days of its receipt of each order for such Product. Portions of orders that exceed by more than twenty percent (20%) the related firm order portion of the Forecast may not be filled or may be delayed. Bioniche may supply partial shipments against AngioDynamics' orders, provided that the first shipment against an order shall constitute at least seventy five percent (75%) of the forecasted order;

d) Bioniche shall ensure that, at the time Product is delivered to the carrier CIF under Section 7.9(a), such Product shall be at least twelve (12) months away from its stated expiration date;

e) Bioniche shall not be responsible to AngioDynamics for any loss or damages resulting from late delivery or failure to deliver any of the Product due to an Event of Force Majeure as defined below; and

f) Without prejudice to the minimum purchase requirements provided for in Section 6.2 hereof, AngioDynamics shall ensure that it maintains sufficient stocks of the Product to satisfy demand for the Product in the Territory in the Field on a timely basis.

**7.10 Force Majeure.** For the purposes of this Agreement, an **"Event of Force Majeure"** shall include the following:

a) acts of God;

b) expropriation, confiscation or requisitioning of facilities or compliance with any Law which affects to a degree not presently existing the supply, availability or use of materials or labor;

c) acts or inaction on the part of any Governmental Body or Person purporting to act therefor;

d) embargoes, or acts of war or the public enemy, whether war be declared or not;

e) public disorder, insurrection, rebellion, riots or violent demonstrations; and

f) floods, earthquakes, lightning, hail, tornadoes, hurricanes, or other natural calamities.

If any Party wishes to invoke an Event of Force Majeure, then it shall (i) immediately following the commencement of such Event of Force Majeure notify the other Party of the occurrence of such Event of Force Majeure, the reasonably estimated date and time on which it commenced

and the nature of the Event of Force Majeure, and (ii) as soon as reasonably practicable thereafter, submit to the other Party proof of the Event of Force Majeure.

If one of the Parties is unable to perform its obligations under this Agreement because of an Event of Force Majeure, then such Party shall be excused from performance of its obligations until the Event of Force Majeure terminates and the obligations of such Party, which cannot be met due to the Event of Force Majeure, shall be suspended during the pendency of the Event of Force Majeure; provided, however, that such Party uses all reasonable efforts to attempt to prevent, avoid or remove the Event of Force Majeure, as quickly as possible and that no such Event of Force Majeure shall, for any reason, excuse any failure or delay beyond a period exceeding one hundred twenty (120) days from the date such performance would have otherwise been due hereunder but for such Event of Force Majeure. Nevertheless, an Event of Force Majeure has no effect on the obligation to pay any sum of money owing for the purchase of any Product hereunder.

If either Party is excused from performance under this Agreement because of an Event of Force Majeure, then the Parties agree to promptly meet and to work in good faith together in an attempt to find appropriate solutions and to shorten the duration of the Event of Force Majeure, to the extent reasonably feasible. It is expressly provided, however, that, subject to the foregoing, if such Event of Force Majeure shall have a duration of more than one hundred twenty (120) days then the Party that has been notified of the Event of Force Majeure by the other Party shall have the right and option, in its sole and absolute discretion, to immediately terminate this Agreement after the expiration of that period of time. If this Agreement is terminated in that circumstance, neither Party hereto shall have any further rights, duties or obligations hereunder one to the other thereafter, except for those that expressly survive any termination of this Agreement, and except that if this Agreement is terminated due to such an Event of Force Majeure on or before June 30, 2006, AngioDynamics shall be entitled to receive from Bioniche the immediate return of fifty percent (50%) of the milestone amounts paid under Section 7.1 (a), as liquidated damages.

## ARTICLE VIII
## REPRESENTATIONS and WARRANTIES; INDEMNIFICATION

**8.1 Representations and Warranties of Both Parties.** Each of the Parties hereby makes the following covenants, representations and warranties to the other Party and does so in full understanding and acknowledgement that the other Party is relying on its said representations and warranties in entering into this Agreement:

a) **Status**. Each of the Parties is a corporation organized and existing under their respective, applicable Laws of its jurisdiction. No action has been taken by the directors, officers or shareholders of either Party to dissolve that Party. Each Party has the corporate power and authority to enter into the present Agreement and to perform all its obligations hereunder;

b) **All Necessary Proceedings**. Each Party has taken all necessary corporate actions and proceedings to enable it to enter into this Agreement;

c) **No Violation**. Each Party warrants that the execution, delivery and performance of this Agreement by it: (i) does not and will not violate or conflict with any provision of Law or any provision of its articles of incorporation or by-laws; and (ii) does not and will not, with or without the passage of time or the giving of notice, result in the breach of, or constitute a default, cause the acceleration of performance, or require any consent under, or result in the creation of any lien, charge or encumbrance upon any of its property or assets pursuant to any material instrument or agreement to which it is a party or by which it or its properties may be bound or affected;

d) **Binding Obligation**. Each Party warrants that this Agreement is a legal and valid obligation binding upon it and is enforceable against it in accordance with its terms. The execution, delivery and performance of this Agreement by the Party does not conflict with, violate or give any Person or entity rights under, any agreement, instrument or understanding, oral or written, to which it is a party or by which it or its assets may be bound or affected, nor does it violate any applicable Laws;

e) **No Restrictions**. Each Party warrants that, as of the Effective Date, it is not subject to any warning letter, consent order, decree or other restriction imposed by any Governmental Body (including the FDA) that would prohibit it from fulfilling its obligations under and in accordance with, the terms of this Agreement; and

f) **Compliance; etc**. Each Party will comply (and shall cause their Affiliates to comply) with all applicable Laws in relation to the handling, storage, marketing, distribution and sale of the Product.

**8.2 Additional Representations and Warranties of Bioniche.** Bioniche further represents and warrants to AngioDynamics (and does so in full understanding and acknowledgement that AngioDynamics is relying on such representations and warranties in entering into this Agreement) that:

a) any Product to be manufactured by it or its Affiliates and sold to AngioDynamics hereunder shall be manufactured and supplied in accordance with FDA regulations and cGMP, and shall meet the Specifications, as set forth on **Schedule "B";**

b) to the best of Bioniche's (or its Affiliates') knowledge, after due inquiry, as of the Effective Date, there is no pending or threatened claim with respect to the Trade Mark;

c) to the best of Bioniche's (or its Affiliates') knowledge, after due inquiry, as of the Effective Date, neither the sale, use, nor manufacture of the Product as provided in this Agreement infringes on the rights of any third Person;

d) at the time of each shipment or delivery to the Point of Entry, Product will not be adulterated or misbranded within the meaning of the USA Federal Food, Drug and Cosmetic Act, as said Act is constituted and effective at the time of such shipment or delivery, nor will the Product be an article which may not, under the provisions of Sections 405, 505 and/or 512 of said Act, be introduced into interstate commerce; and

e) Bioniche: (i) as at the Effective Date holds the exclusive license to the Trade Mark in the Territory; (ii) has the right to offer to AngioDynamics the right to promote, distribute, sell and offer for sale Product in the Territory; (iii) holds all necessary approvals from the FDA and/or other applicable Competent Authorities to manufacture and sell the Product; (iv) has the right to give AngioDynamics the right as a distributor to use the Trade Mark in the Territory; and (v) has not granted any rights to promote, distribute, sell or offer for sale the Product in the Field in the Territory to any other Person.

**THE WARRANTIES SET OUT ABOVE IN SECTIONS 8.1 AND 8.2 ARE THE ONLY WARRANTIES GIVEN BY EITHER PARTY HEREIN AND ARE MADE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. THERE IS NO OTHER CONDITION OR WARRANTY THAT ANY PRODUCT SHALL BE MERCHANTABLE, OF SATISFACTORY QUALITY, FIT FOR ANY PARTICULAR PURPOSE, IN ACCORDANCE WITH ANY SAMPLE, AS DESCRIBED IN ANY LITERATURE, OR THAT ITS SALE OR USE DOES NOT INFRINGE THE RIGHTS OF OTHERS; NOR THAT BIONICHE SHALL BE SUCCESSFUL IN OBTAINING ANY ADDITIONAL GOVERNMENTAL APPROVAL FOR THE PRODUCT.**

**8.3 Statements.** AngioDynamics shall not make any statements about the Product other than those as set forth in the official labeling for the Product, as approved by the FDA or another Competent Authority.

