ANGIODYNAMICS INC

FORM 10-K
(Annual Report)

Filed 08/14/14 for the Period Ending 05/31/14

Address	14 PLAZA DRIVE
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Telephone	5187981215
CIK	0001275187
Symbol	ANGO
SIC Code	3841 - Surgical and Medical Instruments and Apparatus
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	12/31

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

FORM 10-K

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

For the fiscal year ended May 31, 2014

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	**11-3146460**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
14 Plaza Drive Latham, New York	**12110**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (518) 795-1400

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 per share	**NASDAQ Global Select Market**

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 ☒

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 whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐

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 29, 2013, 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 approximately $545,465,788, computed by reference to the last sale price of the common stock on that date as reported by The NASDAQ Global Select Market.

As of July 31, 2014, there were 35,458,688 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required for Part III of this annual report on Form 10-K is incorporated by reference to the registrant's Proxy Statement for its 2014 Annual Meeting of Stockholders to be filed within 120 days of the registrant's fiscal year ended May 31, 2014.

AngioDynamics, Inc. and Subsidiaries

INDEX

Part I

Item 1. *Business*

(a) *General Development of Business*

Overview

AngioDynamics, Inc. (together with its subsidiaries, "AngioDynamics," the "Company," "we," "our" or "us") designs, manufactures and sells a wide range of medical, surgical and diagnostic devices used by professional healthcare providers for vascular access, for the treatment of peripheral vascular disease and for use in oncology and surgical settings. Our devices are generally used in minimally invasive, image-guided procedures.

Available Information

Our corporate headquarters is located at 14 Plaza Drive, Latham, New York 12110. Our phone number is (518) 795-1400. Our website is *www.angiodynamics.com* .

We make available, free-of-charge through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission, or SEC. In addition, our website includes, among other things, charters of the various committees of our Board of Directors and our code of business conduct and ethics applicable to all employees, officers and directors. Copies of these documents may be obtained free of charge from our website. Any stockholder also may obtain copies of these documents, free of charge, by sending a request in writing to our investor relations firm: EVC Group, 60 East 42nd Street, Suite 936, New York, NY 10165, Attention: Doug Sherk. Information on our website or connected to our website is not incorporated by reference into this annual report on Form 10-K.

History

AngioDynamics was founded in 1988 and we completed our initial public offering in 2004, raising net proceeds of approximately $21.7 million at an offering price of $11.00 per share. In 2006 we completed a follow-on offering, raising net proceeds of approximately $61.9 million at a public offering price of $24.07 per share.

(b) *Narrative Description of Business*

Products

Our product offerings fall within three product groupings: Peripheral Vascular, Vascular Access and Oncology/Surgery.

Peripheral Vascular Products

Our Peripheral Vascular products include Fluid Management, Venous, Thrombus Management, Angiographic, as well as other products.

Fluid Management Products

Our Fluid Management product offering includes the NAMIC ® Fluid Management portfolio. Since 1969, the NAMIC product line has been the leader in providing clinicians high quality, dependable devices that help in the diagnosis and treatment of cardiovascular and peripheral vascular disease. The NAMIC product line includes an extensive offering of manifolds, contrast management systems, closed fluid systems, guidewires, disposable transducers and interventional accessories. These devices are utilized together and allow clinicians to aspirate or inject contrast, saline, remove waste and monitor invasive blood pressures throughout the procedure.

We manufacture "convenience kits" for customers, which incorporate the NAMIC devices they need for their procedures.

- *NAMIC Squeeze Contrast Controller* ® – Designed to help labs minimize the amount of contrast wasted, the Squeeze Contrast Controller contrast management system contains two one-way check valves that prevent cross contamination of the contrast source, flexible chamber and unique green ball fluid level indicator.
- *Perceptor* ® *Manifold and Compensator* ® *Manifold* – Provides clinicians a manifold with an integral transducer and allows for single operator re-zeroing during the procedure, in the sterile field. The Perceptor Manifold must remain at heart level during pressure readings, while the Compensator utilizes a compensating line, which allows the user to move the manifold during pressure readings.

- *Protection Station ® and Protection Station ® Plus* – Provides clinicians an OSHA-compliant closed system that helps minimize exposure to blood borne pathogens and simplifies set up and clean up during a procedure.
- *Saver-7™ and Acceler-8™ Angiographic Control Syringes* – NEW 7 mL and 8 mL Angiographic Control syringes that provide clinicians a small barrel designed to require less force during injection of contrast through a 4F Catheter and to provide smoother aspiration and injection.

Venous Products

Our venous products focus on the treatment of varicose veins and consist of our VenaCure EVLT ® laser system and Sotradecol ® . An estimated one-half of all Americans older than age 50 suffer from varicose veins, making the market for the treatment large and growing.

Our VenaCure EVLT laser system products are used in endovascular laser procedures to treat superficial venous disease (varicose veins). Superficial venous disease is a malfunction of one or more valves in the leg veins whereby blood refluxes or does not return to the heart. These procedures are a less invasive alternative to vein stripping for the treatment of this condition. Vein stripping is a lengthy, painful and traumatic surgical procedure that involves significant patient recovery time. In contrast, venous laser treatment is an outpatient procedure that generally allows the patient to quickly return to normal activities with minimal post-operative pain.

With our VenaCure EVLT laser system, laser energy is used to stop the reflux by ablating, or collapsing and destroying, the affected vein. The body subsequently re-routes the blood to other healthy veins. Our products are sold as a system that includes diode laser hardware with our family of disposable laser fiber components, training and marketing materials. The disposable components in the system include a laser fiber system featuring our NeverTouch ® gold-tip technology, an access sheath, access wires and needles. The procedure kits come in a variety of lengths and configurations to accommodate varied patient anatomies. Our VenaCure EVLT 1470 nanometer wavelength laser allows customers to more efficiently heat the vein wall using lower power settings thereby reducing the risk of collateral damage.

Sotradecol ® (sodium tetradecyl sulfate injection) is an FDA approved sclerosing drug that we distribute through a global agreement with the manufacturer. Sotradecol ® has been shown to be an effective non-surgical treatment of small, uncomplicated varicose veins of the lower extremities that show simple dilation with competent valves.

Thrombus Management

Our Thrombus Management product offerings include our AngioVac Venous Drainage Cannula and our thrombolytic products .

AngioVac - In fiscal 2013, we released our AngioVac venous drainage system which includes a Venous Drainage Cannula and Cardiopulmonary Bypass Circuit. The cannula is indicated for use as a venous drainage cannula and for removal of fresh, soft thrombi or emboli during extracorporeal bypass for up to six hours. The cardiopulmonary bypass circuit is indicated for use in procedures requiring extracorporeal circulatory support for periods of up to six hours.

The AngioVac devices are for use with other manufacturer’s off-the-shelf pump, filter, and reinfusion cannula, to facilitate venous drainage as part of a extracorporeal bypass procedure for up to six hours.

The AngioVac venous drainage cannula is a 22F coil-reinforced cannula designed with a balloon actuated, expandable funnel shaped distal tip. The proprietary funnel shaped tip enhances venous drainage flow when the balloon is inflated, prevents clogging of the cannula with commonly encountered undesirable intravascular material, and facilitates en bloc removal of such extraneous materia **l.**

Thrombolytic Products

Thrombolytic catheters are used to deliver thrombolytic agents, which are drugs that dissolve blood clots in hemodialysis access grafts, arteries, veins and surgical bypass grafts. Our thrombolytic catheters include:

- *Pulse*Spray ® Infusion Catheters and Uni*Fuse thrombolytic catheters.* Our Pulse*Spray and Uni*Fuse catheters improve the delivery of thrombolytic agents by providing a controlled, forceful and uniform dispersion. Patented slits on the infusion catheter operate like tiny valves for an even distribution of thrombolytic agents. These slits reduce the amount of thrombolytic agents required and the time necessary for these procedures, resulting in cost savings and improved patient safety.

- *SpeedLyser* ®. Our SpeedLyser thrombolytic catheter is used to deliver thrombolytic agents into obstructed dialysis grafts. This catheter features *Pulse*Spray* slit technology that simplifies catheter insertion and drug delivery.

Angiographic Products and Accessories

Angiographic products and accessories are used during peripheral vascular interventional procedures. These products permit interventional physicians to reach targeted locations within the vascular system to deliver contrast media for visualization purposes and therapeutic agents and devices, such as percutaneous transluminal angioplasty (PTA) balloons. Angiographic products consist primarily of angiographic catheters, but also include entry needles and guidewires specifically designed for peripheral interventions and fluid management products.

We manufacture angiographic catheters and guidewires that are available in more than 500 tip configurations and lengths.

- *Soft-Vu* ®. Our proprietary Soft-Vu angiographic catheter technology incorporates a soft, atraumatic tip that is easily visualized under fluoroscopy.
- *AngiOptic*™ . The AngiOptic catheter line is distinguished from other catheters because the entire instrument is highly visible under fluoroscopy.
- *Accu-Vu* ®. The Accu-Vu angiographic catheter is a highly visible, accurate sizing catheter used to determine the length and diameter of a vessel for endovascular procedures. Accu-Vu provides a soft, highly radiopaque tip with a choice of platinum radiopaque marker patterns along the shaft for enhanced visibility and accuracy.
- *Mariner*™ . The Mariner catheter is a hydrophilic-coated angiographic catheter. It uses our patented Soft-Vu catheter technology to deliver contrast media to anatomy that is difficult to reach. The advanced hydrophilic coating technology significantly reduces catheter surface friction, providing smoother navigation through challenging vasculature with optimal handling and control.
- *AQUA Liner* ®. The AQUA Liner guidewire is a technologically advanced guidewire. It is used to provide access to difficult-to-reach locations in interventional procedures requiring a highly lubricious wire. The AQUA Liner guidewire incorporates proprietary advanced coating technology that allows frictionless navigation.

Drainage Products

Drainage products percutaneously drain abscesses and other fluid pockets. An abscess is a tender inflamed mass that typically must be drained by a physician.

Our line of drainage products, The Total Abscession ® Family of Drainage Catheters, consists of our Total Abscession General, Biliary, and Nephrostomy drainage catheters. These products feature our proprietary soft shaft with Blue Silk ™ finish for a more comfortable patient fit. The kink-resistant shaft recovers rapidly, even if severely bent, knotted, or twisted. This is particularly beneficial when patients roll over and risk a potential kinking of the catheter during sleep. The thermal molded tip allows for less buckling and kinking upon insertion. Also important is that the shaft diameter equals the inner diameter of the catheter hub to maximize flow. Our Total Abscession drainage catheters feature a tamper-resistant locking mechanism called the Vault ® which securely fixes the pigtail and prevents tampering or accidental removal. This locking mechanism helps to prevent the drain from becoming unlocked during routine use, thus reducing a physician’s time by avoiding a possible “redo” case, and increasing patient satisfaction by not having to repeat the procedure. The Total Abscession catheter permits aspiration in the locked or unlocked position thus allowing more accurate placement and greater versatility for draining complex situations.

Micro Access Kits

Our Micro Access sets provide interventional physicians a smaller introducer system for minimally-invasive procedures. Our Micro Access product line provides physicians with the means to build a custom set from the wide selection of configurations available, including four wires in two different lengths, seven needle options and three sheath dilator options.

Vascular Access

Image-guided vascular access, or IGVA, involves the use of advanced imaging equipment to guide the placement of catheters that deliver primarily short-term drug therapies, such as chemotherapeutic agents and antibiotics, into the central venous system. Delivery to the circulatory system allows drugs to mix with a large volume of blood as compared to intravenous drug delivery into a superficial vessel. IGVA procedures include the placement of PICC lines, implantable ports and central venous catheters, or CVCs.

BioFlo ®

Our BioFlo products incorporate Endexo Technology into the manufacturing and design of our Vascular Access products. Endexo is a fluorine based additive that creates a non-eluting (permanent), non-heparin based catheter material that is designed to reduce thrombus accumulation and platelet adhesion to all surfaces of the catheter. BioFlo's long-term durability and efficacy is intended to provide clinicians a high degree of safety and confidence in providing better patient care and improved patient outcomes.

PICC Products

A peripherally inserted central catheter, or PICC, is a long thin catheter that is inserted into a peripheral vein, typically in the upper arm, and advanced until the catheter tip terminates in a large vein in the chest near the heart to obtain intravenous access. PICCs can typically be used for prolonged periods of time and provide an alternative to central venous catheters. Our PICC products include:

- *BioFlo ® PICC* : BioFlo is the only power injectable PICC available that incorporates Endexo Technology into the manufacturing and design of the catheter. Advanced features such as large lumen diameters allow the BioFlo ® PICC to deliver the power injection flow rates required for contrast-enhanced computed tomography (CT) scans compatible with up to 325 psi CT injections.
- *BioFlo ® PICC with PASV ® Valve Technology* : The only power injectable PICC to combine Endexo Technology with PASV ® Valve Technology. The PASV ® Valve Technology is designed to automatically resist backflow and reduce blood reflux that could lead to catheter-related complications.
- *BioFlo ® PICC Hybrid with PASV Valve Technology* : The BioFlo ® Hybrid PICC is the first and only triple lumen PICC with two valved lumens incorporating Endexo Technology and our proprietary PASV Valve Technology with a dedicated non-valved lumen for precise central venous pressure (or CVP) monitoring. With this innovative design, we now have a durable, non-eluting catheter that reduces thrombus accumulation and provides the benefits of two catheters in one.
- *Xcela PICC with PASV Valve Technology* : The Xcela ® PICC with PASV ® Valve Technology is designed to provide a high degree of safety, ease and confidence in patient care. Advanced features such as large lumen diameters allow the Xcela ® PICC with PASV ® Valve Technology to deliver the power injection flow rates required for contrast-enhanced CTs compatible with up to 325 psi CT injections. The PASV ® Valve Technology design automatically resists backflow, reducing blood reflux that could lead to catheter-related complications.
- *Xcela Power Injectible PICC:* The Xcela Power Injectable PICC, with fundamental PICC requirements as its foundation, is also designed to deliver flow rates required for successful contrast-enhanced CTs. Advanced features such as large lumen diameters, reverse tapered catheter body and radiopacity are designed to augment catheter performance, from catheter placement to care and maintenance.
- *Xcela PICC Hybrid with PASV Valve Technology* **:** The Xcela Hybrid PICC has two valved lumens incorporating our proprietary PASV Valve Technology and a dedicated non-valved lumen for precise CVP monitoring.
- *Morpheus ® CT PICC and Morpheus ® CT PICC Insertion Kit:* Our insertion kit allows our Morpheus CT PICC to be inserted at a patient's bedside instead of in the hospital radiology suite. The kit was specifically designed for interventional radiologists, nurse practitioners, physician assistants and radiology technicians who perform placement of PICC lines. These PICC lines provide short or long-term peripheral access to the central venous system for intravenous therapy and blood sampling. These products are intended for use with CT injectors, allowing physicians to use the existing PICC for both medications and CT imaging, thus avoiding the need for an additional access site.
- *Morpheus ® Smart PICC:* The Morpheus Triple Lumen Smart PICC, the next evolution of our Morpheus CT PICC line, gives practitioners the increased flexibility to both administer medications and perform power injections of contrast media for CT imaging using one PICC line. The Morpheus Smart PICC features Smart Taper™ technology to improve blood flow and reduce the risk of thrombosis while reducing leakage around the insertion site.

