

ANGIODYNAMICS INC
Form 10-K/A
September 21, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended June 3, 2006

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 0-50761

AngioDynamics, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

12804
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value \$.01 Preferred Stock Purchase Rights	The NASDAQ Stock Market LLC The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 November 26, 2005, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was \$202,472,000, computed by reference to the last sale price of the common stock on that date as reported by The Nasdaq National Market.

As of July 20, 2006, there were 15,503,114 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2006 Annual Meeting of Stockholders to be held October 24, 2006 are incorporated by reference in Part III of this Form 10-K Report.

EXPLANATORY NOTE

AngioDynamics, Inc. (the Company) filed its Annual Report on Form 10-K (2006 Form 10-K) for the fiscal year ended June 3, 2006 (fiscal 2006) with the SEC on August 11, 2006. The Company is filing this Amendment No. 1 on Form 10-K/A (this Amendment) solely to correct errors in Part III, Item 11, of the 2006 Form 10-K in the reporting in the Summary Compensation Table of the bonus compensation for fiscal 2006 for the Company's Named Executive Officers and to correct the heading of the Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values table. No revisions have been made to the Company's financial statements or any other disclosure contained in the 2006 Form 10-K.

Except as required to correct the disclosure in Item 11 of Part III, as discussed above, the Company has not updated the disclosure contained herein to reflect events that have occurred since the filing of the 2006 Form 10-K. Accordingly, this Amendment should be read in conjunction with the Company's other filings made with the SEC subsequent to the filing date of the 2006 Form 10-K.

PART III

Item 11. Executive Compensation

Summary Compensation Table

The following table sets forth information concerning the compensation for services, in all capacities for fiscal years 2006, 2005, and 2004, of (i) those persons who were, during fiscal 2006, our Chief Executive Officer (CEO) (Eamonn P. Hobbs), and (ii) those persons who were, at the end of fiscal 2006, our four most highly compensated executive officers other than our CEO (collectively, with the CEO, the Named Executive Officers):

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (1) (\$)	Restricted Stock Awards (2)(3) (\$)	Awards Underlying Options/SARs (#)	Payouts LTIP Payouts (\$)	All Other Compensation (4) (\$)
Eamonn P. Hobbs President, Chief Executive Officer	2006	\$ 289,000	\$ 104,618	None	None	45,000	None	\$ 12,533
	2005	267,000	140,175	None	\$ 310,530	35,500	None	10,834
	2004	254,400	126,882	None	None	None	None	10,572
Robert M. Rossell	2006	\$ 176,567	\$ 47,938	None	None	10,200	None	\$ 11,710

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Vice President	2005	163,488	73,570	None	\$ 150,560	10,200	None	10,285
	2004	156,000	65,286	None	None	None	None	11,128
Paul J. Shea	2006	\$ 181,427	\$ 49,257	None	None	10,200	None	\$ 11,100
	2005	167,988	74,083	None	\$ 150,560	10,200	None	9,989
Vice President	2004	156,000	65,286	None	None	None	None	11,119
William M. Appling	2006	\$ 168,078	\$ 45,633	None	None	10,200	None	\$ 11,445
	2005	155,628	69,612	None	\$ 150,560	10,200	None	10,174
Vice President	2004	148,500	63,484	None	None	None	None	10,518
Brian S. Kunst	2006	\$ 170,100	\$ 46,182	None	None	10,200	None	\$ 11,532
	2005	157,500	70,875	None	\$ 150,560	8,000	None	9,864
Vice President	2004	143,000	59,845	None	None	None	None	10,029

- (1) We have concluded that the aggregate amount of perquisites and other personal benefits paid to each of the Named Executive Officers for 2006, 2005, and 2004 did not exceed the lesser of 10% of such officer's total annual salary and bonus for fiscal 2006, 2005, or 2004 or \$50,000; such amounts are, therefore, not reflected in the table.