**8.4 Third Party Claims.**

a) Subject to Subsection 8.4 (e), Bioniche shall indemnify and defend AngioDynamics, its Affiliates, and their respective directors, officers, employees, or agents and hold it or them harmless from and against any and all damages, actions, losses, liabilities, costs or expenses, including, but not limited to, reasonable attorneys' and consultants' fees, arising from: (i) any breach by Bioniche or its Affiliates of any representations or warranties or obligations to AngioDynamics hereunder; (ii) the injury, illness, or death of any third Person which arises out of or relates to the composition or the manufacture of Product; or (iii) any negligent or willful action or omission of Bioniche or its Affiliates or any of its or their agents, employees, representatives, successors or assigns in connection with the manufacture, development, marketing, sale or distribution of the Product; except, in each case, to the extent such claims result from the fault or negligence of AngioDynamics or its Affiliates, or their respective directors, officers, employees, or agents, or its or their failure to comply with the terms of this Agreement.

b) Bioniche shall not be liable under Subsection 8.4 (a) in the event that AngioDynamics settles any such claim without the prior written consent of Bioniche, which consent shall not be unreasonably withheld, conditioned, delayed or denied.

c) Subject to Subsection 8.4 (e), AngioDynamics shall indemnify and defend Bioniche and its Affiliates, and their respective directors, officers, employees, or agents and hold it or them harmless from and against any and all damages, actions, losses, liabilities, costs or expenses, including, but not limited to, reasonable attorneys' and consultants' fees, arising from: (i) any and all third Person claims against Bioniche, based on or attributable to: (1) any unauthorized modification or alteration made by AngioDynamics to the Product and/or the packaging; or (2) combination by AngioDynamics of the Product with any Device; (ii) a breach by AngioDynamics of its representations and warranties or obligations to Bioniche hereunder; or (iii) any negligent or willful misconduct or omission of AngioDynamics or its Affiliates or any of its or their agents, employees, representatives, successors or permitted assigns in connection with the marketing, sale or distribution of the Product; except, in each case, to the extent such claims result from the fault or negligence of Bioniche or its Affiliates, or their respective directors, officers, employees, or agents, or its or their failure to comply with the terms of this Agreement.

d) AngioDynamics shall not be liable under Subsection 8.4 (c) in the event that Bioniche settles any such claim without the prior written consent of AngioDynamics, which consent shall not be unreasonably withheld, conditioned, delayed or denied.

e) A Party seeking indemnification (the "Indemnified Party") shall notify, in writing, the other Party (the "Indemnifying Party") as soon as reasonably practicable upon the assertion of any claim or discovery of any fact upon which the Indemnified Party intends to base a claim for indemnification. An Indemnified Party's failure to so notify the Indemnifying Party shall not, however, relieve such Indemnifying Party from any liability under this Agreement to the Indemnified Party with respect to such claim except to the extent that such Indemnifying Party is actually denied, during the period of delay in notice, the opportunity to remedy or otherwise mitigate the event or activity(ies) giving rise to the claim for indemnification and thereby suffers or otherwise incurs additional liquidated or other readily quantifiable damages as a result of such failure. The Indemnifying Party, while reserving the right to contest its obligations to indemnify hereunder, shall be responsible for the defense of any claim, demand, lawsuit or other proceeding in connection with which the Indemnified Party claims indemnification hereunder. The Indemnified Party shall have the right, at its expense (which expense shall not be recoverable from the Indemnifying Party), to

participate jointly with the Indemnifying Party in the defense of any such claim, demand, lawsuit or other proceeding, but with respect to any issue involved in such claim, demand, lawsuit or other proceeding with respect to which the Indemnifying Party has acknowledged its obligation hereunder, the Indemnifying Party shall have the right to select counsel, settle, try or otherwise dispose of or handle such claim, demand, lawsuit or other proceeding on such terms as the Indemnifying Party shall deem appropriate, subject to any reasonable written objection of the Indemnified Party thereto.

**8.5 No Consequential Damages.** Except as otherwise specifically provided for in Section 9.4, neither of the Parties shall be liable for any special, consequential or punitive damages (including, without limitation, lost sales revenues or lost profits, whether based on strict liability or any other standard) to the non-defaulting Party, or to its Affiliates, or their respective directors, officers, employees or agents, by reason of any default or breach of this Agreement; provided that, if AngioDynamics has Product that is rendered unsaleable by reason of any default or breach of the Agreement by Bioniche, AngioDynamics shall be entitled to a refund from Bioniche for the total price paid for said Product, as direct damages.

## ARTICLE IX
## TERM; TERMINATION

**9.1 Term.** This Agreement shall come into effect as of the Effective Date and shall continue in force until the end of the seventh (7th) Contract Year; unless sooner terminated by either Party in accordance with Section 9.2, below (the initial term, together with any renewal term hereunder, referred to herein as the "**Term**"). Thereafter, this Agreement will automatically renew for additional consecutive three (3) year periods, unless expressly terminated by either Party on written notice to the other Party at least one hundred and twenty (120) calendar days prior to the end of the then current Term or otherwise terminated under Section 9.2 or 9.3.

**9.2 Termination by Either Party.** Either Party may terminate this Agreement by giving notice to the other Party:

a) if the other Party becomes bankrupt, is placed into the hands of a trustee, receiver, or manager on behalf of creditors as to the whole or a substantial part of its business, makes an assignment for the benefit of creditors, or ceases to carry on business; or

b) if the other Party commits any material breach hereof and remains in breach thirty (30) days after written notice thereof; except for breaches by AngioDynamics in respect of non-payment of any monies owing hereunder, which shall be governed by Section 9.3 hereof. AngioDynamics' failure to meet the minimum purchase requirements set forth on **Schedule "D"** shall not constitute a material breach and remedies for such failure will be governed by Section 6.2.

**9.3 Bioniche Termination Rights.** Without limiting the generality of Section 9.2, if: (i) AngioDynamics fails to make any payments required to be made by it hereunder and such failure

shall continue for twenty one (21) Business Days following receipt of notice to that effect from Bioniche, then Bioniche shall have the right to terminate this Agreement, by simple notice to that effect; provided that, such payments are not the subject of a dispute hereunder, which is continuing and being pursued in good faith by AngioDynamics; or (ii) AngioDynamics receives from Bioniche two (2) notices of two (2) separate instances of overdue payments by AngioDynamics within any single Contract Year, upon any subsequent (i.e. third) failure of AngioDynamics to make timely payments when due hereunder within the same Contract Year, Bioniche may terminate this Agreement.

**9.4 Remedies Upon Default.** Without prejudice to its rights under Section 9.2 or Section 9.3 to terminate this Agreement upon the default or breach of the other Party, the non-defaulting Party may also pursue all other remedies available to it at Law by reason of any such default or breach, subject always to the limitation on damages under Section 8.5. In addition, should AngioDynamics terminate this Agreement under Section 9.2 (b) on or before June 30, 2006 following a material breach by Bioniche, the Parties specifically agree that AngioDynamics, upon making proof of such material breach, shall be entitled to receive from Bioniche an immediate return of the milestone amounts paid under Section 7.1, as liquidated damages. If AngioDynamics' Gross Margin (as defined hereinafter in Schedule E) between the date of the First Commercial Sale and termination of the Agreement is more than $5,000,000.00, however, AngioDynamics shall not be entitled to a refund of the milestone amounts paid under Section 7.1.

**9.5 Post Termination.** During a twelve (12) month period following the expiry or termination of this Agreement, AngioDynamics may sell out its stock on hand of Product and; provided AngioDynamics has not failed to comply with its obligations under this Agreement (including the obligation to pay to Bioniche any undisputed amounts owing to Bioniche hereunder), Bioniche will continue to supply AngioDynamics with a sufficient quantity of Product to fill all orders accepted by AngioDynamics for Products in the Field in the Territory prior to the expiry of the Term. Promptly thereafter, or in the event that this Agreement is otherwise terminated, each Party shall deliver to the other Party, at the expense of the delivering Party, all documents containing any Confidential Information, as defined below, of the other Party. All applicable provisions of this Agreement shall survive termination for such purposes. Each Party acknowledges and agrees that all of the Intellectual Property pertaining to the Product shall remain exclusively with Bioniche following termination of this Agreement.

**9.6 Accrued and Surviving Obligations.** Termination of this Agreement or expiry of the Term shall not affect the rights of either Party to receive payment or performance of obligations accruing prior to such termination or expiry. Without limiting the generality of the foregoing, the provisions of Sections 1.2, 3.3, and 7.6; and of Articles VIII, IX and X hereof shall survive termination or expiration of this Agreement for any reason.

## ARTICLE X
## CONFIDENTIALITY

**10.1 Confidential Information.** For the purposes hereof, "Confidential Information" means all verbal, written, electronically transmitted and/or machine reproduced information, chemical

structures, data, documents, methods and Intellectual Property of or relating to the business of either Party or its Affiliates, already provided or disclosed by it or its Affiliates to the other Party, or which will be provided to the other Party, or its Affiliates, under this Agreement, and all internal materials, data, results, reports and other documents generated by or on behalf of the other Party, or its Affiliates, containing or regarding such information, data, documents, methods and Intellectual Property.

**10.2 Obligations.** During the Term, each Party shall supply to the other Party with such Confidential Information as is considered useful solely for the purpose of enabling the other Party to perform its obligations hereunder. The other Party shall not use or allow the use of the Confidential Information for any other purpose.

Neither Party shall have any obligation of non-disclosure hereunder with respect to any Confidential Information which:

a) at the time of disclosure to the other Party is already available or known to the public;

b) after disclosure to the other Party becomes available or known to the public through no breach of this Distribution Agreement;

c) is already lawfully in the possession of the other Party at the time disclosure hereunder was made and such possession is documented by written evidence; or

d) is received from a third Person having the right to disclose same and who is not bound by a similar confidentiality agreement.

**10.3 Authorized Disclosure.** Notwithstanding any other provision of this Agreement, each Party may disclose Confidential Information if such disclosure:

a) is in response to a valid order of a court or other Governmental Body of any jurisdiction in the Territory or of any political subdivision thereof; provided, however, that the responding Party shall first have given notice to the other Party hereto and shall have made a reasonable effort to obtain a protective or other appropriate form of order requiring that the Confidential Information so disclosed be used only for the purposes for which the order was issued;

b) is otherwise required by applicable Law; or

c) is otherwise necessary to prosecute or defend litigation or comply with applicable Laws (other than intellectual property Laws) or otherwise establish rights or enforce obligations under this Agreement, but only to the extent that any such disclosure is necessary.