Port Products

Ports are implantable devices utilized for the central venous administration of a variety of medical therapies and for blood sampling and diagnostic purposes. Central venous access facilitates a more systemic delivery of treatment agents, while mitigating certain harsh side effects of certain treatment protocols and eliminating the need for repeated access to peripheral veins. Depending upon needle gauge size and the port size, a port can be utilized for up to approximately 2,000 accesses once implanted in the body. Our ports are used primarily in systemic or regional short and long-term cancer treatment protocols that require frequent infusions of highly concentrated or toxic medications (such as chemotherapy agents, antibiotics or analgesics) and frequent blood samplings.

Our port products and accessories include:

- *Vortex ® :* Our Vortex port technology line of ports is a clear-flow port technology that, we believe, revolutionized port design. With its rounded chamber, the Vortex port is designed to have no sludge-harboring corners or dead spaces. This product line consists of the following titanium, plastic and dual-lumen offerings within its family of products: (i) Vortex VX; (ii) Vortex TR; (iii) Vortex LP; and (iv) Vortex MP.
- *SmartPort ®* : The Smart Port power-injectable port with Vortex technology offers the ability for a clinician to access a vein for both the delivery of medications or fluids and for administering power-injected contrast to perform a Computed Tomography (CT) scan. The ability to access a port for power-injected contrast studies eliminates the need for additional needle sticks in the patient's arm and wrist veins. Once implanted, repeated access to the bloodstream can be accomplished with greater ease and less discomfort. Our Smart Port is now available in mini and low-profiles to accommodate more patient anatomies.
- *Vaxcel ® Implantable Ports.* Vaxcel ® : Implantable Ports are available in a choice of port design: titanium or polysulfone port body material; silicone or polyurethane thin wall catheter construction. An option of Mini and Standard Port body designs provides the flexibility to match size to varying clinical requirements.
- *Xcela ® Power Injectible Ports. Our* Xcela ® : Power Injectable Ports offer choices in port size, design and material to best suit a wide variety of patient needs.
    - Plastic—Light weight for patient comfort and provides radiolucence for improved imaging.
    - Hybrid of Plastic and Titanium—Combines the light weight and radiolucence of plastic with the durability of titanium.
    - Standard Titanium—Offers a small footprint without compromising septum size for ease of access.
    - Low Profile Titanium—Offers the smallest footprint, providing increased patient comfort and options for placement.
    - Dual Lumen Plastic—Designed to deliver supportive therapies.
- *Vaxcel ®* Implantaable Ports with PASV ® Valve Technology: The Vaxcel ® Port with PASV ® Valve has shown demonstrated results in clinical and economic outcomes. Ports with PASV ® Valve Technology have shown significant reductions in inadequate blood draws and occlusion in clinical studies. The PASV ® Valve is a proximally located valve in the port body, designed to automatically close after infusion, disconnection or aspiration, and remain closed during normal pressure. An advantage of the PASV ® Valve Technology is a proximally located, direction-specific valve that is designed to resist backflow and maintain patency between uses.
- *LifeGuard ® :* The LifeGuard Safety Infusion Set and The LifeGuard Vision are used to infuse our ports and complement our port and vascular access catheters. The needles' low profile design is intended to allow clinicians to easily dress the site.

Dialysis Products

We market a complete line of dialysis products that provide short and long-term vascular access for dialysis patients. Dialysis, or cleaning of the blood, is necessary in conditions such as acute renal failure, chronic renal failure and end-stage renal disease (ESRD).

We currently offer a wide variety of dialysis catheters, including:

- *DuraMax ®* . The DuraMax catheter is a stepped-tip catheter designed to improve ease of use, dialysis efficiency and overall patient outcomes.
- *Schon ™* . The Schon chronic dialysis catheter is designed to be self-retaining, deliver high flow rates and provide patient comfort. The Schon catheter is for long-term use.
- *Evenmore ®* .. The Evenmore chronic dialysis catheter is a low-profile, end-hole catheter designed to provide very efficient dialysis. It was designed for long-term use with our proprietary Durathane ® shaft, which offers high resistance to chemicals used to clean the insertion site.
- *Vaxcel ® Plus.* The tapered Carbothane ® Material Catheter Extrusion of Vaxcel ® Plus Dialysis Catheter is an alcohol-resistant material designed to provide biocompatibility, durability, flexibility and ease of care. It is designed to facilitate placement, improve kink resistance and reduce the need for catheter manipulation and replacement.
- *Dura-Flow 2 ™* . The Dura-Flow 2 chronic dialysis catheter is designed to be durable, maximize flow rates and provide for easier care and site maintenance. The Dura-Flow chronic dialysis catheter is for long-term use.
- *SCHON XL ®* .. The SCHON XL acute dialysis catheter is designed to be kink resistant, deliver high flow rates, offer versatile positioning and provide patient comfort. SCHON XL is for short-term use.

Oncology / Surgery Products

Our Oncology/Surgery product offerings include our Microwave Ablation products, our Radiofrequency Ablation (RFA) and our NanoKnife product lines.

Microwave Ablation Products

The Acculis Microwave Tissue Ablation (MTA) System complements the full range of ablative technologies we offer. When configured for use with the Accu2i pMTA Applicators, it includes the Sulis VpMTA Generator, optional MTA Temperature Probes, Acculis Local Control Station (LCS) and Accu2i pMTA Applicators. Designed for physicians trained in image-guided ablation procedures, intraoperative ultrasound and/or CT guided needle placement, the system is used for thermal coagulation of soft tissue. By utilizing 2.45 Ghz of microwave energy, the Acculis MTA System can complete ablations up to 5 cm in six minutes with a single applicator. Applicators are available in 14 cm, 19 cm and 29 cm lengths, offering flexibility in selecting the appropriate length for the procedure. Additionally, an antenna transmits energy directly to the targeted tissue, eliminating the need for electrosurgical grounding pads, while the single, simple to place insertion applicator eliminates the need to deploy an active array.

Radiofrequency Ablation Products

Radiofrequency Ablation (RFA) products use radiofrequency energy to provide a minimally invasive approach to ablating solid cancerous or benign tumors. Our system delivers radiofrequency energy to raise the temperature of cells above 45-50°C, causing cellular death.

The physician inserts the disposable needle electrode device into the targeted body tissue, typically under ultrasound, computed tomography or magnetic resonance imaging guidance. Once the device is inserted, pushing on the handle of the device causes a group of curved wires to be deployed from the tip of the electrode. When the power is turned on, these wires deliver radiofrequency energy throughout the tumor. In addition, temperature sensors on the tips of the wires measure tissue temperature throughout the procedure.

During the procedure, our system automatically adjusts the amount of energy delivered in order to maintain the temperature necessary to ablate the targeted tissue. For a typical 5cm ablation using our StarBurst ® Xli-enhanced disposable device, the ablation process takes approximately ten minutes. When the ablation is complete, pulling back on the handle of the device causes the curved wire array to be retracted into the device so it can be removed from the body.

The RFA system consists of a radiofrequency generator and a family of disposable devices. We also market the Habib ® 4X ® resection device under a distribution agreement with EMcision Limited. In addition to the intra-operative (open surgery) device Habib 4X, AngioDynamics markets a minimally-invasive version of the Habib 4X device, a Laparoscopic 4X unit, which is used in minimally invasive laparoscopic surgery (MILS) procedures in surgical specialties such as: Hepato-Biliary, GI, Surgical Oncology, Transplant Surgery and Urology (Partial Nephrectomy Resections). It is clinically indicated to assist in coagulation of tissue during intraoperative and laparoscopic procedures.

The following is a list of our RFA products:

	Product Name	Description
Disposable Electrodes:	StarBurst ®	Creates a scalable 2-3cm ablation.
	StarBurst XL	Creates a scalable 3-5cm ablation.
	StarBurst Semi-Flex	Creates a scalable 3-5cm ablation and has a partially flexible shaft.
	StarBurst SDE	Creates a 2cm ablation, via a side-deployed array
	StarBurst MRI	Creates a 3-5 cm ablation and is compatible with MRI.
	StarBurst Xli-enhanced	Creates a scalable 4-7cm ablation. Requires an accessory infusion pump for irrigation of saline. Attached tubing standard.
	StarBurst Xli-enhanced Semi-Flex	Creates a scalable 4-7cm ablation. A portion of the shaft is flexible and can bend up to 90 degrees in all directions. Requires an accessory infusion pump for irrigation of saline. Attached tubing standard.
	StarBurst Talon: Straight	Creates a scalable 1-4cm ablation. Requires an accessory infusion pump for irrigation of saline.
	StarBurst Talon: Semi-Flex	Creates a scalable 1-4cm ablation. Requires an accessory infusion pump for irrigation of saline. A portion of the shaft is flexible and can bend up to 90 degrees in all directions.
Resection Device:	Habib ® 4X	Surgical resection device.
Generators:	Model 1500X RF Generator	250 Watt Capable Generator with Field-Software Upgradeability.

NanoKnife ® Ablation System Products

The NanoKnife ® Ablation System is for the surgical ablation of soft tissue. The NanoKnife Ablation System utilizes low energy direct current electrical pulses to permanently open pores in target cell membranes. These permanent pores or nano-scale defects in the cell membranes result in cell death. The treated tissue is then removed by the body's natural processes in a matter of weeks, mimicking natural cell death. Unlike other ablation technologies, NanoKnife Ablation System does not achieve tissue ablation using thermal energy.

The Nanoknife Ablation System consists of two major components: a Low Energy Direct Current, or LEDC Generator and needle-like electrode probes. Up to six (6) electrode probes can be placed into or around the targeted soft tissue. Once the probes are in place, the user enters the appropriate parameters for voltage, number of pulses, interval between pulses, and the pulse length into the generator user interface. The generator then delivers a series of short electric pulses between each electrode probe. The energy delivery is hyperechoic and can be monitored under real-time ultrasound.

All products discussed above have been cleared for sale in the United States by the FDA.

Research & Development

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. We recognize the importance of, and intend to continue to make investments in, research and development. For fiscal 2014, 2013 and 2012, our research and development ("R&D") expenditures were $27.5 million , $26.3 million and $20.5 million , respectively, and constituted 7.8% , 7.7% and 9.2% , respectively, of net sales.

Our R&D development teams work closely with our sales force to incorporate customer feedback into our development and design process. We believe that we have a reputation among interventional physicians as a strong partner for product development because of our tradition of close physician collaboration, dedicated market focus, responsiveness and execution capabilities for product development and commercialization.

Competition

We encounter significant competition across our product lines and in each market in which our products are sold. These markets are characterized by rapid change resulting from technological advances and scientific discoveries. We face competitors ranging from large manufacturers with multiple business lines to small manufacturers that offer a limited selection of products.

In addition, we compete with providers of other medical therapies, such as pharmaceutical companies, that may offer non-surgical therapies for conditions that currently, or in the future, may be treated using our products. Our primary device competitors include: Boston Scientific Corporation; Cook Medical; C.R. Bard; Medical Components, Inc., or Medcomp; Arrow International, a subsidiary of TeleFlex Medical; Smiths Medical, a subsidiary of Smiths Group plc; Vascular Solutions; Covidien subsidiaries (Kendall, VNUS, EV3); Merit Medical; Terumo Medical Corporation; Total Vein Systems and Biolitec.

Many of our competitors have substantially greater financial, technological, research and development, regulatory, marketing, sales and personnel resources than we do. Competitors may also have greater experience in developing products, obtaining regulatory approvals, and manufacturing and marketing such products. Additionally, competitors may obtain patent protection or regulatory approval or clearance, or achieve product commercialization before us, any of which could materially adversely affect us.

We believe that our products compete primarily on the basis of their quality, clinical outcomes, ease of use, reliability, physician familiarity and cost-effectiveness. In the current environment of managed care, which is characterized by economically motivated buyers, consolidation among health care providers, increased competition and declining reimbursement rates, we have been increasingly required to compete on the basis of price. We believe that our continued competitive success will depend upon our ability to develop or acquire scientifically advanced technology, apply our technology cost-effectively across product lines and markets, develop or acquire proprietary products, attract and retain skilled development personnel, obtain patent or other protection for our products, obtain required regulatory and reimbursement approvals, manufacture and successfully market our products either directly or through outside parties and maintain sufficient inventory to meet customer demand.

Sales and Marketing

We sell our broad line of quality devices in the United States through a direct sales force and internationally through a combination of direct sales and distributor relationships. We support our customers and sales organization with a marketing staff that includes product managers, customer service representatives and other marketing specialists. Our dedicated sales force, growing portfolio of products and acquisitions have contributed to our strong sales growth.

We focus our sales and marketing efforts on interventional radiologists, interventional cardiologists, vascular surgeons, urologists and interventional and surgical oncologists. There are more than 5,000 interventional radiologists, 5,000 interventional cardiologists, 2,000 vascular surgeons, 9,000 urologists and 2,000 interventional and surgical oncologists in the United States.

Backlog

Historically, we ship the majority of products within 48 hours of receipt of the orders, and accordingly our backlog is not significant.

Manufacturing

We manufacture certain proprietary components and products and assemble, inspect, test and package our finished products. By designing and manufacturing many of our products from raw materials, and assembling and testing our subassemblies and products, we believe that we are able to maintain better quality control, ensure compliance with applicable regulatory standards and our internal specifications, and limit outside access to our proprietary technology. We have custom-designed proprietary manufacturing and processing equipment and have developed proprietary enhancements for existing production machinery.

Raw materials and sub-assemblies used in the manufacture of our products are purchased from a large number of suppliers in diverse geographic locations. Changes in economic conditions and related risks in materials, particularly metals and plastic resins, can have a significant impact on access, availability and total cost of producing certain products. We may experience fluctuations in our margins if these costs cannot be effectively mitigated through or captured in the price of the products.

We own or lease four primary manufacturing properties providing capabilities which include manufacturing, service, engineering and research, distribution warehouses and offices. These facilities are registered with the FDA and have been certified to ISO 13485 standards, as well as the CMD/CAS Canadian Medical Device Regulations. ISO 13485 is a quality system standard that satisfies European Union regulatory requirements, thus allowing us to market and sell our products in European Union countries. If we were to lose this certification, we would no longer be able to sell our products in these countries until we made the necessary corrections to our operations or satisfactorily completed an alternate European Union approval route that did not rely on compliance with quality system standards. Our manufacturing facilities are subject to periodic inspections by regulatory authorities to ensure compliance with domestic and non-U.S. regulatory requirements. See "Government Regulation" section of this report for additional information. We believe that the properties are maintained in good operating condition and are suitable for their intended use. These sites are as follows:

Manufacturing Location	Approx. Sq. Ft.	Property Type
Glens Falls, NY	189,000	Owned
Queensbury, NY	129,000	Owned
Manchester, GA	60,000	Leased
Denmead, U.K.	7,500	Leased

Intellectual Property

Patents, trademarks and other proprietary rights are very important to our business. We also rely upon trade secrets, manufacturing know-how, technological innovations and licensing opportunities to maintain and improve our competitive position. We regularly monitor and review third-party proprietary rights, including patents and patent applications, as available, to aid in the development of our intellectual property strategy, avoid infringement of third-party proprietary rights, and identify licensing opportunities.

Most of our products are sold under the AngioDynamics trade name or trademark. Additionally, many are also sold under product trademarks and/or registered product trademarks owned by AngioDynamics, Inc., or an affiliate or subsidiary. Some products contain trademarks of companies other than AngioDynamics.

As of May 31, 2014, we owned or had exclusive licenses to 231 U.S. utility patents, 123 pending U.S. utility applications, and 117 foreign issued and pending utility patents. We also own 67 U.S. registered trademarks and 49 common law trademarks. We currently have 119 registered international trademarks and 15 pending international trademarks.