- (2) Awards settle in our common stock. As of June 3, 2006, the number and value of the aggregate awards for each Named Executive Officer were as follows: 16,500 shares valued at \$484,770 for Mr. Hobbs; 8,000 shares valued at \$235,040 for each of Mr. Rossell, Mr. Shea, Mr. Appling, and Mr. Kunst. All awards were unvested at June 3, 2006.
- (3) Of the total awards, 50% are restricted stock units, which vest in full upon the recipient's continued employment through the end of fiscal year 2009, or on or about May 30, 2009. The remaining 50% of the awards are performance share awards. Under the performance share award agreements, 25% of the total performance shares awarded may be earned for each of four consecutive fiscal years of AngioDynamics, commencing with its 2006 fiscal year. Each year, one-half of the shares available to be earned that year will be earned upon achievement by AngioDynamics of specified earnings per share (EPS) goals and the other half of the shares will be earned upon the achievement of specified revenue goals. 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 EPS and revenue goals are the same for all of the performance share awards granted in fiscal 2005. The performance share awards are subject to additional conditions, including the recipient's continued employment with AngioDynamics and the recipient's not competing with its business or otherwise engaging in other activities detrimental to its business.
- (4) For each of the Named Executive Officers, the amounts reported include amounts we contributed under our Profit Sharing Plan and, as matching contributions, under the companion 401(k) Plan. For fiscal 2006, 2005, and 2004, such amounts contributed were: \$12,308, \$10,542, and \$9,764, respectively, for Mr. Hobbs; \$11,382, \$10,043, and \$10,698, respectively, for Mr. Rossell; \$10,819, \$9,658, and \$10,689, respectively, for Mr. Shea; \$11,302, \$10,043, and \$10,109, respectively, for Mr. Appling; and \$11,329, \$9,672, and \$9,635, respectively, for Mr. Kunst. For each of the Named Executive Officers, the amounts reported include term life insurance premiums we paid. For 2006, 2005, and 2004, such amounts contributed were: \$225, \$292, and \$808, respectively, for Mr. Hobbs; \$328, \$242, and \$430, respectively, for Mr. Rossell; \$281, \$331, and \$430, respectively, for Mr. Shea; \$144, \$131, and \$409, respectively, for Mr. Appling; and \$203, \$192, and \$394, respectively, for Mr. Kunst.

Option/SAR Grants in Last Fiscal Year

The following table sets forth certain information concerning all grants of stock options during fiscal 2006 to our Named Executive Officers. We did not grant any SARs in fiscal 2006.

Name	Number of Securities Underlying Options Granted (1) (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	Grant Date Present Value (2)
Eamonn P. Hobbs	45,000	17.2%	\$ 24.21	7/29/2015	\$ 554,148
Robert M. Rossell	10,200	3.9%	\$ 24.21	7/29/2015	\$ 125,607
Paul J. Shea	10,200	3.9%	\$ 24.21	7/29/2015	\$ 125,607
William M. Appling	10,200	3.9%	\$ 24.21	7/29/2015	\$ 125,607
Brian S. Kunst	10,200	3.9%	\$ 24.21	7/29/2015	\$ 125,607

- (1) Options for 25% of the shares vest and become exercisable on July 29, 2006, July 29, 2007, July 29, 2008, and July 29, 2009, respectively. All of these options will vest in full upon a change in control of AngioDynamics, as defined in our 2004 Stock and Incentive Award Plan.
- (2) Calculated using the Black-Scholes valuation model with the following assumptions: expected volatility (57.77%), risk-free rate of return (4.1%), dividend yield (0%), and expected time of exercise (4.5 years)

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

The following table sets forth certain information concerning all exercises of stock options during fiscal 2006 by our Named Executive Officers and the fiscal year-end value of unexercised stock options held by such officers on an aggregated basis. No SARs were exercised during, or were outstanding as of, the end of fiscal 2006.