**10.4 Unauthorized Use.** In case either Party becomes aware or has knowledge of any unauthorized use or disclosure of Confidential Information, it shall promptly notify the other

Party of such unauthorized use or disclosure and, thereafter, shall take all reasonable steps to assist the other Party in attempting to minimize any potential or actual damages or losses resulting from such unauthorized use or disclosure.

**10.5 Return of Documents.** Each Party, upon receipt of a written request from the other Party (or upon termination of this Agreement), shall promptly return to the other Party all Confidential Information of such other Party, including all reproductions and copies thereof together with all internal material and documents generated by it containing Confidential Information or references thereto, from which references the substance of the Confidential Information can be implied or understood and shall delete all references thereto stored electronically.

**10.6 Term.** The provisions of this Article X shall survive the expiry or termination of the Agreement until all of the Confidential Information has fallen within one of the exceptions set forth in Subsection 10.2, above.

## ARTICLE XI
## GENERAL

**11.1 Notices.** Any notice, consent, authorization, direction or other communication required or permitted to be given hereunder by one Party to the other shall be in writing and shall be deemed duly given when delivered to the other Party personally or sent by facsimile transmission or by a nationally recognized overnight courier, costs prepaid, to the addresses set forth below or at such other addresses (or to such other Person) as any Party may designate, at any time and from time to time, by notice to the other Party hereunder:

a) in the case of AngioDynamics, to its address first stated above:

| | |
|---|---|
| Attention: | Eamonn Hobbs<br>603 Queensbury Avenue<br>Queensbury, New York 12804 |
| Telecopier: | 518-798-3625 |
| With a copy to: | Gregory Champion, Esq.<br>Bond, Schoeneck & King, PLLC<br>111 Washington Avenue<br>Albany, New York 12210 |
| Telecopier: | 518-533-3299 |

b) in the case of Bioniche, to its address first stated above:

| | |
|---|---|
| Attention: | Damien Kelly, CFO & Secretary<br>Inverin, County Galway<br>Republic of Ireland |
| Telecopier: | 00 353 91 593 228 |
| With a copy to: | Albert Beraldo, President & CEO<br>275 Labrosse Ave.<br>Pointe Claire, Quebec<br>Canada |
| Telecopier: | 514-697-7966; and |
| | J. David Butts, Esq.<br>Hayhurst Robinson Law Offices<br>16 Sveta Nedelya; Fl. 3<br>Sofia 1000, Bulgaria |
| Telecopier: | 00 3592 981 7975 |

Any notice, consent, authorization, direction or other communication as aforesaid shall be deemed to have been effectively delivered and received, if sent by telex, facsimile transmission or similar telecommunications device on the Business Day next following receipt of such transmission (confirmation of receipt by confirmed facsimile transmission being deemed receipt of communication sent by telex, facsimile transmission or other telecommunications device) or, if sent by reliable overnight courier service, one (1) Business Day after the date of deposit with such nationally recognized overnight courier, or, if personally delivered, to have been delivered and received on the date of such personal delivery provided, however, that if such date is not a Business Day, then it shall be deemed to have been delivered and received on the Business Day next following such delivery. Any Party may change its address for service by written notice given as aforesaid.

**11.2 Assignment.**

a) The rights granted to AngioDynamics hereunder are personal and neither this Agreement nor any of the rights or obligations of AngioDynamics hereunder may be assigned without the prior written consent of Bioniche, except that AngioDynamics may assign, in its sole discretion, its rights and obligations under this Agreement to any successor individual or entity of AngioDynamics following a “Change of Control. “For purposes of this Agreement, a “Change of Control” shall include the merger, consolidation, reorganization or sale of substantially all of the assets or capital stock of AngioDynamics, measured by vote or value. Notwithstanding the foregoing, AngioDynamics may not assign its rights and obligations under this Agreement after a Change of Control to any successor individual or entity engaged in the manufacturing for sale or sale of sterile injectible drugs within the Territory without the prior written consent of Bioniche. This Section 11.2 (a) shall inure to the benefit of and be binding upon any successor individual or entity of AngioDynamics following a “Change of Control.”

b) Bioniche may assign this Agreement or its rights and obligations hereunder without the prior written consent of AngioDynamics. Notwithstanding the foregoing, Bioniche shall not assign its obligations under Section 1.2 with respect to dispute resolution, Section 8.4 with respect to third party claims, and its obligations under Sections 9.4 and 7.10 with respect to the return of the milestone payments unless Bioniche provides a written guaranty, acceptable in form and substance to AngioDynamics, which consent will not be unreasonably withheld, to guarantee the performance by the assignee of the aforementioned obligations. Notwithstanding the foregoing, Bioniche may assign, in its sole discretion, its rights and obligations under this Agreement to any successor individual or entity of Bioniche following a "Change of Control. "For purposes of this Agreement, a "Change of Control" shall include the merger, consolidation, reorganization or sale of substantially all of the assets or capital stock of Bioniche, measured by vote or value. This Section 11.2 (b) shall inure to the benefit of and be binding upon any successor individual or entity of Bioniche following a "Change of Control."

**11.3 Successors and Assigns.** This Agreement and the provisions hereof shall inure to the benefit of and be binding upon each Party and its respective successors and permitted assigns.

**11.4 Limitation.** The Parties acknowledge and agree that the International Sale of Goods Act and the United Nations Convention on Contracts for the International Sale of Goods have no application to this Agreement.

**11.5 Waiver.** A waiver of any breach of any provision of this Agreement by a Party shall not be construed as a continuing waiver of other breaches of the same or other provisions of this Agreement.

**11.6 Severability.** If any provision of this Agreement is illegal or unenforceable, such provision shall be inoperative and the remainder of the enforceable provisions of this Agreement shall remain valid, binding and effective upon the Parties.

**11.7 Relationship of the Parties.** The relationship between the Parties is that of independent contractors and each Party agrees to conduct its affairs accordingly. Neither Party shall, by reason of this Agreement, be deemed to be a member of a partnership or joint venture with the other Party. Each of the Parties agrees that it is not and shall not represent itself to be an agent of the other Party or of any of the Affiliates of the other Party or of any supplying company for any purpose and shall not incur any obligations nor make any promise or representation on behalf of any of the foregoing, and AngioDynamics further agrees to use reasonable commercial efforts to ensure that its sales force does not incur any such obligations or make any such promises or representations with regard to any Product it is selling or distributing pursuant to this Agreement.

**11.8 Headings.** The section headings contained in this Agreement are included for convenience only, form no part of the agreement between the Parties, and shall not be utilized in interpreting the meaning of any section of this Agreement.

**11.9 Publicity.** Without limiting the generality of Article X, neither Party shall issue any public announcement relating to the existence or terms of this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), except where, upon advice of counsel, such announcements are required by Law. Any Party shall be entitled to make any such legally required announcement, without obtaining the consent of the other Party thereto. The Parties shall cooperate in issuing (an) initial public release(s) with respect to the signing of this Agreement, either separately or as a joint release.

**11.10 Counterparts.** This Agreement may be executed in any number of counterparts and any Party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by the Parties. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart.

**11.11 Governing Law.** This Agreement shall be construed and interpreted in accordance with and governed and enforced in all respects by the laws of the State of New York; and, except as otherwise provided in Section 1.2, each of the Parties hereby consents and submits to the jurisdiction and venue of the federal and state courts in the State of New York. Bioniche further agrees to accept service of process by mail or commercial carrier sent to its last known address.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first above mentioned.

**ANGIODYNAMICS, INC.**

By: /s/ ROBERT M. ROSSELL
Name: **Robert M. Rossell**
Title: **Vice President, Marketing**

Date: 17-10-05

**BIONICHE PHARMA GROUP LIMITED**

By: /s/ DAMIEN KELLEY
Name: **Damien Kelly**
Title: **Chief Financial Officer & Secretary**

Date: 17/10/05

**SCHEDULE "A"**
**to the**
**Supply and Distribution Rights Agreement**
**dated October 17, 2005**
**by and between**
**AngioDynamics, Inc. ("AngioDynamics") and Bioniche Pharma Group Limited ("Bioniche")**

**DESCRIPTION OF THE PRODUCT**

Sodium Tetradecyl Sulfate branded as Sotradecol, in two concentrations: 1%, 3% and any other concentration subsequently approved by the FDA for use in Territory and in the Field. Product will be distributed under two different product codes according to concentrations. Product will be packaged by concentration, where each box will contain 5 X 2mL vials of Sotradecol, each vial contains the relevant concentration.

**SCHEDULE "B"**
**to the**
**Supply and Distribution Rights Agreement**
**dated October 17, 2005**
**by and between**
**AngioDynamics, Inc. ("AngioDynamics") and Bioniche Pharma Group Limited ("Bioniche")**

**SPECIFICATIONS**

At the Effective Date, Product is manufactured in the following minimum batch sizes:

1% Fourteen Thousand (14,000) units/batch; and
3% Fourteen Thousand (14,000) units/batch.

Copies of the package inserts, the packaging cartons, and the packaging labels for the 1% and 3% concentrations of the Product, as designed by and provided by Bioniche, are attached as a part of this Schedule "B."

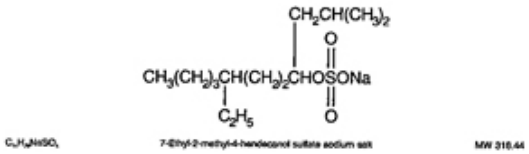
SOTRADEACOL® (Sodium Tetradecyl Sulfate Injection)

**FOR INTRAVENOUS USE ONLY**

**Rx Only**

**DESCRIPTION**

Sodium tetradecyl sulfate is an anionic surfactant which occurs as a white, waxy solid. The structural formula is as follows:




Sotradecol® (sodium tetradecyl sulfate injection) is a sterile nonpyrogenic solution for intravenous use as a sclerosing agent.