Notwithstanding the foregoing, patent positions of medical device companies, including our company, are uncertain and involve complex and evolving legal and factual questions. The coverage sought in a patent application can be denied or significantly reduced either before or after the patent is issued. Consequently, there can be no assurance that any of our pending patent applications will result in an issued patent. There is also no assurance that any existing or future patent will provide significant protection or commercial advantage, or whether any existing or future patent will be circumvented by a more basic patent, thus requiring us to obtain a license to produce and sell the product. Generally, patent applications can be maintained in secrecy for at least 18 months after their earliest priority date. In addition, publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we were the first to invent the subject matter covered by each of our pending U.S. patent applications or that we were the first to file non-U.S. patent applications for such subject matter.

If a third party files a patent application relating to an invention claimed in our patent application, we may be required to participate in an interference proceeding declared by the U.S. Patent and Trademark Office to determine who owns the patent. Such proceeding could involve substantial uncertainties and cost, even if the eventual outcome is favorable to us. There can be no assurance that our patents, if issued, would be upheld as valid in court.

Third parties may claim that our products infringe on their patents and other intellectual property rights. Some companies in the medical device industry have used intellectual property infringement litigation to gain a competitive advantage. If a competitor were to challenge our patents, licenses or other intellectual property rights, or assert that our products infringe its patent or other intellectual property rights, we could incur substantial litigation costs, be forced to make expensive changes to our product design, pay royalties or other fees to license rights in order to continue manufacturing and selling our products, or pay substantial damages. Third-party infringement claims, regardless of their outcome, would not only consume our financial resources but also divert our management's time and effort. Such claims could also cause our customers or potential customers to defer or limit their purchase or use of the affected products until resolution of the claim.

See Part I. Item 3 of this report for additional details on litigation regarding proprietary technology.

We rely on trade secret protection for certain unpatented aspects of our proprietary technology. There can be no assurance that others will not independently develop or otherwise acquire substantially equivalent proprietary information or techniques, that others will not gain access to our proprietary technology or disclose such technology, or that we can meaningfully protect our trade secrets. We have a policy of requiring key employees and consultants to execute confidentiality agreements upon the commencement of an employment or consulting relationship with us. Our confidentiality agreements also require our employees to assign to us all rights to any inventions made or conceived during their employment with us. We also generally require our consultants to assign to us any inventions made during the course of their engagement by us. There can be no assurance, however, that these agreements will provide meaningful protection or adequate remedies for us in the event of unauthorized use, transfer or disclosure of confidential information or inventions.

The laws of foreign countries generally do not protect our proprietary rights to the same extent as do the laws of the United States. In addition, we may experience more difficulty enforcing our proprietary rights in certain foreign jurisdictions.

Litigation

We operate in an industry characterized by extensive patent litigation. Patent litigation can result in significant damage awards and injunctions that could prevent the manufacture and sale of affected products or result in significant royalty payments in order to continue selling the products. While it is not possible to predict the outcome of patent litigation incidents to our business, we believe the costs associated with this type of litigation could have a material adverse impact on our consolidated results of operations, financial position, or cash flows. The medical device industry is also susceptible to significant product liability claims. These claims may be brought by individuals seeking relief on their own behalf or purporting to represent a class. In addition, product liability claims may be asserted against us in the future based on events we are not aware of at the present time. At any given time, we are involved in a number of product liability actions. For additional information, see both Part I. Item 3 of this report and Note N to the consolidated financial statements in this annual report on Form 10-K.

Government Regulation

The products we manufacture and market are subject to regulation by the FDA under the Federal Food, Drug, and Cosmetic Act, or FDCA, and, in some instances, state authorities and foreign governments.

United States FDA Regulation - Before a new medical device can be introduced into the market, a manufacturer generally must obtain marketing clearance or approval from the FDA through either a 510(k) submission (a premarket notification) or a premarket approval application, or PMA.

The 510(k) procedure is available only in particular circumstances. The 510(k) clearance procedure is available only if a manufacturer can establish that its device is “substantially equivalent” in intended use and in safety and effectiveness to a “predicate device,” which is a legally marketed device with 510(k) clearance in class I or II or grandfather status based upon commercial distribution on or before May 28, 1976. After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could require a PMA approval. The 510(k) clearance procedure generally takes from four to 12 months from the time of submission, but may take longer. In some cases, supporting clinical data may be required. The FDA may determine that a new or modified device is not substantially equivalent to a predicate device or may require that additional information, including clinical data, be submitted before a determination is made, either of which could significantly delay the introduction of new or modified device products. If a product does not satisfy the criteria of substantial equivalence, it is placed in class III and premarket approval is required prior to the introduction of that product into the market.

The PMA application procedure is more comprehensive than the 510(k) procedure and typically takes several years to complete. The PMA application must be supported by scientific evidence providing pre-clinical and clinical data relating to the safety and efficacy of the device and must include other information about the device and its components, design, manufacturing and labeling. The FDA will approve a PMA application only if a reasonable assurance that the device is safe and effective for its intended use can be provided. As part of the PMA application review, the FDA will inspect the manufacturer’s facilities for compliance with its Quality System Regulation, or QSR. As part of the PMA approval the FDA may place restrictions on the device, such as requiring additional patient follow-up for an indefinite period of time. If the FDA’s evaluation of the PMA application or the manufacturing facility is not favorable, the FDA may deny approval of the PMA application or issue a “not approvable” letter. The FDA may also require additional clinical trials, which can delay the PMA approval process by several years. After the PMA is approved, if significant changes are made to a device, its manufacturing or labeling, a PMA supplement containing additional information must be filed for prior FDA approval.

Historically, our products have been introduced into the market using the 510(k) procedure and we have never had to use the PMA procedure.

The FDA clearance and approval processes for a medical device are expensive, uncertain and lengthy. There can be no assurance that we will be able to obtain necessary regulatory clearances or approvals for any product on a timely basis or at all. Delays in receipt of or failure to receive such clearances or approvals, the loss of previously received clearances or approvals, or the failure to comply with existing or future regulatory requirements could have a material adverse effect on our business, financial condition and results of operations.

After a product is placed on the market, the product and its manufacturer are subject to pervasive and continuing regulation by the FDA. The FDA enforces these requirements by inspection and market surveillance. Our suppliers also may be subject to FDA inspection. We must therefore continue to spend time, money and effort to maintain compliance. Among other things, we must comply with the Medical Device Reporting regulation, which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur. We must also comply with the FDA's corrections and removal reporting regulation, which requires that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by a device or to remedy a violation of the FDCA that may present a risk to health. The labeling and promotion activities for devices are subject to scrutiny by the FDA and, in certain instances, by the Federal Trade Commission. The FDA actively enforces regulations prohibiting the marketing of devices for unapproved new uses.

The devices manufactured by us also are subject to the QSR, which imposes elaborate testing, control, documentation and other quality assurance procedures. Every phase of production, including raw materials, components and subassemblies, manufacturing, testing, quality control, labeling, tracing of consignees after distribution and follow-up and reporting of complaint information is governed by the FDA's QSR. Device manufacturers are required to register their facilities and list their products with the FDA and certain state agencies. The FDA periodically inspects manufacturing facilities and, if there are alleged violations, the operator of a facility must correct them or satisfactorily demonstrate the absence of the violations or face regulatory action.

We are subject to inspection and marketing surveillance by the FDA to determine our compliance with all regulatory requirements. Recently, the FDA has placed an increased emphasis on enforcement of the QSR and other postmarket regulatory requirements. Non-compliance with applicable FDA requirements can result in, among other things, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure of the FDA to grant marketing approvals, withdrawal of marketing approvals, a recommendation by the FDA to disallow us to enter into government contracts, and criminal prosecutions. The FDA also has the authority to request repair, replacement or refund of the cost of any device manufactured or distributed by us.

Other - We and our products are also subject to a variety of state and local laws in those jurisdictions where our products are or will be marketed, and federal, state and local laws relating to matters such as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. In addition, we are subject to various federal and state laws governing our relationships with the physicians and others who purchase or make referrals for our products. For instance, federal law prohibits payments of any form that are intended to induce a referral for any item payable under Medicare, Medicaid or any other federal healthcare program. Many states have similar laws. There can be no assurance that we will not be required to incur significant costs to comply with such laws and regulations now or in the future or that such laws or regulations will not have a material adverse effect upon our ability to do business.

International Regulation - Internationally, all of our current products are considered medical devices under applicable regulatory regimes, and we anticipate that this will be true for all of our future products. Sales of medical devices are subject to regulatory requirements in many countries. The regulatory review process may vary greatly from country to country. For example, the European Union has adopted numerous directives and standards relating to medical devices regulating their design, manufacture, clinical trials, labeling and adverse event reporting. Devices that comply with those requirements are entitled to bear a Conformité Européenne, or CE Mark, indicating that the device conforms to the essential requirements of the applicable directives and can be commercially distributed in countries that are members of the European Union.

In some cases, we rely on our international distributors to obtain regulatory approvals, complete product registrations, comply with clinical trial requirements and complete those steps that are customarily taken in the applicable jurisdictions.

International sales of medical devices manufactured in the United States that are not approved or cleared by the FDA for use in the United States, or are banned or deviate from lawful performance standards, are subject to FDA export requirements.

Before exporting such products to a foreign country, we must first comply with the FDA's regulatory procedures for exporting unapproved devices.

The process of obtaining approval to distribute medical products is costly and time-consuming in virtually all of the major markets where we sell medical devices. We cannot assure that any new medical devices we develop will be approved in a timely or cost-effective manner or approved at all. There can be no assurance that new laws or regulations regarding the release or sale of medical devices will not delay or prevent sale of our current or future products.

Third-Party Reimbursement

United States - Our products are used in medical procedures generally covered by government or private health plans.

In general, a third-party payor only covers a medical product or procedure when the plan administrator is satisfied that the product or procedure improves health outcomes, including quality of life or functional ability, in a safe and cost-effective manner. Even if a device has received clearance or approval for marketing by the FDA, there is no assurance that third-party payors will cover the cost of the device and related procedures.

In many instances, third-party payors use price schedules that do not vary to reflect the cost of the products and equipment used in performing those procedures. In other instances, payment or reimbursement is separately available for the products and equipment used, in addition to payment or reimbursement for the procedure itself. Even if coverage is available, third-party payors may place restrictions on the circumstances where they provide coverage or may offer reimbursement that is not sufficient to cover the cost of our products.

Third-party payors who cover the cost of medical products or equipment, in addition to allowing a general charge for the procedure, often maintain lists of exclusive suppliers or approved lists of products deemed to be cost-effective. Authorization from those third-party payors is required prior to using products that are not on these lists as a condition of reimbursement. If our products are not on the approved lists, healthcare providers must determine if the additional cost and effort required in obtaining prior authorization, and the uncertainty of actually obtaining coverage, is justified by any perceived clinical benefits from using our products.

Finally, the advent of contracted fixed rates per procedure has made it difficult to receive reimbursement for disposable products, even if the use of these products improves clinical outcomes. In addition, many third-party payors are moving to managed care systems in which providers contract to provide comprehensive healthcare for a fixed cost per person. Managed care providers often attempt to control the cost of healthcare by authorizing fewer elective surgical procedures. Under current prospective payment systems, such as the diagnosis related group system and the hospital out-patient prospective payment system, both of which are used by Medicare and in many managed care systems used by private third-party payors, the cost of our products will be incorporated into the overall cost of a procedure and not be separately reimbursed. As a result, we cannot be certain that hospital administrators and physicians will purchase our products, despite the clinical benefits and opportunity for cost savings that we believe can be derived from their use. If hospitals and physicians cannot obtain adequate reimbursement for our products or the procedures in which they are used, our business, financial condition, results of operations, and cash flows could suffer a material adverse impact.

International - Our success in international markets will depend largely upon the availability of reimbursement from the third-party payors through which healthcare providers are paid in those markets. Reimbursement and healthcare payment systems vary significantly by country. The main types of healthcare payment systems are government sponsored healthcare and private insurance. Reimbursement approval must be obtained individually in each country in which our products are marketed. Outside the United States, we generally rely on our distributors to obtain reimbursement approval in the countries in which they will sell our products. There can be no assurance that reimbursement approvals will be received.

Insurance

Our product liability insurance coverage is limited to a maximum of $10,000,000 per product liability claim and an aggregate policy limit of $10,000,000, subject to a self-insured retention of $500,000 per occurrence and $1,250,000 in the aggregate. The policy covers, subject to policy conditions and exclusions, claims of bodily injury and property damage from any product sold or manufactured by us.

There is no assurance that this level of coverage is adequate. We may not be able to sustain or maintain this level of coverage and cannot assure you that adequate insurance coverage will continue to be available on commercially reasonable terms, or at all. A successful product liability claim or other claim with respect to uninsured or underinsured liabilities could have a material adverse effect on our business.

Environmental

We are subject to federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain hazardous and potentially hazardous substances used in connection with our operations. Although we believe that we have complied with these laws and regulations in all material respects and, to date, have not been required to take any action to correct any noncompliance, there can be no assurance that we will not be required to incur significant costs to comply with environmental regulations in the future.

Employees

As of May 31, 2014, we had approximately 1,300 full time employees. None of our employees are represented by a labor union and we have never experienced a work stoppage.

Executive Officers of the Company

The following table sets forth certain information with respect to our executive officers.

Name	Age	Position
Joseph M. DeVivo	47	President and Chief Executive Officer
Mark T. Frost	51	Executive Vice President, Chief Financial Officer
John Soto	50	Executive Vice President, Chief Commercial Officer
Matthew Kapusta	42	Senior Vice President, Business Development
Mark Stephens	46	Senior Vice President, Administration
Stephen A. Trowbridge	40	Senior Vice President and General Counsel

Joseph M. DeVivo became our President and Chief Executive Officer in September 2011. Prior to joining AngioDynamics, Mr. DeVivo served as Global President of Smith & Nephew Orthopedics. Previously, Mr. DeVivo was CEO and President of RITA Medical Systems, serving in that capacity at the time AngioDynamics acquired RITA. Prior to RITA Medical Systems, Mr. DeVivo served as President, Chief Operating Officer and Director of Computer Motion Incorporation (CMI). Mr. DeVivo also previously served as Vice President and General Manager of a $350 million division of TYCO International's Healthcare Business, U.S. Surgical/Davis and Geck Sutures, where he was responsible for sales, marketing, research and development, and finance in its vascular business. During his nine-year tenure at U.S. Surgical, he held various management positions related to sales and marketing. Mr. DeVivo earned his Bachelor of Science degree in Business Administration from the E. Clairborne Robins School of Business at the University of Richmond.

Mark T. Frost became our Executive Vice President and Chief Financial Officer in November 2012. Prior to AngioDynamics, Mr. Frost most recently served as Chief Financial Officer and Senior Vice President of Administration of Albany Molecular Research Inc. (AMRI). He also served five years as vice president of finance at Smith & Nephew Endoscopy, a global medical device division of Smith & Nephew, before joining AMRI. Mr. Frost also spent 14 years with General Electric where he last served as Chief Financial Officer of Groupe Sovac Auto Financial Services based in Paris, France. He earned a Bachelor of Arts in International Relations/Economics, graduating Cum Laude with Honors in Economics, from Colgate University in Hamilton, N.Y.

John Soto joined AngioDynamics as Senior Vice President, Global Franchise, Peripheral Vascular in September 2012 and was appointed Chief Commercial Officer in December 2013. Most recently he was Senior Vice President of Smith & Nephew's Global Hip Franchise. Mr. Soto is the former Senior Vice President of Global Sales for AngioDynamics — a role that he took on after the Company's acquisition of RITA Medical Systems in 2007, where he had served as Executive Vice President of Global Sales and Vice President of International Operations. Prior to joining RITA, he gained leadership experience at Computer Motion, Tyco Healthcare and U.S. Surgical. Mr. Soto graduated from the British Royal Navy with a degree in electronic engineering and has a diploma in medical marketing from the University of California at Los Angeles, CA.