Name	Shares Acquired on Exercise (#)	Value Related (\$)	Number of Securities Underlying Unexercised Options at June 3, 2006 (#)	Value of Unexercised In-the-Money Options at June 3, 2006 (\$)(1)
			Exercisable/ Unexercisable (2)	Exercisable/ Unexercisable (2)
Eamonn P. Hobbs	234,100	\$ 5,024,152	101,321/71,625	\$2,457,902/\$633,975
Robert M. Rossell	2,550	\$ 30,203	None/17,850	None/\$176,664
Paul J. Shea	27,000	\$ 465,341	2,550/17,850	\$41,310/\$176,664
William M. Appling	39,000	\$ 796,976	2,550/17,850	\$41,310/\$176,664
Brian S. Kunst	None	None	2,000/16,200	\$32,400/\$149,934

- (1) Options are in-the-money if, on June 3, 2006, the market price of our common stock exceeded the exercise price of such options. On June 3, 2006, the closing price of our common stock was \$29.38. The value of such options is calculated by determining the difference between the aggregate market price of the stock covered by the options on June 3, 2006 and the aggregate exercise price of such options.
- (2) Options are exercisable into common stock of AngioDynamics.

Compensation of Directors

Directors who are not our employees receive a monthly retainer of \$2,000, in addition to \$1,500 for each board meeting attended in person and for each telephonic meeting of the board in which they participate. The Chairman of the Board and the Audit Committee Chairman receive an additional monthly retainer of \$2,000 and \$1,000, respectively. Committee chairmen receive \$1,500, and committee members \$750, for each committee meeting in which they participate. Directors who are not our employees also receive an annual grant of an option to purchase 6,000 shares of our common stock. New directors receive options for 25,000 shares of our common stock upon joining our board. Directors who are our employees receive no additional compensation for their services as directors.

We entered into an agreement, effective as of January 1, 2004, with Donald A. Meyer, who resigned as a director as of March 1, 2004, under which Mr. Meyer agreed to serve as the trustee of our 401(k) savings plan and to provide other consulting services at our request. The agreement is for a term of 36 months, but will terminate sooner upon a change of control of AngioDynamics, Mr. Meyer's death, or a material breach of the agreement that is not cured within 30 days. Mr. Meyer is receiving 36 equal monthly payments of \$3,500 and reimbursement for reasonable

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business expenses incurred in providing services under the agreement. The fees paid in fiscal 2006 were \$42,000. Further, under the agreement, the expiration dates of Mr. Meyer's options, which are exercisable for 42,263 shares of our common stock, were extended to the earlier of (i) December 31, 2006 or (ii) the tenth anniversary of the original grant date of each option. In connection with the extension of the expiration dates of Mr. Meyer's options, the fair value of the options has been recorded as a non-cash dividend to E-Z-EM in the amount of \$468,000, with the corresponding credit to Additional Paid-in Capital on the effective date.

Employment Contracts, Termination of Employment and Change-In-Control Arrangements

We do not have any employment, termination of employment, or change-of-control agreements with any of our executive officers.

Report on Repricing of Options/SARs

In fiscal 2006, we did not adjust or amend the exercise price of any stock options or SARs previously awarded to any of our Named Executive Officers.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The following directors serve on our Compensation Committee: Messrs. Flaherty, Casciaro and Gold. None of these persons was an officer or employee of AngioDynamics or its subsidiary during fiscal 2006, nor were any of them formerly an officer or employee of AngioDynamics or subsidiary. None of such directors had any relationship requiring disclosure by us under Item 404 of Regulation S-K.

Board Compensation and Committee Report on Executive Compensation

The information required by this caption is incorporated herein by reference to our Proxy Statement under the heading Executive Compensation Compensation Committee Report on Executive Compensation.

Performance Graph

The information required by this caption is incorporated herein by reference to our Proxy Statement under the heading Executive Compensation Common Stock Performance Graph.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) 3. Exhibits

31.1 Certification pursuant to Rule 13a-14(a) or 15d-14

31.2 Certification pursuant to Rule 13a-14(a) or 15d-14

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: September 21, 2006

By:

ANGIODYNAMICS, INC.

/s/ EAMONN P. HOBBS
Eamonn P. Hobbs,

Chief Executive Officer and President