1% (10 mg/mL): Each mL contains sodium tetradecyl sulfate 10 mg, benzyl alcohol 0.02 mL and dibasic sodium phosphate, anhydrous 4.0 mg in Water for injection. pH 7.9; monobasic sodium phosphate and/or sodium hydroxide added, if needed, for pH adjustment.

3% (30 mg/mL): Each mL contains sodium tetradecyl sulfate 30 mg, benzyl alcohol 0.02 mL and dibasic sodium phosphate, anhydrous 9.0 mg in Water for injection. pH 7.9; monobasic sodium phosphate and/or sodium hydroxide added, if needed, for pH adjustment.

**CLINICAL PHARMACOLOGY**

Sotradecol® (sodium tetradecyl sulfate injection) is a sclerosing agent. Intravenous injection causes intima inflammation and thrombus formation. This usually occludes the injected vein. Subsequent formation of fibrous tissue results in partial or complete vein obliteration that may or may not be permanent.

**INDICATIONS AND USAGE**

Sotradecol® (sodium tetradecyl sulfate injection) is indicated in the treatment of small uncomplicated varicose veins of the lower extremities that show simple dilation with competent valves. The benefit-to-risk ratio should be considered in selected patients who are great surgical risks.

**CONTRAINDICATIONS**

Sotradecol® (sodium tetradecyl sulfate injection) is contraindicated in previous hypersensitivity reactions to the drug; in acute superficial thrombophlebitis; valvular or deep vein incompetence; huge superficial veins with wide open communications to deeper veins; phlebitis migrans; acute cellulitis; allergic conditions; acute infections; varicosities caused by abdominal and pelvic tumors unless the tumor has been removed; bedridden patients; such uncontrolled systemic diseases as diabetes, toxic hyperthyroidism, tuberculosis, asthma, neoplasm, sepsis, blood dyscrasias and acute respiratory or skin diseases.

**WARNINGS**

Sotradecol® (sodium tetradecyl sulfate injection) should only be administered by a physician familiar with venous anatomy and the diagnosis and treatment of conditions affecting the venous system and familiar with proper injection technique. Severe adverse local effects, including tissue necrosis, may occur following extravasation; therefore, extreme care in intravenous needle placement and using the minimal effective volume at each injection site are important.

**Emergency resuscitation equipment should be immediately available. Allergic reactions, Including fatal anaphylaxis, have been reported. As a precaution against anaphylactic shock, It is recommended that 0.5 mL of Sotradecol® be injected into a varicosity, followed by observation of the patient for several hours before administration of a second or larger dose. The possibility of an anaphylactic reaction should be kept in mind, and the physician should be prepared to treat it appropriately.**

Because of the danger of thrombosis extension into the deep venous system, thorough preinjection evaluation for valvular competency should be carried out and slow injections with a small amount (not over 2 mL) of the preparation should be injected into the varicosity. Deep venous patency must be determined by angiography or noninvasive testing such as duplex ultrasound. Venous sclerotherapy should not be undertaken if tests such as Trendelenberg and Perthes, and angiography show significant valvular or deep venous incompetence.

The development of deep vein thrombosis and pulmonary embolism have been reported following sclerotherapy treatment of superficial varicosities. Patients should have post-treatment follow-up of sufficient duration to assess for the development of deep vein thrombosis. Embolism may occur as long as four weeks after injection of sodium tetradecyl sulfate. Adequate post-treatment compression may decrease the incidence of deep vein thrombosis.

**PRECAUTIONS**

**GENERAL**

Extreme caution must be exercised in the presence of underlying arterial disease such as marked peripheral arteriosclerosis or thromboangiitis obliterans (Buerger’s Disease).

**DRUG INTERACTIONS**

No well-controlled studies have been performed on patients taking antiovulatory agents. The physician must use judgment and evaluate any patient taking antiovulatory drugs prior to initiating treatment with Sotradecol®. (See ADVERSE REACTIONS section).

Heparin should not be included in the same syringe as Sotradecol®, since the two are incompatible.

## CARCINOGENESIS, MUTAGENESIS, IMPAIRMENT OF FERTILITY

When tested in the L5178YTK +/- mouse lymphoma assay, sodium tetradecyl sulfate did not induce a dose-related increase in the frequency of thymidine kinase-deficient mutants and, therefore, was judged to be nonmutagenic in this system. However, no long-term animal carcinogenicity studies with sodium tetradecyl sulfate have been performed.

## PREGNANCY

**Teratogenic Effects – Pregnancy Category C.** Animal reproduction studies have not been conducted with Sotradecol®. It is also not known whether Sotradecol® can cause fetal harm when administered to a pregnant woman or can affect reproduction capacity. Sotradecol® should be given to a pregnant woman only if clearly needed and the benefits outweigh the risks.

## NURSING MOTHERS

It is not known whether this drug is excreted in human milk. Because many drugs are excreted in human milk, caution should be exercised when Sotradecol® is administered to a nursing woman.

## PEDIATRIC USE

Safety and effectiveness in pediatric patients have not been established.

## ADVERSE REACTIONS

Local reactions consisting of pain, urticaria or ulceration may occur at the site of injection. A permanent discoloration may remain along the path of the sclerosed vein segment. Sloughing and necrosis of tissue may occur following extravasation of the drug. (See WARNINGS section).

Allergic reactions such as hives, asthma, hayfever and anaphylactic shock have been reported. Mild systemic reactions that have been reported include headache, nausea and vomiting. (See WARNINGS section).

At least six deaths have been reported with the use of Sotradecol®. Four cases of anaphylactic shock leading to death have been reported in patients who received Sotradecol®. One of these four patients reported a history of asthma, a contraindication to the administration of Sotradecol®. (See WARNINGS section).

One death has been reported in a patient who received Sotradecol® and who had been receiving an antiovulatory agent. Another death (fatal pulmonary embolism) has been reported in a 36-year-old female treated with sodium tetradecyl *acetate* and who was not taking oral contraceptives.

## DOSAGE AND ADMINISTRATION

Parenteral drug products should be inspected visually for particulate matter and discoloration prior to administration. Do not use if precipitated or discolored.

Sotradecol® (sodium tetradecyl sulfate injection) is for intravenous use only. The strength of solution required depends on the size and degree of varicosity. In general, the 1% solution will be found most useful with the 3% solution preferred for larger varicosities. **The dosage should be kept small, using 0.5 to 2 mL (preferably 1 mL maximum) for each injection, and the maximum single treatment should not exceed 10 mL.**

## HOW SUPPLIED

Sotradecol® (sodium tetradecyl sulfate injection)

1% (10 mg/mL) - 2 mL vials; in packages of 5 (NDC 67457-162-02)
3% (30 mg/mL) - 2 mL vials; in packages of 5 (NDC 67457-163-02)

## STORAGE

Store at 20°C to 25°C (68°F to 77°F)(See USP Controlled Room Temperature).

## ANIMAL TOXICOLOGY

The intravenous $LD_{®}$ of sodium tetradecyl sulfate in mice was reported to be 90 ± 5 mg/kg.

In the rat, the acute intravenous $LD_{®}$ of sodium tetradecyl sulfate was estimated to be between 72 mg/kg and 108 mg/kg.

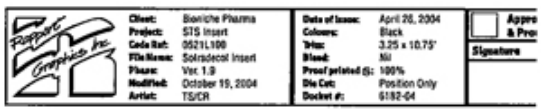
Purified sodium tetradecyl sulfate was found to have an $LD_{®}$ of 2 g/kg when administered orally by stomach tube as a 25% aqueous solution to rats. In rats given 0.15 g/kg in drinking water for 30 days, no appreciable toxicity was seen, although some growth inhibition was discernible.

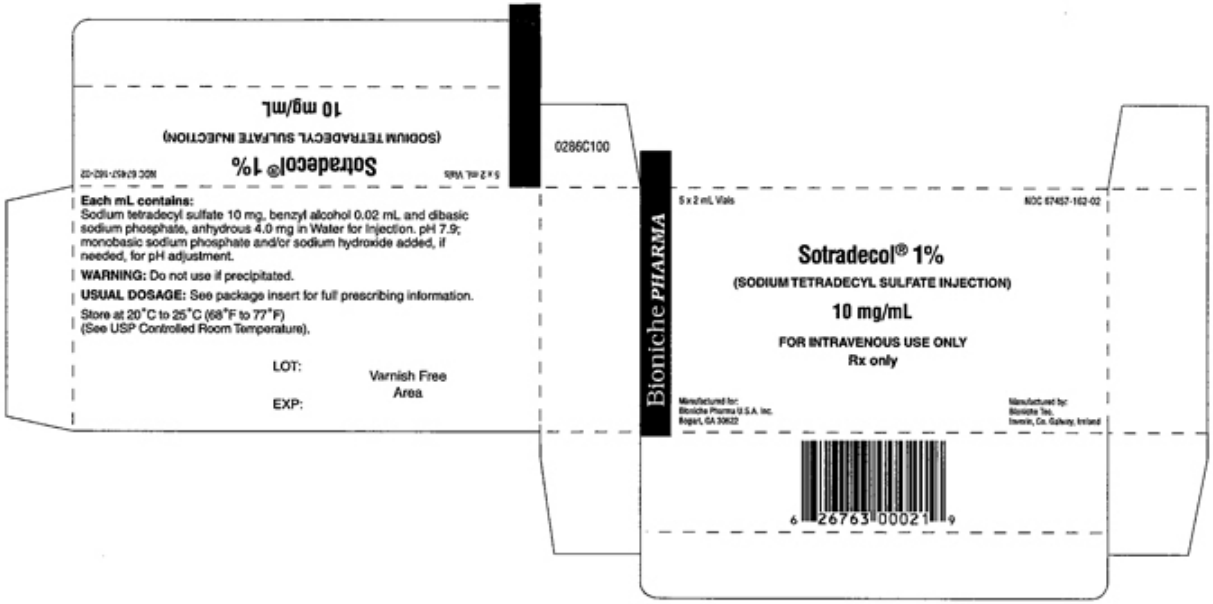
Manufactured for:
Bioniche Pharma U.S.A. Inc.
Bogart, GA 30622