Matthew Kapusta joined AngioDynamics in November 2011 as Senior Vice President of Business Development. Most recently, Mr. Kapusta served as Vice President of Strategic Planning and Financial Analysis for Smith & Nephew Orthopaedics. Mr. Kapusta also spearheaded strategic and financial planning for Smith & Nephew's global Hips, Knees and Trauma franchises. Prior to Smith & Nephew, Mr. Kapusta was a Managing Director of Healthcare Investment Banking at Collins Stewart in New York City. He also previously served as Vice President of Healthcare Mergers and Acquisitions at Wells Fargo

Securities, and had similar roles at Robertson Stephens and PaineWebber. Mr. Kapusta earned a BBA in Finance, Accounting, from the University of Michigan and has an MBA in Finance, Business Management, from New York University.

Mark Stephens joined AngioDynamics in January 2013 as Senior Vice President, Administration. Prior to joining AngioDynamics, Mr. Stephens most recently led the global human resources organization for Smith and Nephew Orthopaedics. Before joining Smith and Nephew, Mr. Stephens held the position of Vice-President, Human Resources, at Ingersoll Rand Corporation and served as Director of talent management with the Robert Bosch Corporation. He holds a MBA in Human Resources from Murray State University and a BS, Business Administration with a concentration in Economics and finance from the University of Tennessee.

Stephen A. Trowbridge joined AngioDynamics as corporate counsel in June 2008, becoming our Vice President and General Counsel in June 2010 and Senior Vice President and General Counsel in August 2013. Prior to joining AngioDynamics, Mr. Trowbridge was corporate counsel for Philips Healthcare from November 2006 through June 2008, and corporate counsel for Intermagnetics General Corporation from April 2006 until its acquisition by Philips Healthcare in November 2006. Mr. Trowbridge began his career at Cadwalader, Wickersham & Taft LLP in New York City in September 2000. Mr. Trowbridge holds a BS in Science and Technology Studies from Rensselaer Polytechnic Institute, a Juris Doctor from the University of Pennsylvania Law School and an MBA from Duke University's Fuqua School of Business.

Item 1A. ***Risk Factors***

In addition to the other information contained in this annual report on Form 10-K, the following risk factors should be considered carefully in evaluating the Company's business. Our financial and operating results are subject to a number of factors, many of which are not within our control. These factors include those set forth below. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition or results of operations.

Although we expect that the acquisition of Navilyst will result in benefits to us, we may not realize those benefits because of integration difficulties.

We completed the acquisition of Navilyst in May 2012 and have been actively integrating the operations of Navilyst since that time. Completing this integration successfully or otherwise fully realizing any of the anticipated benefits of the acquisition of Navilyst, including anticipated cost savings and additional revenue opportunities, involves a number of challenges. Failure to fully meet these integration challenges could seriously harm our results of operations and the market price of our common stock may decline as a result.

Realizing the benefits of the acquisition will depend in part on the integration of information technology, operations, personnel and sales force. These integration activities are complex and time - consuming and we may encounter unexpected difficulties or incur unexpected costs as we complete the integration, including:

- our inability to achieve the cost savings and operating synergies anticipated in the acquisition, which would prevent us from achieving the positive earnings gains expected as a result of the acquisition;
- diversion of management attention from ongoing business concerns to integration matters;
- difficulties in consolidating and rationalizing information technology platforms and administrative infrastructures;
- complexities associated with managing the combined businesses and consolidating multiple physical locations where management may determine consolidation is desirable;
- difficulties in integrating personnel from different corporate cultures;
- challenges in demonstrating to our customers and to customers of Navilyst that the acquisition will not result in adverse changes in customer service standards or business focus; and
- possible cash flow interruption or loss of revenue as a result of change of ownership transitional matters.

We may not successfully complete the integrate of the operations of the businesses of Navilyst in a timely manner, and we may not realize the anticipated net reductions in costs and expenses and other benefits and synergies of the acquisition of Navilyst to the extent, or in the timeframe, anticipated. In addition to the integration risks discussed above, our ability to realize these net reductions in costs and expenses and other benefits and synergies could be adversely impacted by practical or legal constraints on our ability to combine operations.

If we are unable to manage our growth profitably, our business, financial results and stock price could suffer.

Our future financial results will depend in part on our ability to profitably manage our growth. Management will need to maintain existing customers and attract new customers, recruit, retain and effectively manage employees, as well as expand operations and integrate customer support and financial control systems. If integration - related expenses and capital expenditure requirements are greater than anticipated or if we are unable to manage our growth profitably, our financial results and the market price of our common stock may decline.

We have incurred significant indebtedness which imposes operating and financial restrictions on us which, together with our debt service obligations, could significantly limit our ability to execute our business strategy and increase the risk of default under our debt obligations.

We borrowed an aggregate of approximately $150 million (not including up to $50 million that is available under our revolving credit facility) in connection with the acquisition of Navilyst. The terms of our credit facilities require us to comply with certain financial maintenance covenants. In addition, the terms of our new indebtedness also include certain covenants restricting or limiting our ability to take certain actions.

These covenants may adversely affect our ability to finance future operations or limit our ability to pursue certain business opportunities or take certain corporate actions. The covenants may also restrict our flexibility in planning for changes in our business and the industry and make us more vulnerable to economic downturns and adverse developments.

Our ability to meet our cash requirements, including our debt service obligations, will be dependent upon our operating performance, which will be subject to general economic and competitive conditions and to financial, business and other factors

affecting our operations, many of which are or may be beyond our control. We cannot provide assurance that our business operations will generate sufficient cash flows from operations to fund these cash requirements and debt service obligations. If our operating results, cash flow or capital resources prove inadequate, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt and other obligations. If we are unable to service our debt, we could be forced to reduce or delay planned expansions and capital expenditures, sell assets, restructure or refinance our debt or seek additional equity capital, and we may be unable to take any of these actions on satisfactory terms or in a timely manner. Further, any of these actions may not be sufficient to allow us to service our debt obligations or may have an adverse impact on our business. Our debt agreements limit our ability to take certain of these actions. Our failure to generate sufficient operating cash flow to pay our debts or to successfully undertake any of these actions could have a material adverse effect on us.

In addition, the degree to which we are leveraged as a result of the indebtedness incurred in connection with the acquisition or otherwise could materially and adversely affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, could make us more vulnerable to general adverse economic, regulatory and industry conditions, could limit our flexibility in planning for, or reacting to, changes and opportunities in the markets in which we compete, could place us at a competitive disadvantage compared to our competitors that have less debt or could require us to dedicate a substantial portion of our cash flow to service our debt.

Certain of the benefits we expect from the acquisition of Navilyst, including the anticipated accretion, net reductions in costs and expenses and certain tax benefits, are based on projections and assumptions, which are uncertain and subject to change.

Certain of the benefits we expect from the acquisition of Navilyst, including accretion through fiscal year 2016, cost savings (net of identified incremental costs and excluding transaction and associated one-time costs) of approximately $10 to $15 million by fiscal year 2015 and annual cash tax savings of $11.5 million, or $0.32 per share, each year from fiscal year 2013 through 2023, are based on projections and assumptions that are uncertain and subject to change. These projections and assumptions are based on preliminary information, which may prove to be inaccurate. There can be no assurance that we will realize the accretion per diluted share, the net reductions in costs and expenses from the acquisition or the tax benefits to the extent, or in the time frame, we anticipate. The market price of our common stock may decline if the estimates are not realized or we do not achieve the perceived benefits of the acquisition as rapidly or to the extent anticipated. If we do not generate sufficient taxable income to utilize the acquired net operating loss, or NOL, carryforward before expiration, we will lose the benefit associated with the NOL's acquired in the Navilyst transaction as well as the substantial amounts of NOL's we owned prior to the Navilyst acquisition. There is the possibility that a future ownership change under Internal Revenue Code (or IRC) Section 382 could place a greater limitation on the use of the NOL, resulting in less NOL carryforward available for use.

Subject to certain limitations, the holders of the stock issued in connection with the Navilyst acquisition may sell our common stock, which could cause our stock price to decline.

The shares of our common stock issued following the completion of the acquisition of Navilyst were initially restricted, but the holders may sell the shares of our common stock under certain circumstances. At the closing of the Navilyst acquisition, we entered into a stockholders agreement with certain of the Navilyst stockholders, which granted them certain registration rights with respect to their shares of our common stock and imposed certain additional restrictions on their ability to transfer their shares of our common stock, including, among other things, a twelve month prohibition on the transfer of the shares of our common stock issued in connection with the acquisition of Navilyst (other than transfers to certain permitted transferees). The twelve month prohibition on the transfer of these shares expired on May 22, 2013 and in August 2013 we filed a Form S-3 registration statement with the SEC registering these shares for resale. The sale of a substantial number of our shares by such parties or our other stockholders within a short period of time could cause our stock price to decline, make it more difficult for us to raise funds through future offerings of our common stock or acquire other businesses using our common stock as consideration.

The presence of a significant stockholder may affect the ability of a third party to acquire control of us.

The former Navilyst stockholders, including investment funds affiliated with Avista Capital Partners, beneficially own approximately 27% of our outstanding common stock. Certain of the former Navilyst stockholders entered into a stockholders agreement at the closing of the acquisition that permits investment funds affiliated with Avista Capital Partners to appoint two directors to our Board of Directors until such time as, with respect to the first director, certain of the former Navilyst stockholders' beneficial ownership in us has been reduced below 20% of the then outstanding voting shares and, with respect to the second director, certain of the former Navilyst stockholders' beneficial ownership in us has been reduced below 10% of the then outstanding voting shares. Although these directors will not constitute a majority of the Board of Directors, they may

exercise influence over the decisions of the board. David Burgstahler and Sriram Venkataraman were appointed to our Board of Directors on May 22, 2012.

Having certain of the former Navilyst stockholders as our significant stockholders of us may have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from seeking to acquire, a majority of our outstanding common stock or control of our Board of Directors through a proxy solicitation. In that regard, these stockholders and their controlled affiliates are obligated pursuant to the stockholders agreement, in certain circumstances, not to transfer their shares of our common stock, in whole or in part, pursuant to any recapitalization, reclassification, consolidation, merger, share exchange or other business combination transaction involving us or pursuant to any tender, exchange or other similar offer for our common stock unless, in each case, the Board of Directors recommends such transaction or offer or fails to recommend that our stockholders reject such transaction or offer.

For the period from the date that is one year from the date of the stockholders agreement until the first date that certain of the former Navilyst stockholders no longer beneficially own at least ten percent (10%) of the voting securities outstanding at such time, the applicable former Navilyst stockholders agree to vote all voting securities then owned by them either, in the sole discretion of each stockholder, (1) in accordance with the recommendation of our Board or (2) in proportion to the votes cast with respect to the voting securities not owned by the applicable former Navilyst stockholders with respect to any business or proposal on which our stockholders are entitled to vote. If at any time following one (1) year from the date of the stockholders agreement, certain of the former Navilyst stockholders beneficially own less than fifteen percent (15%) of the voting securities then outstanding and there is no stockholder designee then serving on our Board pursuant to the stockholders agreement, the applicable former Navilyst stockholders may vote all voting securities then owned by them in their own discretion.

If we fail to develop or market new products and enhance existing products, we could lose market share to our competitors and our results of operations could suffer.

The market for interventional devices is characterized by rapid technological change, new product introductions, technological improvements, changes in physician requirements and evolving industry standards. To be successful, we must continue to develop and commercialize new products and to enhance versions of our existing products. Our products are technologically complex and require significant research, planning, design, development and testing before they may be marketed. This process generally takes at least 12 to 18 months from initial concept and may take up to several years. In addition, product life cycles are relatively short because medical device manufacturers continually develop smaller, more effective and less expensive versions of existing devices in response to physician demand.

Our success in developing and commercializing new and enhanced versions of our products is affected by our ability to:

- recruit engineers;
- timely and accurately identify new market trends;
- accurately assess customer needs;
- minimize the time and costs required to obtain regulatory clearance or approval;
- adopt competitive pricing;
- timely manufacture and deliver products;
- accurately predict and control costs associated with the development, manufacturing and support of our products; and
- anticipate and compete effectively with our competitors' efforts.

Market acceptance of our products depends in part on our ability to demonstrate that our products are cost-effective and easier to use, as well as offer technological advantages. Additionally, we may experience design, manufacturing, marketing or other difficulties that could delay or prevent our development, introduction or marketing of new products or new versions of our existing products. As a result of such difficulties and delays, our development expenses may increase and, as a consequence, our results of operations could suffer.

We face intense competition in the medical device industry. We may be unable to compete effectively with respect to technological innovation and price which may have an adverse effect on our revenues, financial condition or results of operations.

The markets for our products are highly competitive, and we expect competition to continue to intensify. We may not be able to compete effectively, and we may lose market share to our competitors. Our primary device competitors include: Boston Scientific Corporation; Cook Medical; C.R. Bard; Medical Components, Inc., or Medcomp; Arrow International, a subsidiary of TeleFlex Medical; Smiths Medical, a subsidiary of Smiths Group plc; Vascular Solutions; Covidien subsidiaries (Kendall, VNUS, EV3); Merit Medical; Terumo Medical Corporation; Total Vein Systems and Biolitec. Many of our competitors have substantially greater:

- financial and other resources to devote to product acquisitions, research and development, marketing and manufacturing;
- variety of products;
- technical capabilities;
- history of developing and introducing new products;
- patent portfolios that may present an obstacle to our conduct of business;
- name recognition; and
- distribution networks and in-house sales forces.

Our competitors may succeed in developing technologies and products earlier, in obtaining patent protection or regulatory clearance earlier, or in commercializing new products or technologies more rapidly than us. Our competitors may also develop products and technologies that are superior to those we are developing or that otherwise could render our products obsolete or noncompetitive. In addition, we may face competition from providers of other medical therapies, such as pharmaceutical companies, that may offer non-surgical therapies for conditions that are currently, or in the future, may be treated using our products. Our products are generally sold at higher prices than those of our competitors. However, in the current environment of managed care, which is characterized by economically motivated buyers, consolidation among healthcare providers, increased competition and declining reimbursement rates, we are increasingly being required to compete on the basis of price. If we are not able to compete effectively, our market share and revenues may decline.

Development and sales of our NanoKnife Ablation products are dependent on a number of factors beyond our control, and our inability to successfully complete our research and development, design and marketing strategy with respect to NanoKnife Ablation may adversely affect our business, financial condition and results of operations.

A significant aspect of our growth strategy is the continued development of our NanoKnife Ablation products. There can be no guarantee that we will be able to develop and manufacture additional next generation or updated NanoKnife Ablation products on commercially favorable terms, or at all. NanoKnife Ablation is a developing technology and the inability of NanoKnife Ablation to achieve clinical acceptance could severely limit the sales of NanoKnife Ablation products.

We currently have FDA 510(k) clearance to market NanoKnife Ablation products for soft tissue ablation. If we are not able to secure FDA approval to conduct investigational device exemption (IDE) trials or marketing approval for additional or more specific indications, through 510(k) clearance, pre-market approval or otherwise, our ability to market our NanoKnife Ablation products will be restricted which may have an adverse effect on our business, financial condition and results of operations.