Manufactured by
Bioniche Teo
Inverin, Co. Galway, Ireland

Issued: October 2004

0521L100






| | | | | | |
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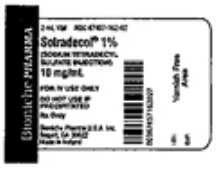
| Rapport Graphics Inc. | **Client:** Bioniche Pharma<br>**Project:** STS 1% Carton<br>**Code Ref:** 0286C100<br>**File Name:** Sotradecol 1% Carton<br>**Phase:** Ver. 1.11<br>**Modified:** April 28, 2004<br>**Artist:** TS/CR | **Date of Issue:** April 26, 2004<br>**Colours:** PMS 228 + Black<br>**Trim:** 84 x 18 x 44 mm<br>**Bleed:** .125<br>**Proof printed @:** 100%<br>**Die Cut:** Position Only<br>**Docket #:** 6182-04 | ☐ **Approved & Proceed** | ☐ **Amend & Resubmit** |
| | | | **Signature** | **Date** |

100%

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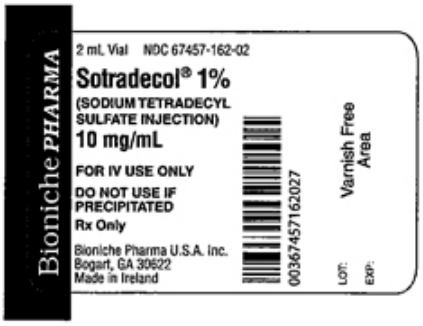


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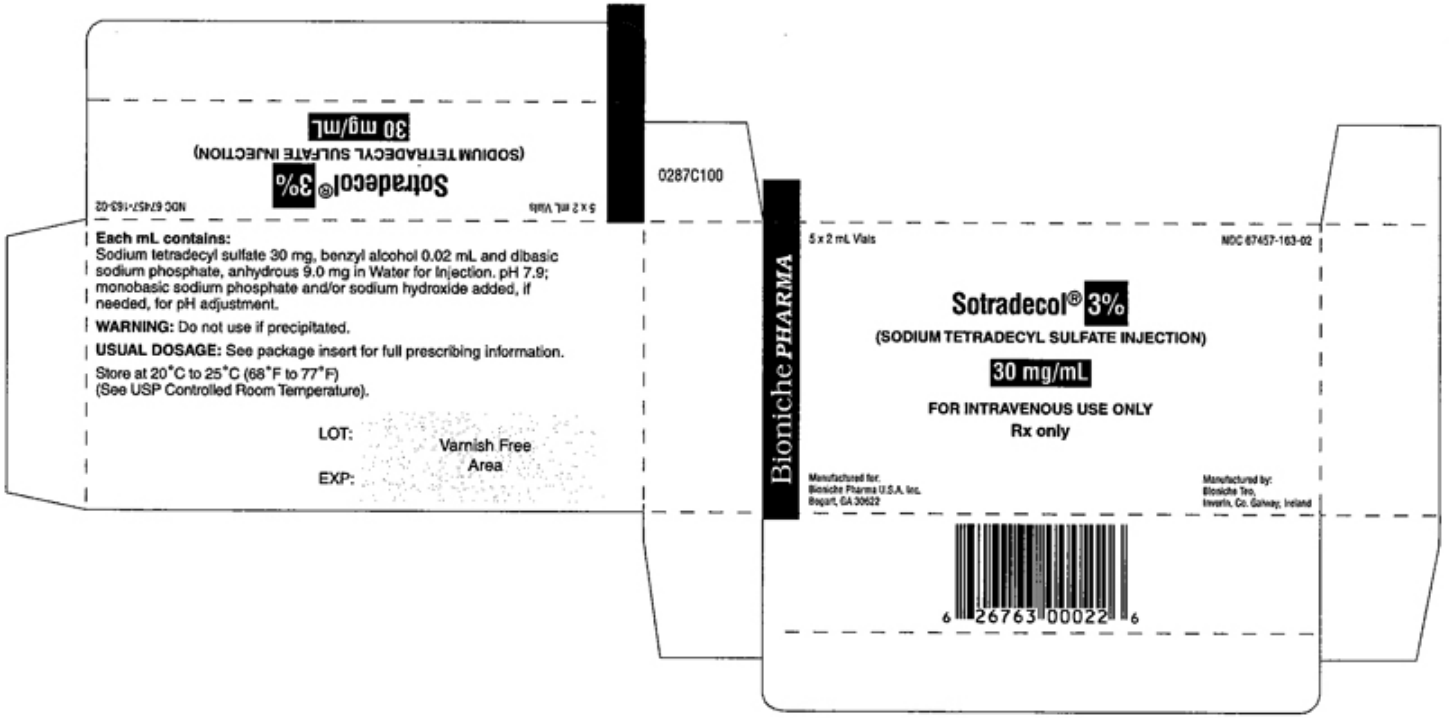


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| | | | **Signature** | **Date** | |
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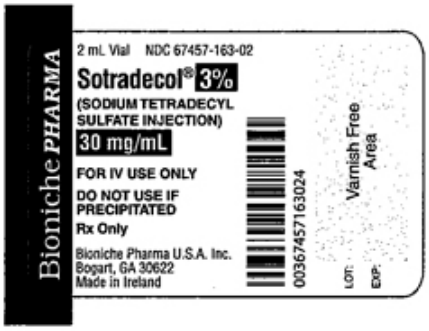


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| Rapport Graphics Inc. | **Client:** | Bioniche Pharma | **Date of Issue:** | June 17, 2003 | ☐ Approved & Proceed / ☐ Amend & Resubmit |
| | **Project:** | STS 3% Label | **Colours:** | PMS 228 + Black | |
| | **Code Ref:** | 0520L100 | **Trim:** | 30 x 20 mm | **Signature** / **Date** |
| | **File Name:** | Sotradecol 3% Label | **Bleed:** | .125 | |
| | **Phase:** | Ver. 1.5 | **Proof printed @:** | 100% | |
| | **Modified:** | August 26, 2003 | **Die Cut:** | Position Only | |
| | **Artist:** | TS/CR | **Docket #:** | 5933-03 | |

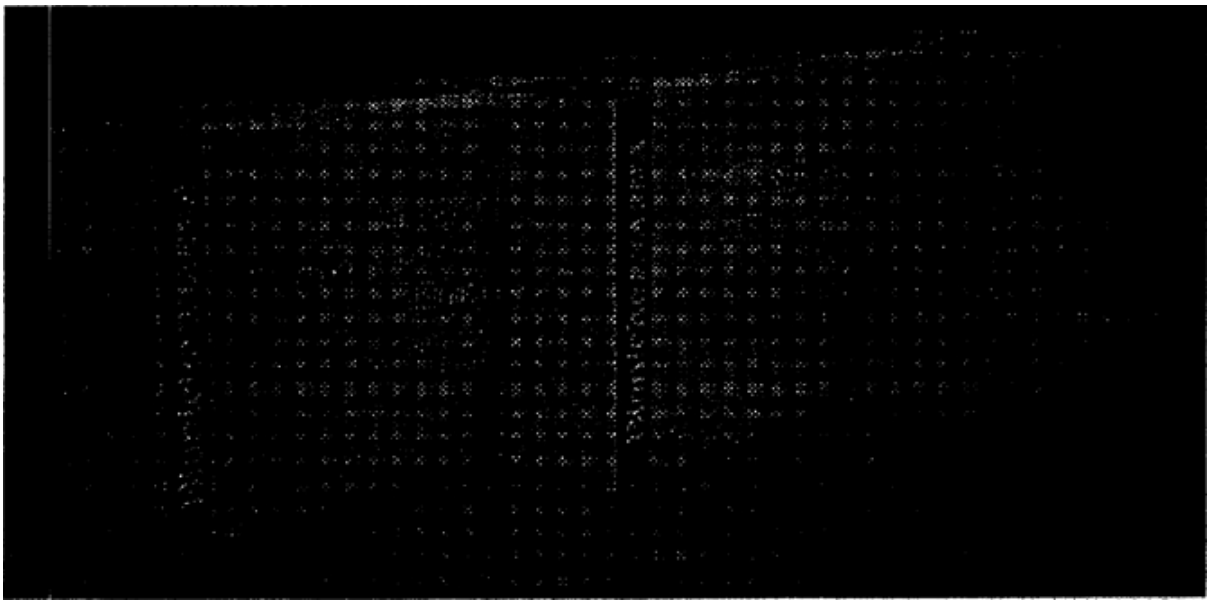
**SCHEDULE "C"**
**to the**
**Supply and Distribution Rights Agreement**
**dated October 17, 2005**
**by and between**
**AngioDynamics, Inc. ("AngioDynamics") and Bioniche Pharma Group Limited ("Bioniche")**

**TRADE MARK**

| Mark | Goods and Services | US Trademark Serial Number |
|---|---|---|
| Sotradecol | Pharmaceutical preparations, namely composition for treatment of varicose veins | 76385054 |

Attached as a part of this Schedule "C" is the applicable Statement of Use, filed by Cumberland Pharmaceuticals, Inc., on October 4, 2005.

The Registration Statement is to be provided by Bioniche when available, and will be attached to this Schedule "C."



PTO Form 1553 (Rev 4/2000)
OMB Control #0651-0009 (Exp. 06/30/2005)

**Trademark/Service Mark Statement of Use**

**The table below presents the data as entered.**

| | |
|---|---|
| **SERIAL NUMBER** | 76385054 |
| **LAW OFFICE ASSIGNED** | LAW OFFICE 115 |
| **NOTICE OF ALLOWANCE** | YES |
| **EXTENSION OF USE** | NO |
| **REQUEST TO DIVIDE** | NO |
| **MARK SECTION** | |
| STANDARD CHARACTERS | NO |
| LITERAL ELEMENT | SOTRADECOL |
| **OWNER SECTION (current)** | |
| NAME | Cumberland Pharmaceuticals Inc. |
| STREET | 209 Tenth Avenue South, Suite 332 |
| CITY | Nashville |
| STATE | Tennessee |
| ZIP/POSTAL CODE | 37203 |
| COUNTRY | United States |
| **OWNER SECTION (proposed)** | |
| NAME | Cumberland Pharmaceuticals Inc. |
| INTERNAL ADDRESS | Suite 950 |
| STREET | 2525 West End Avenue |
| CITY | Nashville |
| STATE | Tennessee |
| ZIP/POSTAL CODE | 37203 |
| COUNTRY | United States |
| PHONE | 615-259-1030 |
| FAX | 615-259-1470 |
| EMAIL | amy.weaver@arlaw.com |
| **ATTORNEY SECTION (current)** | |

| | |
|---|---|
| NAME | Reber M. Boult |

**ATTORNEY SECTION (proposed)**

| | |
|---|---|
| NAME | Reber M. Boult |
| DOCKET NUMBER | 604816-000007 |

**GOODS AND/OR SERVICES SECTION**

| | |
|---|---|
| INTERNATIONAL GLASS | 005 |
| GOODS AND/OR SERVICES | KEEP ALL LISTED |
| FIRST USE ANYWHERE DATE | 07/25/2005 |
| FIRST USE IN COMMERCE DATE | 07/25/2005 |
| SPECIMEN FILE NAME(S) | \\TICRS\EXPORT8\IMAGEOUT8\763\850\76385054\xmll\SO U0002.JPG |
| SPECIMEN DESCRIPTION | Photograph of label/packaging |

**PAYMENT SECTION**

| | |
|---|---|
| NUMBER OF CLASSES | 1 |
| SUBTOTAL AMOUNT | 100 |
| TOTAL AMOUNT | 100 |

**SIGNATURE SECTION**

| | |
|---|---|
| SIGNATURE | /reber m. boult/ |
| SIGNATORY NAME | Reber M. Boult |
| SIGNATORY DATE | 10/04/2005 |
| SIGNATORY POSITION | Attorney |

**FILING INFORMATION**

| | |
|---|---|
| SUBMIT DATE | Tue Oct 04 16:20:14 EDT 2005 |
| TEAS STAMP | USPTO/SOU-209.149.60.98-2<br>00510041620145722l9-76385<br>054-250a168c3f03474c4dc8a<br>d72a2c7a87d0a3-DA-288-200<br>51004161601906958 |

PTO Form 1553 (Rev 4/2000)
OMB Control #0651-0009 (Exp. 06/30/2005)

**Trademark/Service Mark Statement of Use**
**(15 U.S.C. Section 1051(d))**

To the Commissioner for Trademarks:

**MARK:** SOTRADECOL
**SERIAL NUMBER:** 76385054

This Allegation of Use is being filed after a Notice of Allowance has issued.

The applicant, Cumberland Pharmaceuticals Inc., residing at Suite 950,2525 West End Avenue, Nashville, Tennessee (TN) United States (USX) 37203, is using or is using through a related company or licensee the mark in commerce on or in connection with the goods and/or services as follows:

For International Class: 005, the applicant, or the applicant's related company or licensee, is using the mark in commerce on or in connection with all goods and/or services listed in the application or Notice of Allowance.

The mark was first used by the applicant, or the applicant's related company, licensee, or predecessor in interest at least as early as 07/25/2005, and first used in commerce at least as early as 07/25/2005, and is now in use in such commerce. The applicant is submitting one specimen for the class showing the mark as used in commerce on or in connection with any item in the class, consisting of a(n) Photograph of label/packaging. Specimen-1

The applicant hereby appoints Reber M. Boult to submit this Trademark/Service Mark Statement of Use on behalf of the applicant. The attorney docket/reference number is 604816-000007.

A fee payment in the amount of $100 will be submitted with the form, representing payment for 1 class.

**Declaration**

Applicant requests registration of the above-identified trademark/service mark in the United States Patent and Trademark Office on the Principal Register established by the Act of July 5, 1946 (15 U.S.C. Section 1051 et seq., as amended). Applicant is the owner of the mark sought to be registered, and is using the mark in commerce on or in connection with the goods/services identified above, as evidenced by the attached specimen(s) showing the mark as used in commerce.

The undersigned being hereby warned that willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements and the like may jeopardize the validity of this document, declares that he/she is properly authorized to execute this document on behalf of the Owner; and all statements made of his/her own knowledge are true and that all statements made on information and belief are believed to be true.

Signature: /s/ REBER M. BOULT
Signatory's Name: **Reber M. Boult**
Signatory's Position: **Attorney**

Date: 10/04/2005

RAM Sale Number: 288
RAM Accounting Date: 10/05/2005

Serial Number: 76385054
Internet Transmission Date: Tue Oct 04 16:20:14 EDT 2005
TEAS Stamp: USPTO/SOU-209.149.60.98-2005100416201457
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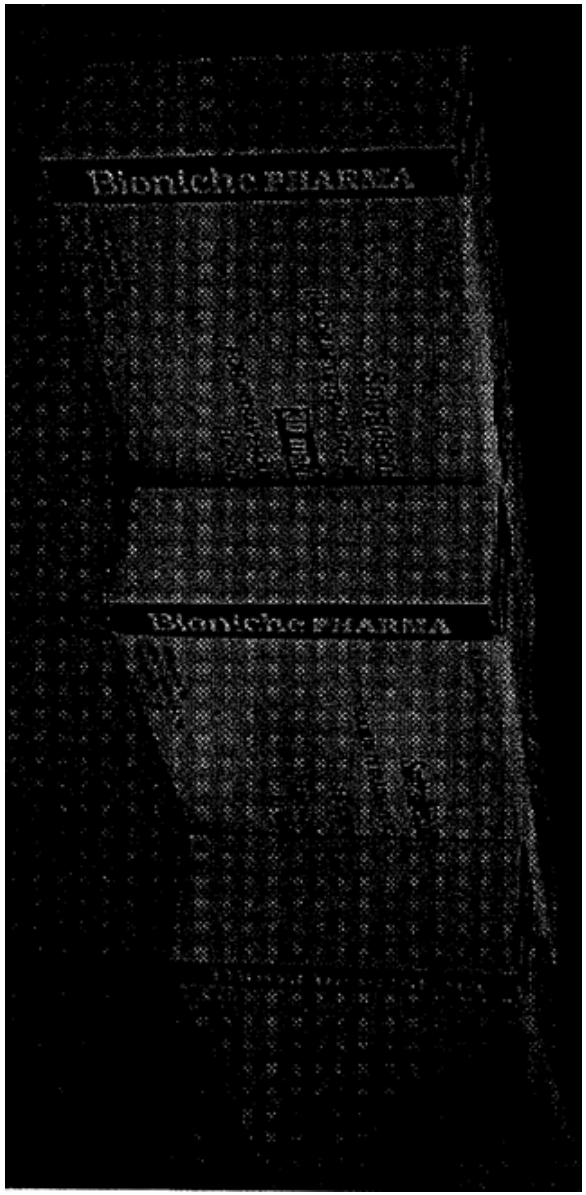
Bioniche PHARMA
Bioniche PHARMA

**FEE RECORD SHEET**

**Serial Number:** 76385054

**RAM Sale Number: 288**

**Total Fees:** $100

**RAM Accounting Date: 20051005**

| Transaction | Fee Code | Transaction Date | Fee per Class | Number of Classes | Total Fee |
|---|---|---|---|---|---|
| Statement of Use (SOU) | 7003 | 20051004 | $ 100 | 1 | $100 |

**Transaction Date:** 20051004

**SCHEDULE "D"**
**to the**
**Supply and Distribution Rights Agreement**
**dated October 17, 2005**
**by and between**
**AngioDynamics, Inc. ("AngioDynamics") and Bioniche Pharma Group Limited**
**("Bioniche")**

**MINIMUM PURCHASE REQUIREMENTS**

AngioDynamics will use reasonable efforts to achieve the following minimum purchase requirements of total vials/units in the first five (5) Contract Years of the Term of the Agreement:[1]

- First year: *** units/*** Product boxes
- Second year: *** units/*** Product boxes
- Third year: *** units/*** Product boxes
- Fourth year: *** units/*** Product boxes
- Fifth year: *** units/*** Product boxes

At least twelve (12) months prior to the end of the fifth Contract Year, the Parties shall enter discussions in good faith with respect to establishing minimum purchase requirements for the sixth and seventh Contract Years of the Term. In the unlikely event that the Parties are unable to agree on minimum purchase requirements for the sixth and seventh Contract Years of the Term on or before the end of the first Calendar Quarter in the fifth Contract Year, the minimum purchase requirements for the sixth and seventh Contract Years shall be equal to the minimum purchase requirements for the fifth Contract Year. The Parties shall negotiate in good faith with respect to establishing minimum purchase requirements for the Contract Years extending beyond the seventh Contract Year. If the Parties are unable to agree upon the minimum purchase requirements for any Contract Year beyond the seventh Contract Year within the first Calendar Quarter of the preceding Contract Year, the minimum purchase requirements for the succeeding Contract Year shall be equal to the minimum purchase requirements for the preceding Contract Year.