We may be exposed to risks associated with acquisitions, including integration risks and risks associated with methods of financing and the impact of accounting treatment. Accordingly, completed acquisitions may not enhance our financial position or results of operations.

Part of our growth strategy is to acquire businesses and technologies that are complementary to ours. There is no assurance that acquisition opportunities will be available on acceptable terms, or at all, or that we will be able to obtain necessary financing or regulatory approvals. Any acquisitions that we do undertake would be accompanied by the risks commonly encountered in acquisitions, including the:

- potential disruption of our business while we evaluate opportunities, complete acquisitions and develop and implement new business strategies to take advantage of these opportunities;
- inability of our management to maximize our financial and strategic position by incorporating an acquired technology or business into our existing offerings;
- difficulty of maintaining uniform standards, controls, procedures and policies;
- difficulty of assimilating the operations and personnel of acquired businesses;
- potential loss of key employees of acquired businesses, and the impairment of relationships with employees and customers as a result of changes in management; and
- uncertainty as to the long-term success of any acquisitions we may make.

There is no assurance that any completed acquisition will be accretive to our margins or profits in the short term or in the long term. If we proceed with one or more significant acquisitions in which the consideration consists of cash, a substantial portion of our available cash could be used to consummate the acquisitions. If we consummate one or more acquisitions in which the consideration consists of capital stock, our stockholders could suffer significant dilution of their interest in us. In addition, we could incur or assume significant amounts of indebtedness in connection with acquisitions. Further, acquisitions could also result in significant goodwill and/or amortization charges for acquired businesses or technologies.

We may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions, and may experience business disruptions associated with restructuring, facility consolidations, realignment, and other cost reducing initiatives.

During the past year we have begun to implement our operational excellence initiatives which include a number of restructuring, realignment and cost reduction initiatives. While we have realized some efficiencies from these actions, we may not realize the benefits of these initiatives to the extent we anticipated. Further, such benefits may be realized later than expected, and the ongoing difficulties in implementing these measures may be greater than anticipated, which could cause us to incur additional costs or result in business disruptions. In addition, if these measures are not successful or sustainable, we may undertake additional realignment and cost reduction efforts, which could result in significant additional charges. Moreover, if our restructuring and realignment efforts prove ineffective, our ability to achieve our other strategic goals and business plans may be adversely affected

Our strategic initiatives, including acquisitions, may not produce the intended growth in revenue and operating income.

Our strategies include making significant investments to achieve revenue growth and margin improvement targets. During our fiscal year ended May 31, 2013, we completed the acquisition of Vortex Medical and certain assets of Microsulis Medical. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected.

If we fail to adequately protect our intellectual property rights, we may not be able to generate revenues from new or existing products and our business may suffer.

Our success depends in part on obtaining, maintaining and enforcing our patents, trademarks and other proprietary rights, and our ability to avoid infringing the proprietary rights of others. We take precautionary steps to protect our technological advantages and intellectual property. We rely upon patent, trade secret, copyright, know-how and trademark laws, as well as license agreements and contractual provisions, to establish our intellectual property rights and protect our products. However, no assurances can be made that any pending or future patent applications will result in the issuance of patents, that any current or future patents issued to, or licensed by, us will not be challenged or circumvented by our competitors, or that our patents will not be found invalid.

Additionally, we may not be able to effectively protect our rights in unpatented technology, trade secrets and confidential information. Although we require our new employees, consultants and corporate partners to execute invention disclosure and confidentiality agreements, these agreements may not provide effective protection of our information or, in the event of unauthorized use or disclosure, may not provide adequate remedies.

If we are not able to adequately protect our intellectual property, our market share, financial condition and results of operations may suffer.

If third parties claim that our products infringe their intellectual property rights, we may be forced to expend significant financial resources and management time defending against such actions and our financial condition and our results of operations could suffer.

Third parties may claim that our products infringe their patents and other intellectual property rights. Identifying third-party patent rights can be particularly difficult because, in general, patent applications can be maintained in secrecy for at least 18 months after their earliest priority date. Some companies in the medical device industry have used intellectual property infringement litigation to gain a competitive advantage. If a competitor were to challenge our patents, licenses or other intellectual property rights, or assert that our products infringe its patent or other intellectual property rights, we could incur substantial litigation costs, be forced to make expensive changes to our product design, pay royalties or other fees to license rights in order to continue manufacturing and selling our products, or pay substantial damages. Third-party infringement claims, regardless of their outcome, would not only consume our financial resources but also divert our management's time and effort. Such claims could also cause our customers or potential customers to purchase competitors' products or defer or limit their purchase or use of our affected products until resolution of the claim.

We are dependent on single and limited source suppliers which subjects our business and results of operations to risks of supplier business interruptions.

We currently purchase significant amounts of several key products and product components from single and limited source suppliers and anticipate that we will do so for future products as well. Any delays in delivery of or shortages in those or other products and components could interrupt and delay manufacturing of our products and result in the cancellation of orders for our products. Any or all of these suppliers could discontinue the manufacture or supply of these products and components at any time. Due to FDA and other business considerations, we may not be able to identify and integrate alternative sources of supply in a timely fashion or at all. Any transition to alternate suppliers may result in production delays and increased costs and may limit our ability to deliver products to our customers. Furthermore, if we are unable to identify alternative sources of supply, we would have to modify our products to use substitute components, which may cause delays in shipments, increased design and manufacturing costs and increased prices for our products.

Cost-containment efforts of group purchasing organizations could adversely affect our selling prices, financial position and results of operations.

Many of our existing and potential customers have become members of group purchasing organizations, or GPOs, and integrated delivery network, or IDNs, in an effort to reduce costs. GPOs and IDNs negotiate pricing arrangements with healthcare product manufacturers and distributors and offer the negotiated prices to affiliated hospitals and other members. GPOs and IDNs typically award contracts on a category-by-category basis through a competitive bidding process. Bids are generally solicited from multiple manufacturers with the intention of driving down pricing. Due to the highly competitive nature of the GPO and IDN contracting processes, we may not be able to obtain market prices for our products or obtain or maintain contract positions with major GPOs and IDNs, which could adversely impact our profitability.

Economic instability could continue to adversely affect the Company.

In recent years financial markets and the economies in the United States and internationally have been experiencing a period of upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. These conditions may continue and could worsen. As a result, the global economic environment may, among other things, create downward pressure on the pricing of our products, increase the sales cycle of certain products and slow the adoption of new technology, any of which could have an adverse effect on our business, financial position and results of operations.

Our industry is experiencing greater scrutiny and regulation by governmental authorities, which has led to certain costs and business distractions as we respond to inquiries and comply with new regulations, and may lead to greater governmental regulation in the future.

Our medical devices and our business activities are subject to rigorous regulation by the FDA and numerous other federal, state and foreign governmental authorities. These authorities and members of Congress have been increasing their scrutiny of our industry. In addition, certain states, including Massachusetts, have recently passed or are considering legislation restricting our interactions with health care providers and requiring disclosure of many payments to them. The federal government has recently introduced similar legislation, which may or may not preempt state laws. Recent Supreme Court case law has clarified that the FDA's authority over medical devices preempts state tort laws, but legislation has been introduced at the federal level to allow state intervention, which could lead to increased and inconsistent regulation at the state level. We anticipate that the government will continue to scrutinize our industry closely, and that additional regulation by governmental authorities may increase compliance costs, exposure to litigation and other adverse effects to our operations.

Our international sales and operations are subject to risks and uncertainties that vary by country and which could have a material adverse effect on our business and/or results of operations.

Sales outside the United States accounted for approximately 19% of our net sales during our fiscal year ended May 31, 2014. We anticipate that sales from international operations will continue to represent a significant portion of our total sales, and we intend to continue our expansion into emerging and/or faster-growing markets outside the United States. Our sales and profitability from our international operations are subject to risks and uncertainties that can vary by country, and include those related to political and economic conditions, foreign currency exchange rate fluctuations, changes in tax laws, regulatory and reimbursement programs and policies, and the protection of intellectual property rights. These risks and uncertainties could have a material adverse effect on our business and/or results of operations.

Consolidation in the healthcare industry could have an adverse effect on our revenues and results of operations.

Many healthcare industry companies, including medical device companies, are consolidating to create new companies with greater market power. As the healthcare industry consolidates, competition to provide goods and services to industry participants will become more intense. These industry participants may try to use their market power to negotiate price concessions or reductions for medical devices that incorporate components produced by us. If we are forced to reduce our prices because of consolidation in the healthcare industry, our revenues would decrease and our consolidated earnings, financial condition, or cash flow would suffer.

Healthcare policy changes, including recent laws to reform the U.S. healthcare system, may have a material adverse effect on our revenues, financial position and results of operations.

Healthcare costs have risen significantly over the past decade. There have been, and continue to be, proposals by legislators, regulators, and third-party payors to keep these costs down. Certain proposals, if passed, would impose limitations on the prices we will be able to charge for our products, or the amounts of reimbursement available for our products from governmental agencies or third-party payors. These limitations could have a material adverse effect on our financial position and results of operations.

In March 2010, the Patient Protection and Affordable Care Act (the "PPACA") was adopted and enacted into law. Effective January 1, 2014, most of the core pieces of the PPACA went into effect. There are many programs and requirements for which the details have not yet been fully established or consequences not fully understood, and it is unclear what the full impact of the legislation will be. The PPACA includes a provision that imposes a 2.3% excise tax on the sale of certain medical devices by a manufacturer, producer or importer of such devices in the United States starting after December 31, 2012. The PPACA also reduces Medicare and Medicaid payments to hospitals and clinical laboratories, which could reduce medical procedure volumes and impact the demand for our products or the prices at which we sell our products. While the PPACA is intended to expand health insurance coverage to uninsured persons in the United States, other elements of this legislation, the impact of any overall increase in access to healthcare on sales of our products remains uncertain. In addition, the costs of compliance with the PPACA's new reporting and disclosure requirements with regard to payments or other transfers of value made to healthcare providers may have a material, negative impact on our results of operations and our cash flows. Various healthcare reform proposals have also emerged at the state level. We cannot predict the exact effect newly enacted laws or any future legislation or regulation will have on us. However, the implementation of the PPACA, and new legislation and regulation may lower reimbursements for our products, reduce medical procedure volumes and adversely affect our business, possibly materially. In addition, the enacted excise tax may materially and adversely affect our operating expenses and results of operations.

If we do not maintain our reputation with interventional physicians, our growth will be limited and our business could be harmed.

Physicians typically influence the medical device purchasing decisions of the hospitals and other healthcare institutions in which they practice. Consequently, our reputation with interventional physicians is critical to our continued growth. We believe that we have built a positive reputation based on the quality of our products, our physician-driven product development efforts, our marketing and training efforts and our presence at medical society meetings. Any actual or perceived diminution in the quality of our products, or our failure or inability to maintain these other efforts, could damage our reputation with interventional physicians and cause our growth to be limited and our business to be harmed.

Our business could be harmed if we lose the services of our key personnel.

Our business depends upon our ability to attract and retain highly qualified personnel, including managerial, sales and technical personnel. We compete for key personnel with other companies, healthcare institutions, academic institutions, government entities and other organizations. We do not have written employment agreements with our executive officers, other than the CEO. Our ability to maintain and expand our business may be impaired if we are unable to retain our current key personnel or hire or retain other qualified personnel in the future.

Undetected defects may increase our costs and impair the market acceptance of our products.

Our products have occasionally contained, and may in the future contain, undetected defects. When these problems occur, we must divert the attention of our engineering personnel to address them. There is no assurance that we will not incur warranty or repair costs, be subject to liability claims for damages related to product defects, or experience manufacturing, shipping or other delays or interruptions as a result of these defects in the future. Our insurance policies may not provide sufficient

protection should a claim be asserted. In addition, the occurrence of defects may result in significant customer relations problems and injury to our reputation, and may impair market acceptance of our products.

If a product liability claim is brought against us or our product liability insurance coverage is inadequate, our business could be harmed.

The design, manufacture and marketing of the types of medical devices we sell entail an inherent risk of product liability. Our products are used by physicians to treat seriously ill patients. We are periodically subject to product liability claims, and patients or customers may in the future bring claims against us in a number of circumstances and for a number of reasons, including if our products were misused, if a component of our product fails, if their manufacture or design was flawed, if they produced unsatisfactory results or if the instructions for use and operating manuals and disclosure of product related risks for our products were found to be inadequate. In addition, individuals or groups seeking to represent a class may file suit against us. The outcome of litigation, particularly class action lawsuits, is difficult to assess or quantify. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, including not only actual damages, but also punitive damages. The magnitude of the potential losses relating to these lawsuits may remain unknown for substantial periods of time.

We carry a product liability policy with a limit of $10,000,000 per product liability claim and an aggregate policy limit of $10,000,000, subject to a self-insured retention of of $500,000 per occurrence and $1,250,000 in the aggregate. We believe, based on claims made against us in the past, our existing product liability insurance coverage is reasonably adequate to protect us from any liabilities we might incur. However, there is no assurance that this coverage will be sufficient to satisfy any claim made against us. In addition, we may not be able to continue to maintain adequate coverage at a reasonable cost and on reasonable terms, if at all. Any product liability claim brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing any coverage in the future. Additionally, if one or more product liability claims is brought against us for uninsured liabilities or is in excess of our insurance coverage, our financial condition and results of operations could be negatively impacted. Further, such claims may require us to recall some of our products, which could result in significant costs to us and could divert management’s attention from our business.

Changes in reimbursement levels by governmental or other third-party payors for procedures using our products may cause our revenues to decline.

Our products are purchased principally by hospitals or physicians which typically bill various third-party payors, such as governmental programs (e.g. Medicare, Medicaid and comparable foreign programs), private insurance plans and managed care plans, for the healthcare services provided to their patients. The ability of our customers to obtain appropriate reimbursement for products and services from third-party payors is critical to the success of medical device companies because it affects which products customers purchase and the prices they are willing to pay. Reimbursement varies by country and can significantly impact the acceptance of new technology. Implementation of healthcare reforms in the United States and in other countries may limit, reduce or eliminate reimbursement for our products and adversely affect both our pricing flexibility and the demand for our products. Even when we develop a promising new product, we may find limited demand for the product unless reimbursement approval is obtained from private and governmental third party payors.

Third-party payors have adopted, and are continuing to adopt, a number of healthcare policies intended to curb rising healthcare costs. These policies include:

- controls on government-funded reimbursement for healthcare services and price controls on medical products and services providers;
- challenges to the pricing of medical procedures or limits or prohibitions on reimbursement for specific devices and therapies through other means; and
- the introduction of managed care systems in which healthcare providers contract to provide comprehensive healthcare for a fixed cost per person.

We are unable to predict whether federal, state or local healthcare reform legislation or regulation affecting our business may be proposed or enacted in the future, or what effect any such legislation or regulation would have on our business. Changes in healthcare systems in the United States or elsewhere in a manner that significantly reduces reimbursement for procedures using our medical devices or denies coverage for these procedures, or adverse decisions relating to our products by administrators of these systems in coverage or reimbursement issues, would have an adverse impact on the acceptance of our products and the prices which our customers are willing to pay for them.

If we cannot obtain and maintain marketing clearance or approval from governmental agencies, we will not be able to sell our products.

Our products are medical devices that are subject to extensive regulation in the United States and in the foreign countries in which they are sold. Unless an exemption applies, each medical device that we wish to market in the United States must

receive either 510(k) clearance or premarket approval (PMA) from the U.S. Food and Drug Administration, or the FDA, before the product can be sold. Either process can be lengthy and expensive. The FDA's 510(k) clearance procedure, also known as "premarket notification," is the process we have used for our current products. This process usually takes from four to 12 months from the date the premarket notification is submitted to the FDA, but may take significantly longer. Although we have obtained 510(k) clearances for our current products, our clearances may be revoked by the FDA if safety or effectiveness problems develop with the devices. The PMA process is much more costly, lengthy and uncertain. It generally takes from one to three years from the date the application is submitted to, and filed with, the FDA, and may take even longer. Regulatory regimes in other countries similarly require approval or clearance prior to our marketing or selling products in those countries. We rely on our distributors to obtain regulatory clearances or approvals of our products outside of the United States. If we are unable to obtain additional clearances or approvals needed to market existing or new products in the United States or elsewhere or obtain these clearances or approvals in a timely fashion or at all, or if our existing clearances are revoked, our revenues and profitability may decline.

If we or some of our suppliers fail to comply with the FDA's Quality System Regulation, or QSR, and other applicable postmarket requirements, our manufacturing operations could be disrupted, our product sales and profitability could suffer, and we may be subject to a wide variety of FDA enforcement actions.

After a device is placed on the market, numerous regulatory requirements apply. We are subject to inspection and marketing surveillance by the FDA to determine our compliance with all regulatory requirements. Our failure to comply with applicable regulatory requirements could result in the FDA or a court instituting a wide variety of enforcement actions against us, including a public "Warning Letter"; an order to shut down some or all manufacturing operations; a recall of products; fines or civil penalties; seizure or detention of our products; refusing our requests for 510(k) clearance or a premarket approval, or PMA, of new or modified products; withdrawing 510(k) clearance or PMA approvals already granted to us; and criminal prosecution.

Our manufacturing processes and those of some of our suppliers must comply with the FDA's Quality System Regulation, or QSR, which governs the methods used in, and the facilities and controls used for, the
design, testing, manufacture, control, quality assurance, installation, servicing, labeling, packaging, storage and shipping of medical devices. The FDA enforces the QSR through unannounced inspections. If we, or one of our suppliers, fail a QSR inspection, or if a corrective action plan adopted by us or one of our suppliers is not sufficient, the FDA may bring an enforcement action, and our operations could be disrupted and our manufacturing delayed. We are also subject to the FDA's general prohibition against promoting our products for unapproved or "off-label" uses, the FDA's adverse event reporting requirements and the FDA's reporting requirements for field correction or product removals. The FDA has recently placed increased emphasis on its scrutiny of compliance with the QSR and these other postmarket requirements.

On May 27, 2011, we received a Warning Letter from the FDA in connection with its inspection of our Queensbury, NY manufacturing facility. In the Warning Letter, the FDA cited deficiencies in the response letter we provided to the FDA pertaining to the inspection that occurred from January 4 to January 13, 2011. The deficiencies related to our internal procedures for medical device reporting, corrections and removals and complaint handling. We responded to the Warning Letter and completed corrective and preventive actions to address the observations noted.

In December 2011, we initiated a comprehensive Quality Call to Action Program to review and augment our Quality Management Systems at our Queensbury, NY facility. To accelerate implementation of the program, we engaged a team of external regulatory and quality experts and reallocated a significant number of engineering and product development resources to support this corporate initiative. From inception of the Quality Call to Action Program through fiscal 2014, we incurred $3.2 million in direct costs associated with the program.

On February 10, 2012, we received from the FDA a Form 483, List of Investigational Observations, in connection with its inspection of our Queensbury, NY facility from November 14, 2011 to February 10, 2012. The Form 483 contained 12 observations related to, among other things, our CAPA (Corrective and Preventive Action) system, MDR (Medical Device Reporting), complaint investigation, corrections and removals, acceptance criteria and training. Some of the observations contained in the Form 483 were repeat observations from the May 27, 2011 Warning Letter described above.

On February 13, 2012, we received from the FDA a Form 483 in connection with its inspection of our Fremont facility from January 12, 2012 to February 13, 2012. The Form 483 contained six observations related to, among other things, our CAPA system, design controls, risk management and training. We provided responses to FDA within 15 business days of our receipt of the Form 483.

On September 24, 2012, we received from FDA a Form 483 in connection with its subsequent inspection of our Queensbury, NY facility from September 6 to September 14, and September 19 to September 24. This re-inspection followed

our response to the original Form 483 issued by FDA on February 13, 2012. The Form 483 contained five observations related to 510(k) decisions, complaint investigations, acceptance criteria, corrective and preventive actions and training. All but one of the observations in the Form 483 related to events that occurred before the date that we had indicated to FDA in our previous responses that our corrective and remediation activities related to our Quality Call to Action would be completed. We provided responses to FDA within 15 business days of our receipt of the Form 483.

On February 4, 2014, FDA completed a comprehensive follow-up inspection of our Queensbury facility. The inspection began on January 14, 2014 and resulted in FDA issuing a Form 483 containing one observation. The observation related to the inconsistency of certain complaint investigation elements in certain devices that have hardware and disposable components. The Form 483 observation was annotated to reflect that during the inspection we had corrected the issue, and this correction was verified by the inspector. In addition, we provided a response to FDA within 15 business days of our receipt of the Form 483. We believe that the results of this inspection validate that all of the Quality System and current Good Manufacturing Practice issues raised in the 483s described above have been fully addressed.

On March 31, 2014, FDA completed an inspection of our Glens Falls, NY facility. The inspection began on March 17, 2014 and resulted in FDA issuing a form 483 containing 3 observations. The observations were related to 1) inconsistency of a manufacturing product test process used among similar products, 2) a particular verification test of a product, and 3) non-conforming product control procedure. We responded to the FDA within 15 business days of the receipt of the Form 483.

During the fourth quarter of our fiscal year ended May 31, 2014, we received Certificate to Foreign Governments (CFGs) from the FDA covering all Vascular Access and Peripheral Vascular products manufactured in our Queensbury facility.

We will continue to work closely with FDA to resolve any outstanding issues. Unless the items raised in the previously disclosed Warning Letters and Form 483s are corrected to the FDA's satisfaction or we come to some other arrangement with the FDA finally resolving such matters, we may be subject to additional regulatory or legal action, including the issuance of warning letters, injunction, seizure or recall of products, imposition of fines or penalties or operating restrictions on our facilities. Such actions could significantly disrupt our ongoing business and operations and have a material adverse impact on our financial position and operating results.

If we, or one of our suppliers, violate the FDA's requirements or fail to take adequate corrective action in response to any significant compliance issue raised by the FDA, the FDA can take various enforcement actions which could cause our product sales and profitability to suffer.

In addition, most other countries require us and our suppliers to comply with manufacturing and quality assurance standards for medical devices that are similar to those in force in the United States before marketing and selling our products in those countries. If we, or our suppliers, should fail to do so, we would lose our ability to market and sell our products in those countries.

Even after receiving regulatory clearance or approval, our products may be subject to product recalls, which may harm our reputation and divert managerial and financial resources.

The FDA and similar governmental authorities in other countries have the authority to order mandatory recall of our products or order their removal from the market if there are material deficiencies or defects in design, manufacture, installation, servicing or labeling of the device, or if the governmental entity finds that our products would cause serious adverse health consequences. A government mandated voluntary recall or field action by us could occur as a result of component failures, manufacturing errors or design defects, including labeling defects. Any recall of our products may harm our reputation with customers and divert managerial and financial resources.

We may be subject to fines, penalties or injunctions if we are determined to be promoting the use of our products for unapproved or "off-label" uses.

If we are incorrect in our belief that our promotional materials and training methods regarding physicians are conducted in compliance with regulations of the FDA and other applicable regulations, and the FDA determines that our promotional materials or training constitutes promotion of an unapproved use, the FDA could request that we modify our training or promotional materials or subject us to regulatory enforcement actions, including the issuance of a warning letter, injunction, seizure, civil fine and criminal penalties.

On January 24, 2011, we received a Warning Letter from the FDA in connection with our marketing of the NanoKnife System. In the Warning Letter, the FDA states that certain statements we made, including those on our company website, promote the use of the NanoKnife System beyond its currently cleared indications. We responded to the FDA as necessary and intend to work closely with them to resolve any outstanding issues. While we believe we have been fully responsive to the

matters raised by the FDA in the Warning Letter, there can be no assurance that the FDA will be satisfied with our response. Therefore, we may be subject to additional regulatory action by the FDA, including the issuance of a warning letter, injunction, seizure or recall of products, imposition of fines or penalties and any such actions could significantly disrupt our business and operations and have a material adverse impact on our financial position and results of operations. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement.

Modifications to our current products may require new marketing clearances or approvals or require us to cease marketing or recall the modified products until such clearances or approvals are obtained.

Any modification to an FDA-cleared medical device that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, requires a new FDA 510(k) clearance or, possibly, a premarket approval. The FDA requires every manufacturer to make its own determination as to whether a modification requires a new 510(k) clearance or premarket approval, but the FDA may review and disagree with any decision reached by the manufacturer. We have modified aspects of some of our devices since receiving regulatory clearance. We believed that some of these modifications did not require new 510(k) clearance or premarket approval and, therefore, we did not seek new 510(k) clearances or premarket approvals. In the future, we may make additional modifications to our products after they have received FDA clearance or approval and, in appropriate circumstances, determine that new clearance or approval is unnecessary. Regulations in other countries in which we market or sell, or propose to market or sell, our products may also require that we make judgments about changes to our products and whether or not those changes are such that regulatory approval or clearance should be obtained. In the United States and elsewhere, regulatory authorities may disagree with our past or future decisions not to seek new clearance or approval and may require us to obtain clearance or approval for modifications to our products. If that were to occur for a previously cleared or approved product, we may be required to cease marketing or recall the modified device until we obtain the necessary clearance or approval. Under these circumstances, we may also be subject to significant regulatory fines or other penalties. If any of the foregoing were to occur, our financial condition and results of operations could be negatively impacted.

We are subject to healthcare fraud and abuse regulations that could result in significant liability, require us to change our business practices and restrict our operations in the future.

We are subject to various federal, state and local laws targeting fraud and abuse in the healthcare industry, including anti-kickback and false claims laws. Violations of these laws are punishable by criminal or civil sanctions, including substantial fines, imprisonment and exclusion from participation in healthcare programs such as Medicare and Medicaid and health programs outside the United States. These laws and regulations are wide ranging and subject to changing interpretation and application, which could restrict our sales or marketing practices. Furthermore, since many of our customers rely on reimbursement from Medicare, Medicaid and other governmental programs to cover a substantial portion of their expenditures, our exclusion from such programs as a result of a violation of these laws could have a material adverse effect on our business, results of operations, financial condition and cash flow.

If our employees or agents violate the U.S. Foreign Corrupt Practices Act or anti-bribery laws in other jurisdictions, we may incur fines or penalties, or experience other adverse consequences.

We are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery laws in international jurisdictions, including the UK Anti-Bribery Act, which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Because of the predominance of government-sponsored healthcare systems around the world, many of our customer relationships outside of the United States are with governmental entities and are therefore subject to such anti-bribery laws. Our sales to customers and distributors outside of the United States have been increasing and we expect them to continue to increase in the future. If our employees or agents violate the provisions of the FCPA or other anti-bribery laws, we may incur fines or penalties, we may be unable to market our products in other countries or we may experience other adverse consequences which could have a material adverse effect on our operating results or financial condition.

Failure to attract additional capital which we may require to expand our business could curtail our growth.

We may require additional capital to expand our business. If cash generated internally is insufficient to fund capital requirements, we will require additional debt or equity financing. In addition, we may require financing to fund any significant acquisitions we may seek to make. Needed financing may not be available or, if available, may not be available on terms satisfactory to us and may result in significant stockholder dilution. Covenants in our existing financing agreements may also restrict our ability to obtain additional debt financing. If we fail to obtain sufficient additional capital in the future, we could be

forced to curtail our growth strategy by reducing or delaying capital expenditures and acquisitions, selling assets, restructuring our operations or refinancing our indebtedness.

Any disaster at our manufacturing facilities could disrupt our ability to manufacture our products for a substantial amount of time, which could cause our revenues to decrease.

We conduct our manufacturing and assembly at facilities in Queensbury, New York, Glens Falls, New York, Manchester, Georgia, and Denmead, England. It would be difficult, expensive and time-consuming to transfer resources from one facility to the other, replace, or repair these facilities and our manufacturing equipment if they were significantly affected by a disaster. Additionally, we might be forced to rely on third-party manufacturers or to delay production of our products. Insurance for damage to our properties and the disruption of our business from disasters may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all. In addition, if one of our principal suppliers were to experience a similar disaster, uninsured loss or under-insured loss, we might not be able to obtain adequate alternative sources of supplies or products or could face significant delays and incur substantial expense in doing so. Any significant uninsured loss, prolonged or repeated disruption, or inability to operate experienced by us or any of our principal suppliers could cause significant harm to our business, financial condition and results of operations.

Our future operating results are difficult to predict and may vary significantly from quarter to quarter, which may adversely affect the price of our common stock.

The ongoing introduction of new products and services that affect our overall product mix make the prediction of future operating results difficult. You should not rely on our past revenue growth as any indication of future growth rates or operating results. The price of our common stock will likely fall in the event that our operating results do not meet the expectations of analysts and investors. Comparisons of our quarterly operating results are an unreliable indication of our future performance because they are likely to vary significantly based on many factors, including:

- the level of sales of our products and services in our markets;
- our ability to introduce new products or services and enhancements in a timely manner;
- the demand for and acceptance of our products and services;
- the success of our competition and the introduction of alternative products or services;
- our ability to command favorable pricing for our products and services;
- the growth of the market for our devices and services;
- the expansion and rate of success of our direct sales force in the United States and internationally and our independent distributors internationally;
- actions relating to ongoing FDA compliance;
- the effect of intellectual property disputes;
- the size and timing of orders from independent distributors or customers;
- the attraction and retention of key personnel, particularly in sales and marketing, regulatory, manufacturing and research and development;
- unanticipated delays or an inability to control costs;
- general economic conditions as well as those specific to our customers and markets; and
- seasonal fluctuations in revenue due to the elective nature of some procedures.

Our stock price may be volatile, which may cause the value of our stock to decline or subject us to a securities class action litigation.

The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

- general economic, industry and market conditions;
- actions by institutional or other large stockholders;
- the depth and liquidity of the market for our common stock;
- volume and timing of orders for our products;
- developments generally affecting medical device companies;
- the announcement of new products or product enhancements by us or our competitors;
- changes in earnings estimates or recommendations by securities analysts;
- investor perceptions of us and our business, including changes in market valuations of medical device companies;
- our results of operations and financial performance.

In addition, the stock market in general, and the NASDAQ Stock Market and the market for medical devices in particular, have experienced substantial price and volume volatility that is often seemingly unrelated to the operating performance of particular companies. These broad market fluctuations may cause the trading price of our common stock to decline. In the past,

securities class action litigation has often been brought against a company after a period of volatility in the market price of its common stock. We may become involved in this type of litigation in the future. Any securities litigation claims brought against us could result in substantial expense and the diversion of management's attention from our business.

Anti-takeover provisions in our organizational documents and Delaware law may discourage or prevent a change of control, even if an acquisition would be beneficial to our stockholders, which could cause our stock price to decline and prevent attempts by our stockholders to replace or remove our current management.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that may enable our management to resist a change in control. These provisions may discourage, delay or prevent a change in the ownership of our company or a change in our management. In addition, these provisions could limit the price that investors would be willing to pay in the future for shares of our common stock. Such provisions include:

- our board of directors is authorized, without prior stockholder approval, to create and issue "blank check" preferred stock, with rights senior to those of our common stock;
- our board of directors is classified so that not all members of our board of directors are elected at one time, which may make it more difficult for a person who acquires control of a majority of our outstanding voting stock to replace our directors;
- advance notice requirements for stockholders to nominate individuals to serve on our board of directors or for stockholders to submit proposals that can be acted upon at stockholder meetings;
- stockholder action by written consent is prohibited; and
- stockholders are not permitted to accumulate their votes for the election of directors.