Note: Total units are irrespective of concentration. (1 vial = 1 unit) (1 box =5 units).

---

[1] The Parties agree, however, that if the first Contract Year does not actually contain a full 365 days, the minimum purchase requirement for the first Contract Year will be computed according to the following formula:

$$*** \text{ boxes } X \frac{\text{the actual number of days in the first Contract Year}}{365} = \text{minimum purchase requirement (in boxes)}$$

---

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

**SCHEDULE "E"**
**to the**
**Supply and Distribution Rights Agreement**
**dated October 17, 2005**
**by and between**
**AngioDynamics, Inc. ("AngioDynamics") and Bioniche Pharma Group Limited**
**("Bioniche")**

**TRANSFER PRICE**

All pricing for 1% and 3% vials shall be per box of Product. Each box of Product shall contain five (5) vials, each vial containing two (2) milliliters of Sotradecol.

The Transfer Price for each box of Product shall be calculated using the following formula:

Bioniche's Published List Price X ***% = Transfer Price

For purposes of this Agreement, Bioniche's Published List Price shall mean the price for each concentration of Product as set forth in Bioniche's standard product catalog or the equivalent thereof for the applicable Contract Year, which is attached to this Schedule E as a part thereof, and as may be amended on a yearly basis by Bioniche.

At the end of each Calendar Quarter**,** Bioniche will provide AngioDynamics with a reimbursement to increase AngioDynamics' Gross Margin percentage by up to *** percent (***%) for each concentration of Product sold by AngioDynamics in that preceding Calendar Quarter to the extent that AngioDynamics achieves less than a ***% Gross Margin percentage for any such concentration of Product.

The reimbursement shall be in the form of the relevant concentration of Product provided to AngioDynamics by Bioniche at no cost to AngioDynamics. For the purposes of this calculation, the value of no cost Product provided to AngioDynamics shall be based on AngioDynamics' Actual Selling Price for the relevant concentration of Product in the preceding Calendar Quarter.

Following the end of each Calendar Quarter, AngioDynamics will provide to Bioniche a schedule showing AngioDynamics' Actual Selling Price and Gross Margin separately stated for each concentration of Product for that preceding Calendar Quarter.

For the purposes of this Agreement, AngioDynamics' Actual Selling Price shall mean AngioDynamics' actual revenues from the sale of each concentration of Product in any particular Calendar Quarter exclusive of trade discounts (in the nature of discounts for prompt payment).

For the purposes of this Agreement, Gross Margin shall mean AngioDynamics' Actual Selling Price for each concentration of Product less the Transfer Price for that concentration of Product in any particular Calendar Quarter.

The following example of the reimbursement methodology discussed above is provided for illustration:

Assume Transfer Price for 1% solution = $***
Assume AngioDynamics' Actual Selling Price= $***
Assume Total sales = *** units or $*** ($*** X ***)
Gross Margin percentage = ***% (($*** —$***)/$***)
No cost goods reimbursement = ***% (***%—***%)
AngioDynamics' Actual Selling Price would need to be $*** to achieve a ***% Gross Margin ($*** /***%)
$*** - $*** = $***
$*** X *** units sold = $***
*** units ($*** /$***) provided by Bioniche to AngioDynamics at no cost

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

BIONICHE
PHARMA USA INC.

SOTRADECOL®
SODIUM TETRADECYL SULFATE

| | |
|---|---|
| 1% - Box of 5 vials | $*** |
| 3% - Box of 5 vials | $*** |

For information Contact: BIONICHE Customer Service:
**888-258-4199**

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

**EXHIBIT 10.2**

**Confidential Treatment requested.**
**Confidential portions of this document have been redacted and have been filed separately with the Commission**

**FIRST AMENDMENT**
**TO DISTRIBUTION AGREEMENT**

THIS FIRST AMENDMENT is made by and between **MEDICAL COMPONENTS, INC.** (hereinafter referred to as "MEDCOMP"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, United States of America, having its principal office at 1499 Delp Drive, Harleysville, Pennsylvania, 19438, and **ANGIODYNAMICS, INC.**, a corporation organized and existing under the laws of the State of Delaware, United States of America, having its principal office at 603 Queensbury Avenue, Queensbury, New York 12804 (hereinafter referred to as "ANGIODYNAMICS").

WHEREAS, MEDCOMP and ANGIODYNAMICS entered into a Distribution Agreement dated June 22, 2004 (hereinafter referred to as "the Distribution Agreement"), under which ANGIODYNAMICS distributes certain medical devices and products produced by MEDCOMP;

AND WHEREAS, MEDCOMP and ANGIODYNAMICS desire to amend certain aspects of the Distribution Agreement in accordance with this First Amendment;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Effective Date. This First Amendment shall be effective as of November 4, 2005.
2. Exhibits. Exhibits A through F of the Distribution Agreement are hereby replaced with the Exhibits A through H attached hereto.
3. Amendments.
   (a) Paragraph 1.2 is hereby amended and restated to read as follows:

   "Products" as used herein shall mean those products as set forth in Exhibits A, B, C, D, E, F, G, and H ("hereinafter Exhibits A-H") attached hereto. Exhibits A-H may be modified from time to time, during the effective period of this Agreement, by the mutual written consent of the parties.

   (b) All references to "Exhibits A-E" throughout the Distribution Agreement are amended and restated to read as follows "Exhibits A-H".

   (c) Paragraph 2.1 is hereby amended and restated to read as follows:

   As designed on each of the Exhibits A, B, E, F & G, MEDCOMP hereby grants to ANGIODYNAMICS the sole and exclusive distributorship, together with the right to

appoint others, for the Products in Exhibits A, B, E, F & G throughout the Territory. MEDCOMP shall not sell, either directly or indirectly, any of the Products in Exhibits A, B, E, F & G to any other person or entity.

(d) Paragraph 2.2 is hereby deleted in its entirety and shall be designated as "Reserved".

(e) Paragraph 2.3 shall be amended and restated to read as follows:

As designated on Exhibit D & H, MEDCOMP hereby grants to ANGIODYNAMICS a non-exclusive distributorship for the Products listed in Exhibit D & H throughout the Territory, together with the right to appoint others.

4. Surviving Provisions. Except as expressly provided herein, all other provisions of the Distribution Agreement shall remain in effect and full force. From and after the date of this First Amendment, all references to this Distribution Agreement shall be deemed references to the Distribution Agreement as amended by this First Amendment.

5. Signatures. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of an executed signature page to this First Amendment by facsimile transmission shall be as effective as delivery of a manually signed counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment by their duly authorized officers or representatives on the dates set forth following their signature.

**MEDICAL COMPONENTS, INC.**

By: /S/ TIMOTHY M. SCHWEIKERT
**Timothy M. Schweikert**
**President**

Date: 11-10, 2005

**ANGIODYNAMICS, INC.**

By: /S/ HAROLD C. MAPES
**Harold C. Mapes**
**Vice President of Operations**

Date: November 4, 2005

**EXHIBIT A**

**Schon™**
**Exclusive World Wide Agreement***

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

* 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 3/4" 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 3/4" 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

**EXHIBIT B**

**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 |
|---|---|---|---|---|---|---|---|
| 10800701 | Schon XL 15cm – Set | $ *** | *** | *** | *** | *** | *** |
| 10800702 | Schon XL 20cm – Set | $ *** | | | | | |
| 10800703 | Schon XL 24cm – Set | $ *** | | | | | |
| 10800704 | Schon XL 12cm – Cath | $ *** | | | | | |
| 10801701 | Schon XL 15cm – Cath | $ *** | | | | | |
| 10801702 | Schon XL 20cm – Cath | $ *** | | | | | |
| 10801703 | Schon XL 24cm – Cath | $ *** | | | | | |
| 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” Vascu-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.