We are also subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock.

These and other provisions in our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including delaying or impeding a merger, tender offer or proxy contest involving our company. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Our goodwill and intangible assets are subject to potential impairment.

A significant portion of our assets consists of goodwill and intangible assets, the carrying value of which may be reduced if we determine that those assets are impaired. At May 31, 2014, goodwill and intangible assets, net represented approximately $566 million, or approximately 71% of our total assets.

Most of our intangible assets have determinable useful lives and are amortized over their useful lives on either a straight-line basis or over the expected period of benefit or as revenues are earned from the sales of the related products. The underlying assumptions regarding the estimated useful lives of these intangible assets are reviewed annually and more often if an event or circumstance occurs making it likely that the carrying value of the assets may not be recoverable and are adjusted through accelerated amortization if necessary.

We review our single reporting unit for potential goodwill impairment in the third fiscal quarter of each year as part of our annual goodwill impairment testing, and more often if an event or circumstance occurs making it likely that impairment exists. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations. The annual goodwill impairment review performed in December 2013 indicated no goodwill impairments.

If actual results differ from the assumptions and estimates used in the goodwill and intangible asset calculations, we could incur future impairment or amortization charges, which could negatively impact our results of operations.

Item 1B. *Unresolved Staff Comments*

None

Item 2. ***Properties***

We own a manufacturing, administrative and warehouse facility of approximately 189,000 square feet in Glens Falls, New York acquired as part of the Navilyst transaction. We own a manufacturing, administrative, engineering and warehouse facility of approximately 129,000 square feet situated on 18 acres in Queensbury, New York. In July 2009, we entered into an agreement to lease, for a ten year period plus two five-year renewal options, a 52,500 square foot office building in Latham, New York to house our corporate headquarters and certain business operations. The lease commencement date was March 1, 2010. See Part II, Item 7 of this annual report, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," for a discussion of this lease.

We lease an engineering facility of approximately 31,000 square feet in Marlboro, Massachusetts acquired as part of the Navilyst transaction. We also lease additional properties including a manufacturing facility of approximately 60,000 square feet located in Manchester, Georgia which also includes office space, 1,800 square feet of office space in Walnut Creek, California, 7,800 square feet of sales and administrative offices in the Netherlands, 7,500 square feet of office and manufacturing in the United Kingdom and 1,600 square feet of sales office space in Hamburg, Germany. In addition, we have sales offices in Hong Kong, China; Toronto, Canada; and Sydney, Australia.

Item 3. ***Legal Proceedings***

AngioDynamics v. biolitec

On January 2, 2008, we commenced an action in the United States District Court for the Northern District of New York entitled AngioDynamics, Inc. v. biolitec, Inc. In this action, we are seeking judgment against biolitec for defense and indemnification in two lawsuits which we previously settled. Our claims arise out of a Supply and Distribution Agreement ("SDA") entered into with biolitec on April 1, 2002. On September 27, 2011, the U.S. District Court for the Northern District of New York granted key portions of our motion for summary judgment in our legal case against biolitec. The Court's order was filed under seal. The Court also dismissed biolitec's counterclaims against us. The court denied one portion of our summary judgment motion, which sought to recover additional costs from biolitec, leaving this for adjudication at trial. On November 8, 2012, the Court granted partial judgment to us in the amount of $23.2 million. Biolitec appealed this judgment. On August 23, 2013, the U.S. Court of Appeals for the Second Circuit dismissed biolitec's appeal.

In October 2009, we commenced an action in the United States District Court for the District of Massachusetts entitled AngioDynamics, Inc. v. biolitec AG and Wolfgang Neuberger. The Complaint in this action was amended in March 2010. This action seeks to recover against biolitec, Inc.'s parent entities and CEO for tortiously interfering with biolitec, Inc.'s contractual obligation to defend and indemnify us, and also seeks to pierce the corporate veil of biolitec, Inc. and to invalidate certain alleged fraudulent transfers in order to hold biolitec, Inc.'s parent entities jointly and severally liable for the alleged breach of the SDA. This case is currently in the discovery phase. On September 13, 2012, the Massachusetts Court granted our request for a preliminary injunction prohibiting the downstream merger of biolitec AG with its Austrian subsidiary. On April 1, 2013, the U.S. Court of Appeals for the First Circuit affirmed the preliminary injunction. On March 18, 2014, the District Court entered judgment in our favor against Biolitec AG, Biomed Technology Holdings, Ltd., and Wolfgang Neuberger, jointly and severally, in the amount of $74.9 million. The defendants have appealed this judgment, and the appeal has not yet been briefed.

On August 29, 2013, we become co-plaintiffs in an adversary proceeding in the Unites States Bankruptcy Court for the District of New Jersey entitled Cyganowski, Trustee, et al. v. Biolitec U.S., Inc., et al. In this action, we assert claims of conversion, unjust enrichment, tortious interference, and unfair competition against various biolitec entities for alleged violation of Bankruptcy Court settlement and sale orders under which we acquired certain assets of Biolitec, Inc. On September 3, 2013, we, along with our co-plaintiff, obtained a temporary restraining order against the defendants in this action. The restraining order is still in place, and the Bankruptcy court is seriously considering our request for permanent injunctive relief.

C.R. Bard, Inc. v. AngioDynamics, Inc.

On January 11, 2012, C.R. Bard, Inc. filed a suit in the United States District Court of Utah claiming certain of our implantable port products infringe on patents held by them. Bard is seeking unspecified damages and other relief. The Court denied Bard's motion for pre-trial consolidation with separate actions it filed on the same day against Medical Components, Inc. and Smiths Medical ASD, Inc., but has asked for supplemental briefing on the issue of whether to conduct a common Markman hearing. We filed petitions for reexamination in the U.S. Patent and Trademark Office (PTO) which seek to invalidate all three patents asserted in the litigation. Our petitions have been granted and 40 of 41 patent claims have been rejected. Bard has appealed all rejections to the USPTO Board of Appeals. The case has been stayed pending final resolution of the PTO

process. We believe these claims are without merit and intend to defend them vigorously. We have not recorded an expense related to the outcome of this litigation because it is not yet possible to determine if a potential loss is probable nor reasonably estimable.

We are party to other legal actions that arise in the ordinary course of 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 condition, results of operations, or cash flows.

Item 4 ***Mine Safety Disclosures***

Not applicable.

Part II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.***

Our common stock is traded on The Global Select Market tier of The NASDAQ Stock Market LLC (formerly the Nasdaq National Market), under the symbol "ANGO."

The following table sets forth, for the fiscal quarters indicated, the high and low sale prices for our common stock as reported by The NASDAQ Stock Market.

	Sale Price	
	High	**Low**
Year ended May 31, 2014		
Fourth Quarter	$ 17.10	$ 13.06
Third Quarter	$ 19.00	$ 14.87
Second Quarter	$ 16.20	$ 10.87
First Quarter	$ 12.63	$ 10.53

	Sale Price	
	High	**Low**
Year ended May 31, 2013		
Fourth Quarter	$ 12.62	$ 9.52
Third Quarter	$ 12.59	$ 10.27
Second Quarter	$ 12.91	$ 10.00
First Quarter	$ 12.55	$ 10.34

As of July 31, 2014, there were 273 record holders of our common stock.

Dividends

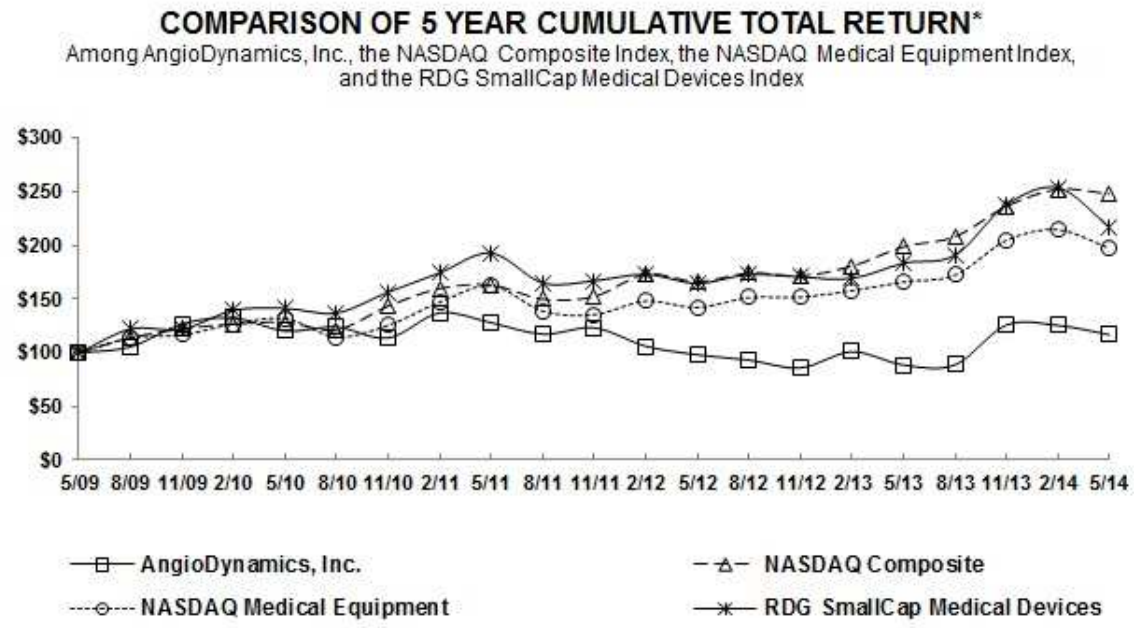
We did not declare any cash dividends on our common stock during our last two fiscal years. We do not anticipate paying any cash dividends on our common stock for the foreseeable future.

Share Repurchase Program

On October 5, 2011, our Board of Directors authorized the repurchase of up to $20 million of our common stock, prior to May 31, 2012. In fiscal 2012, we purchased 142,305 shares at a cost of approximately $2.1 million. This repurchase program was no longer in effect during fiscal 2013 or 2014.

Performance Graph

The graph below matches AngioDynamics, Inc.'s cumulative 5-year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index, the RDG SmallCap Medical Devices index, and the NASDAQ Medical Equipment index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 5/31/2009 to 5/31/2014. The stock price performance included in this graph is not necessarily indicative of future stock price performance.



* $100 invested on 5/31/09 in stock or index, including reinvestment of dividends.

Item 6. ***Selected Financial Data***

You should read the following selected financial data in conjunction with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this annual report on Form 10-K. The consolidated statements of operations data for the fiscal years ended May 31, 2014, May 31, 2013, and May 31, 2012, and the consolidated balance sheet data as of May 31, 2014 and May 31, 2013, are derived from the audited consolidated financial statements that are included elsewhere in this annual report on Form 10-K. The consolidated statements of operations data for the fiscal years ended May 31, 2011 and May 31, 2010, and the consolidated balance sheet data as of May 31, 2012, May 31, 2011 and May 31, 2010, are derived from our audited consolidated financial statements not included in this annual report on Form 10-K. Historical results are not necessarily indicative of the results of operations to be expected for future periods. See Note A of "Notes to Consolidated Financial Statements" for a description of the method that we used to compute our historical basic and diluted net income per share attributable to common stockholders.

	Year ended				
	(Amounts in thousands, except per share information)				
	May 31, 2014 (b)	May 31, 2013 (b)	May 31, 2012 (d) (e)	May 31, 2011 (c)	May 31, 2010
Consolidated Statements of Operations Data:					
Net sales	$ 354,455	$ 342,026	$ 221,787	$ 215,750	$ 216,035
Cost of sales	174,594	173,037	95,829	90,047	89,066
Gross profit	179,861	168,989	125,958	125,703	126,969
Operating expenses					
Research and development	27,510	26,319	20,511	21,373	19,275
Sales and marketing	83,200	76,121	64,505	58,123	60,923
General and administrative	26,035	26,127	18,334	17,828	16,437
Amortization of intangibles	16,797	16,345	9,406	9,234	9,463
Change in fair value of contingent consideration	(1,718)	1,583	—	—	—
Acquisition, restructuring and other items, net	10,760	13,800	16,164	7,182	—
Medical device excise tax	3,829	1,600	—	—	—
Total operating expenses	166,413	161,895	128,920	113,740	106,098
Operating income (loss)	13,448	7,094	(2,962)	11,963	20,871
Other (expenses) income					
Interest income	—	103	1,090	737	713
Interest expense	(3,656)	(5,271)	(508)	(499)	(672)
Other (expenses) income	(3,412)	(2,569)	(2,902)	(1,503)	(1,293)
Total other (expenses) income, net	(7,068)	(7,737)	(2,320)	(1,265)	(1,252)
Income (loss) before income tax provision	6,380	(643)	(5,282)	10,698	19,619
Income tax (benefit) provision	3,292	(31)	(188)	2,581	7,307
Net income (loss)	$ 3,088	$ (612)	$ (5,094)	$ 8,117	$ 12,312
Earnings (loss) per share					
Basic	$ 0.09	$ (0.02)	$ (0.20)	$ 0.33	$ 0.50
Diluted	$ 0.09	$ (0.02)	$ (0.20)	$ 0.32	$ 0.50
Weighted average number of shares used in per share calculation:					
Basic	35,135,689	34,817,279	25,382,293	24,870,005	24,580,483
Diluted	35,439,850	34,817,279	25,382,293	25,132,763	24,786,841

	As of				
	May 31, 2014	May 31, 2013	May 31, 2012	May 31, 2011	May 31, 2010
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities (a)	$ 17,914	$ 23,955	$ 40,078	$ 131,542	$ 100,074
Working capital	79,942	78,079	103,816	168,798	145,334
Total assets	800,150	791,584	721,769	437,421	423,925
Long-term debt	137,660	135,000	142,500	6,275	6,550
Retained earnings	32,651	29,563	30,175	35,269	27,152
Total stockholders' equity	537,894	526,830	523,520	405,639	391,349

(a) Cash, cash equivalents and marketable securities include auction-rate investments of $1.8 million at May 31, 2014, May 31, 2013, May 31, 2012, May 31, 2011 and May 31, 2010, and escrow receivable of $2.5 million at May 31, 2012.

(b) The fiscal 2014 and 2013 results included, in "Acquisition, restructuring and other items, net", $5.7 million and $7.6 million, respectively in transaction and related costs of the Navilyst and Mircrosulis acquisitions, $0.5 million and $2.5 million, respectively in costs associated with the closure of the Cambridge, UK facility, $2.3 million and $2 million, respectively in litigation costs and $1.6 million in impairment costs associated with the discontinuance of a product offering in 2013.

(c) The fiscal 2011 results included, in "Acquisition, restructuring and other items, net", $7.2 million of impairment charges related to our decision to not continue development of the Medron Lightport technology, the write down of Centros prepaid royalties (described in Note I to the Consolidated Financial Statements) for additional information due to lower than anticipated sales and executive transition costs.

(d) The fiscal 2012 results included, in "Acquisition, restructuring and other items, net", $11.2 million in cost related to the Navilyst acquisition, $2.3 million in CEO and executive transition costs, $1.8 million in costs associated with closing the UK facility, $604 thousand related to the Microsulis strategic partnership, $465 thousand in costs related to patent litigation, partially offset by $201 thousand from the sale of the Centros product line.