**EXHIBIT C**

**[RESERVED]**

**EXHIBIT D**

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

| PRODUCT NO. | PRODUCT DESCRIPTION | UNIT PRICE |
|---|---|---|
| 10300401 | M.F. 24cm – Full Kit – Straight | $ *** |
| 10300402 | M.F. 28cm – Full Kit – Straight | $ *** |
| 10300403 | M.F. 32cm – Full Kit – Straight | $ *** |
| 10300404 | M.F. 36cm – Full Kit – Straight | $ *** |
| 10300405 | M.F. 40cm – Full Kit – Straight | $ *** |
| 10300406 | M.F. 24cm – Full Kit – Pre-Curve | $ *** |
| 10300407 | M.F. 28cm – Full Kit – Pre-Curve | $ *** |
| 10300408 | M.F. 32cm – Full Kit – Pre-Curve | $ *** |
| 10300409 | M.F. 36cm – Full Kit – Pre-Curve | $ *** |
| 10300410 | M.F. 20cm – Full Kit – Pre-Curve | $ *** |
| 10300411 | M.F. 55cm – Full Kit – Straight | $ *** |
| 10300412 | M.F. 22cm – Full Kit – Pre-Curve | $ *** |
| 10300413 | M.F. 22cm – Full Kit – Straight | $ *** |
| 10300414 | M.F. 20cm – Full Kit – Straight | $ *** |
| 10300501 | M.F. 24cm – Basic Kit – Straight | $ *** |
| 10300502 | M.F. 28cm – Basic Kit – Straight | $ *** |
| 10300510 | M.F. 20cm – Basic Kit – Pre-Curve | $ *** |
| 10300511 | M.F. 55cm – Basic Kit – Straight | $ *** |
| 10300512 | M.F. 22cm – Basic Kit – Pre-Curve | $ *** |
| 10300513 | M.F. 22cm – Basic Kit – Straight | $ *** |
| 10300514 | M.F. 20cm – Basic Kit – Straight | $ *** |
| 10301401 | M.F. Tunneler (Blunt Tip) (Class IIa) | $ *** |
| 10301402 | M.F. Tunneler (Cutting Tip) (Class IIa) | $ *** |
| 10301501 | M.F. Sheath (Class IIa) | $ *** |
| 10301601 | M.F. 24cm – Catheter – Straight | $ *** |
| 10301602 | M.F. 28cm – Catheter – Straight | $ *** |
| 10301603 | M.F. 32cm – Catheter – Straight | $ *** |
| 10301604 | M.F. 36cm – Catheter – Straight | $ *** |
| 10301605 | M.F. 40cm – Catheter – Straight | $ *** |
| 10301606 | M.F. 24cm – Catheter – Pre-Curve | $ *** |
| 10301607 | M.F. 28cm – Catheter – Pre-Curve | $ *** |
| 10301608 | M.F. 32cm – Catheter – Pre-Curve | $ *** |
| 10301609 | M.F. 36cm – Catheter – Pre-Curve | $ *** |
| 10301610 | M.F. 20cm – Catheter – Pre-Curve | $ *** |
| 10301611 | M.F. 20cm – Catheter – Straight | $ *** |
| 10301612 | M.F. 22cm – Catheter – Pre-Curve | $ *** |
| 10301613 | M.F. 22cm – Catheter – Straight | $ *** |
| 10301614 | M.F. 55cm – Catheter – Straight | $ *** |
| 10800503 | M.F. 32cm – Basic Kit – Straight | $ *** |
| 10800504 | M.F. 36cm – Basic Kit – Straight | $ *** |
| 10800505 | M.F. 55cm – Basic Kit – Straight | $ *** |

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

| PRODUCT NO. | PRODUCT DESCRIPTION | UNIT PRICE |
|---|---|---|
| 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" Vascu-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" Vascu-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.

**EXHIBIT E**

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

| PRODUCT NO. | PRODUCT DESCRIPTION | UNIT PRICE | ANNUAL, NON BINDING ESTIMATES BY YEAR (Units) 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|---|
| 10300109 | 36cm Dura Flow Pre-Curve Tray | $ *** | *** | *** | *** | *** | *** |
| 10300111 | 55cm Dura Flow Straight Tray | $ *** | | | | | |
| 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 | $ *** | | | | | |
| 10301106 | 24cm Dura Flow Pre-Curve Tray | $ *** | | | | | |
| 10301107 | 28cm Dura Flow Pre-Curve Tray | $ *** | | | | | |
| 10301108 | 32cm Dura Flow Pre-Curve Tray | $ *** | | | | | |
| 10301110 | 22cm Dura-Flow Pre-Curve Kit – Full | $ *** | | | | | |
| 10301111 | 55cm Dura-Flow Straight Kit – Full | $ *** | | | | | |
| 10301112 | 22cm Dura-Flow Straight Kit – Full | $ *** | | | | | |
| 10301113 | 20cm Dura-Flow Pre-Curve Kit – Full | $ *** | | | | | |
| 10301114 | 20cm Dura-Flow Straight Kit – Full | $ *** | | | | | |
| 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 | $ *** | | | | | |
| 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 | $ *** | | | | | |
| 10301210 | 22cm Dura-Flow Pre-Curve Kit – Basic | $ *** | | | | | |
| 10301211 | 55cm Dura Flow Straight Set | $ *** | | | | | |
| 10301212 | 22cm Dura-Flow Straight Kit – Basic | $ *** | | | | | |
| 10301213 | 20cm Dura-Flow Pre-Curve Kit – Basic | $ *** | | | | | |
| 10301214 | 20cm Dura-Flow Straight Kit – Basic | $ *** | | | | | |
| 10301403 | Dura-Flow Tunneler | $ *** | | | | | |
| 10301701 | 24cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301702 | 28cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301703 | 32cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301704 | 36cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301705 | 40cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301706 | 24cm Dura-Flow Pre-Curve Catheter | $ *** | | | | | |
| 10301707 | 28cm Dura-Flow Pre-Curve Catheter | $ *** | | | | | |
| 10301708 | 32cm Dura-Flow Pre-Curve Catheter | $ *** | | | | | |
| 10301709 | 36cm Dura-Flow Pre-Curve Catheter | $ *** | | | | | |

**EXHIBIT E (con't)**

| PRODUCT NO. | PRODUCT DESCRIPTION | UNIT PRICE | ANNUAL, NON BINDING ESTIMATES BY YEAR (Units) 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|---|
| 10301710 | 20cm Dura-Flow Pre-Curve Catheter | $ *** | *** | *** | *** | *** | *** |
| 10301711 | 20cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301712 | 22cm Dura-Flow Pre-Curve Catheter | $ *** | | | | | |
| 10301713 | 22cm Dura-Flow Straight Catheter | $ *** | | | | | |
| 10301714 | 55cm Dura-Flow Straight Catheter | $ *** | | | | | |

**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" Vascu-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 Dura-Flow Catheter
1 – Raulerson Bulb Syringe
1 – #11 Blade Scalpel
1 – .038 x 70cm J-Flex Guidewire
1 – Tegaderm Oval
1 – 16F x 6" Vascu-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.

**EXHIBIT F**

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

| PRODUCT NO. | PRODUCT DESCRIPTION | UNIT PRICE |
|---|---|---|
| 10300301 | HemoCath | $ *** |

Catheter

1 – Appropriate HemoCath Catheter
1 – Angio IFU

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

**EXHIBIT G**

**Schon Cath®**
**Exclusive Worldwide Agreement**
**NO MINIMUMS**

| CATALOG NO. | DESCRIPTION | UNIT PRICE |
|---|---|---|
| 10800201 | 14cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800202 | 16cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800203 | 18cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800204 | 20cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800205 | 22cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800206 | 24cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800207 | 12cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800208 | 45cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800209 | 55cm Schon Cath w/ HemoLock Anchoring Hub | $ *** |
| 10800301 | Schon Cath Insertion Tray – Cutting Tip Trocar (w/o catheter) (Class IIa) | $ *** |
| 10800302 | Schon Cath Insertion Tray – Blunt Tip Trocar (w/o catheter) (Class IIa) | $ *** |
| 10801301 | 14cm Schon Cath w/ Cuff & Hemolock Anchoring Hub | $ *** |
| 10801302 | 16cm Schon Cath w/ Cuff & Hemolock Anchoring Hub | $ *** |
| 10801303 | 18cm Schon Cath w/ Cuff & Hemolock Anchoring Hub | $ *** |
| 10801304 | 20cm Schon Cath w/ Cuff & Hemolock Anchoring Hub | $ *** |
| 10801305 | 22cm Schon Cath w/ Cuff & Hemolock Anchoring Hub | $ *** |
| 10801306 | 24cm Schon Cath w/ Cuff & Hemolock Anchoring Hub | $ *** |

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

**EXHIBIT H**

**Accessories**
**Non-Exclusive Worldwide Agreement**
**NO MINIMUMS**

| CATALOG NO. | DESCRIPTION | UNIT PRICE |
|---|---|---|
| 10301801 | Hemodialysis Catheter Repair Kit | $ *** |
| 10800401 | Venous Extension Set | $ *** |
| 10800402 | Arterial Extension Set | $ *** |
| 10800501 | 10cm Oval Tearaway Sheath/Dilator | $ *** |
| 10800502 | 20cm Oval Tearaway Sheath/Dilator | $ *** |
| 10800601 | Tunneling Trocar (Blunt Tip) | $ *** |
| 10800602 | Tunneling Trocar (Cutting Tip) | $ *** |
| 10800603 | 20cm Blunt Tip Trocar | $ *** |
| 10800604 | 20cm Cutting Tip Trocar | $ *** |

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

**Exhibit 31.1**

**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 January 10, 2006

/s/ Eamonn P. Hobbs

Eamonn P. Hobbs, President,
Chief Executive Officer

**Exhibit 31.2**

**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 January 10, 2006

/s/ Joseph G. Gerardi

Joseph G. Gerardi, Vice President -
Chief Financial Officer

**Exhibit 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**

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 January 10, 2006

/s/ Eamonn P. Hobbs

Eamonn P. Hobbs, President,
Chief Executive Officer

**Exhibit 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**

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 January 10, 2006

/s/ Joseph G. Gerardi

Joseph G. Gerardi, Vice President -
Chief Financial Officer