(e) In addition to the costs related to the Navilyst acquisition defined in the preceding note (e) above, our balance sheet as of May 31, 2012 was impacted by the acquisition which was financed through the issuance of approximately 9.5 million shares of our common stock, $150 million in debt financing and $97 million in cash. Additionally, at May 31, 2012, we had $2.5 million in escrow receivable and $2.4 million in net deferred financing costs, recorded as a component of other assets, on our balance sheet. See Note A to the Consolidated Financial Statements for additional details of assets acquired and liabilities assumed at the date of acquisition.

Item 7. *Management's Discussion and Analysis of Financial Conditions and Results of Operations*

The following information should be read together with the audited consolidated financial statements and the notes thereto and other information included elsewhere in this annual report on Form 10-K.

Forward-Looking Statements

This annual report on Form 10-K, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements regarding AngioDynamics' expected future financial position, results of operations, cash flows, business strategy, budgets, projected costs, capital expenditures, products, competitive positions, growth opportunities, acquisitions, plans and objectives of management for future operations, as well as statements that include the words such as "expects," "reaffirms," "intends," "anticipates," "plans," "believes," "seeks," "estimates," or variations of such words and similar expressions, are forward-looking statements. These forward looking statements are not guarantees of future performance and are subject to risks and uncertainties. Investors are cautioned that actual events or results may differ from our expectations. Factors that may affect the actual results include, without limitation, our ability to develop our existing and new products, future actions by the FDA or other regulatory agencies, results of pending or future clinical trials, the results of ongoing litigation, overall economic conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the loss of any of our key customers or reduction in the purchase of our products by an such customers, and our ability to integrate acquired businesses as well as the risk factors listed in Part I, Item 1A of this annual report on Form 10-K.

Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this annual report on Form 10-K will prove to be accurate. In light of the significant uncertainties inherent in the

forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. We disclaim any obligation to update the forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date stated, or if no date is stated, as of the date of this report.

Overview

The following table sets forth our aggregate net sales from the following product categories for our last three fiscal years ending May 31:

	2014		2013		2012	
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	Net Sales	% of Net Sales
Peripheral Vascular	$ 192,656	54%	$ 179,683	53%	$ 95,200	43%
Vascular Access	106,394	30%	106,690	31%	63,857	29%
Oncology/Surgery	49,360	14%	47,155	14%	62,730	28%
Supply Agreement	6,045	2%	8,498	2%	—	—%
Total	$ 354,455	100%	$ 342,026	100%	$ 221,787	100%

We sell our products in the United States through a direct sales force and outside the U.S. through a combination of direct sales and distributor relationships. For fiscal years 2014, 2013 and 2012, net sales outside the U.S. were 19% , 20% and 15% , respectively.

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. We recognize the importance of, and intend to continue to make investments in, research and development. For fiscal 2014, 2013 and 2012, our research and development (“R&D”) expenditures were $ 27.5 million , $ 26.3 million and $ 20.5 million , respectively, and constituted 7.8% , 7.7% and 9.2% , respectively, of net sales. R&D expenses include costs to develop new products, enhance existing products, validate new and enhanced products, manage clinical, regulatory and medical affairs and our intellectual property. (See page 9, Part I, Item 1 for additional information related to R&D.)

We are also seeking to grow through selective acquisitions of complementary businesses and technologies. In January 2007, we completed the acquisition of RITA Medical Systems, Inc., or RITA. The acquisition created a diversified medical technology company with a broad line of access, diagnostic and therapeutic products that enable interventional physicians and surgeons to treat vascular disease and cancerous tumors. In addition, in May 2008, we acquired the Nanoknife ablation system which is complementary to our diverse offering of local oncology therapies, including market-leading RFA systems and Habib Sealer resection devices. In June 2008, we completed the acquisition of certain U.S. and U.K. assets of Diomed, Inc. With this acquisition, we substantially strengthened our position in the market for the treatment of varicose veins. The combination of endovenous laser products with our existing venous product line provides us with a comprehensive venous product offering. In May 2012, we completed the acquisition of Navilyst, providing us with entry into the fluid management business with a market leading product line and significantly enhancing our presence in the vascular access market. In October 2012, we acquired all the outstanding capital stock of Vortex Medical, Inc., a privately-held company focused on the development and commercialization of medical devices for venous drainage and the removal of thrombus, or blood clots, from occluded blood vessels. In March 2012, we established a strategic relationship with, and in February 2013, we completed the acquisition of certain assets of, Microsulis Medical Ltd., a U.K. based company specializing in minimally-invasive microwave ablation technology.

Recent Developments

Operational Excellence Program - On December 5, 2013, we announced a company-wide operational excellence program designed to save between $15 and $18 million during the course of the next three years and expected to create greater efficiencies and drive business performance improvements. (See Note P of Notes to Consolidated Financial Statements for more information related to the restructuring.)

New Credit Agreement - On September 19, 2013, we entered into a Credit Agreement (the “Credit Agreement”) with the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National

Association as co-syndication agents, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers.

The Credit Agreement provides for a $100 million senior secured term loan facility ("Term Facility") and a $100 million senior secured revolving credit facility, which includes up to a $20 million sublimit for letters of credit and a $5 million sublimit for swingline loans (the "Revolving Facility", and together with the Term Facility, the "Facilities").

The proceeds of the Term Loan and a portion of the proceeds of the Revolving Facility were used to repay our Credit Agreement (the " Prior Credit Agreement") dated as of May 22, 2012, with the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National Association as co-syndication agents, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers.

The proceeds of the Revolving Facility may be used for general corporate purposes of AngioDynamics and its subsidiaries. The Facilities have a five year maturity. The Term Loan has a quarterly repayment schedule equal to 5%, 5%, 10%, 15% and 65% of its principal amount in years one through five, respectively. Interest on both the Term Loan and Revolver will be based on a base rate or Eurodollar rate plus an applicable margin which increases as our total leverage ratio increases, with the base rate and Eurodollar rate having ranges of 0.50% to 1.25% and 1.50% to 2.25% respectively. After default, the interest rate may be increased by 2.0%. The Revolver will also carry a commitment fee of 0.20% to 0.35% per annum on the unused portion.

Our obligations under the Facilities are unconditionally guaranteed, jointly and severally, by our material direct and indirect domestic subsidiaries (the "Guarantors"). All obligations of AngioDynamics and the Guarantors under the Facilities are secured by first priority security interests in substantially all of the assets of AngioDynamics and the Guarantors.

On September 19, 2013, we borrowed $100 million under the Term Facility and approximately $41.4 million under the Revolving Facility to repay the Prior Credit Agreement. As of May 31, 2014, $91.3 million and $46.4 million were outstanding under the Term Facility and Revolving Facility, respectively. The Credit Agreement includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including, among other things, two financial covenants. The first financial covenant requires us to maintain, as of the end of each of our fiscal quarters, a ratio of (i) consolidated EBITDA minus consolidated capital expenditures to (ii) consolidated interest expense paid or payable in cash plus scheduled principal payments in respect of indebtedness under the Credit Agreement of not less than 1.35 to 1.00. The second financial covenant requires us to maintain, as of the end of each of our fiscal quarters, a ratio of consolidated total indebtedness to consolidated EBITDA of not greater than 3.75 to 1.00. We were in compliance with both covenants as of May 31, 2014.

On September 19, 2013, we repaid all amounts owed under the Prior Credit Agreement, and as a result, the Existing Credit Agreement was terminated. Pursuant to the terms of the Prior Credit Agreement, we had the option to repay this facility at any time prior to the maturity date without penalty.

(See Note K of Notes to Consolidated Financial Statements for more information related to the Credit Agreement.)

Acquisition of Clinical Devices, B.V. - On August 15, 2013 we acquired all the outstanding shares of capital stock of Clinical Devices, B.V., our exclusive distributor of our fluid management products in the Netherlands. The acquisition includes certain in-process research and development for a next-generation tip location technology.

(See Note B of Notes to Consolidated Financial Statements for more information related to acquisitions.)

Acquisition of Microsulis Medical Ltd. - On March 22, 2012, we established a strategic relationship with Microsulis Medical Ltd. ("Microsulis"), a U.K.-based company specializing in minimally-invasive, microwave ablation technology for the coagulation of soft tissue.

The relationship included an initial $5 million investment in Microsulis through the purchase of senior preferred stock, representing a 14.3% ownership position, exclusive distribution rights to market and sell their microwave ablation systems in all markets outside the United States from May 2012 through December 2013, and an exclusive option to purchase at any time until September 22, 2013, substantially all of the global assets of Microsulis Medical, Ltd.

On February 1, 2013, we completed the acquisition of certain assets of Microsulis, which we have accounted for as a business combination, for cash payments at closing totaling $10.0 million, subject to a working capital adjustment, a $5.0

million payment due on December 31, 2013 and potential additional cash consideration payable upon performance over the next nine years. We also assumed $1.6 million of liabilities.

The total estimated purchase consideration of $33.6 million included the initial investment of $5.0 million, closing payments totaling $10.5 million, a $5.0 million payment due on December 31, 2013 and the estimated fair value of contingent consideration (Earn out) of $13.2 million. The estimated fair value of contingent consideration is based on projected net sales over the nine year period following the closing of the acquisition. The amount of the Earn out consideration that could be paid on net sales is not limited. (See Note A of Notes to Consolidated Financial Statements for information related to the contingent earn out liability.)

The estimated purchase consideration exceeded the fair value of the acquired net assets by $19.3 million and was recorded as goodwill. Goodwill is deductible for tax purposes. Core technologies are being amortized over their estimated useful lives ranging from 10 to 15 years. During the fiscal years ended May 31, 2014 and 2013, we incurred acquisition related costs of $0.3 million and $0.3 million, respectively, which were expensed to “Acquisition, restructuring and other items, net” in the consolidated statement of operations.

Acquisition of Vortex Medical Inc. - On October 15, 2012, we acquired all the outstanding capital stock of Vortex Medical, Inc., a privately-held company focused on the development and commercialization of medical devices for venous drainage and the removal of thrombus, or blood clots, from occluded blood vessels. Vortex’s principal product is the AngioVac ® system, which includes the AngioVac Cannula and Circuit. The AngioVac Cannula has a proprietary balloon-actuated, expandable, funnel-shaped distal tip that enhances flow, prevents clogging of the cannula and facilitates en bloc, or whole removal of undesirable intravascular material. Both the AngioVac Cannula and Circuit are FDA-cleared for use during extracorporeal bypass for up to six hours. CE Mark approval was received in December 2013.

The total estimated purchase consideration of $75.3 million included an upfront payment of $15.1 million and the estimated fair value of contingent (Earn out) consideration of $60.3 million, $40 million of which is guaranteed. The estimated fair value of contingent consideration is based on projected AngioVac net sales in the ten year period following the closing. The amount of the Earn out consideration that could be paid on AngioVac net sales is not limited. (See Note A of Notes to Consolidated Financial Statements for information related to the contingent earn out liability.)

The estimated purchase consideration exceeded the fair value of the acquired net assets by $29.5 million and was recorded as goodwill. Goodwill is not deductible for tax purposes. Core technologies are being amortized over their estimated useful lives of approximately 15 years as revenues are earned from the sales of related products. During the fiscal year ended May 31, 2013, we incurred acquisition related costs of $0.6 million, which were expensed to “Acquisition, restructuring and other items, net” in the consolidated statement of operations.

Acquisition of Navilyst - On May, 22, 2012, we completed the acquisition of privately-held Navilyst, a global medical device company with strengths in the vascular access, interventional radiology and interventional cardiology markets. The acquisition and related transaction costs were financed through the issuance of approximately 9.5 million shares of our common stock, $150 million in drawn acquisition debt financing and $97 million of cash. Based on the closing price of our stock of $12.44 on the day prior to the transaction, the purchase price was approximately $361 million.

The fiscal years ended May 31, 2013 and 2012, included $7.3 million and $11.2 million, respectively, in transaction and severance costs related to the Navilyst acquisition. These costs are included in “Acquisition, restructuring and other items, net” in the consolidated statement of operations. Investment funds affiliated with Avista Capital Partners, former owners of Navilyst, received approximately 9.5 million shares of our common stock and, as of May 31, 2014, held approximately 27% of our outstanding shares. Investment funds affiliated with Avista Capital Partners entered into a stockholders agreement with us as part of the transaction and also appointed two additional directors to our existing Board of Directors.

Goodwill recorded as a result of the acquisition was $144.7 million. Intangible assets acquired, other than goodwill, totaled approximately $107.1 million, of which $49.4 million has been identified as customer relationships (15-year weighted average useful life), $32.5 million of trademarks (of which $28.6 million has been determined to have an indefinite useful life and the remaining $3.9 million has a 7 year weighted average useful life), $15.1 million of in-process research and development (indefinite useful life until completed) and $10.1 million of technology (6-year weighted average useful life).

The IPR&D assets, which were accounted for as indefinite-lived assets at the time of acquisition, represent the development of a biomedical polymer additive for use in PICC and other vascular access product lines and a power injectable port which are valued at $12.1 million and $3.0 million, respectively. The biomedical polymer additive product recently received regulatory approval and the product was released in the United States in October 2012 and is being amortized over a 10 year useful life. The power injectable port is expected to be released in the United States in fiscal 2014, subject to regulatory

approvals. The fair value of these intangible assets was determined based upon the present value of expected future cash flows adjusted for the probability of technological and commercial risk, utilizing a risk-adjusted discount rate.

Discontinuance of Benephit Product Offering - During the third fiscal quarter of 2013, we made the decision to discontinue our Benephit product offering. Accordingly, we recorded $1.6 million of expenses during the year ended May 31, 2013. These costs are included in "Acquisition, restructuring and other items, net" in the consolidated statement of operations.

Closure of UK facility - During the first fiscal quarter of 2012, we made the decision to close our Cambridge, UK facility and transfer the production of lasers to our Queensbury, NY facility. We completed the transfer in January 2013. The total cost of this project was approximately $4.3 million. The consolidated statement of operations for the year ended May 31, 2013 included charges of $2.5 million for costs incurred associated with this closure and included $1.8 million for fiscal 2012. The charge is included in "Acquisition, restructuring and other items, net" in the consolidated statement of operations.

Critical Accounting Policies and Use of Estimates

Our significant accounting policies are summarized in Note A to Notes to Consolidated Financial Statements included elsewhere in this annual report on Form 10-K. 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 authoritative guidance on 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, net of sales taxes assessed by any governmental authority, as products are shipped, based on F.O.B. shipping point terms when title and risk of loss 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 customers may be 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 sales returns and doubtful accounts. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current creditworthiness, 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 are determined to be uncollectible. For fiscal years 2014, 2013 and 2012, our write offs of accounts receivable have been insignificant.

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 operations. If actual results differ from our estimates due to changes in assumptions, the provision for income taxes could be materially affected. As of May 31, 2014, our valuation allowance and net deferred tax asset were approximately $1.5 million and $13.2 million, respectively. We have a total of $164.9 million of Federal net operating loss carryforwards and $32.7 million of state net operating loss carryforwards ("NOL"). $161.5 million of our

Federal net operating loss was generated by acquired companies and are subject to Internal Revenue Code ("IRC") Section 382 limitations which are expected to significantly limit our ability to utilize these net operating losses on an annual basis. As a result of our IRC Section 382 analyses, it is estimated that approximately $26.1 million of remaining Federal net operating losses and $13.0 million of state net operating losses will expire prior to utilization. The gross deferred income tax asset ("DTA") related to the NOL reflects these limitations.

In order to ensure the realizability of our deferred tax assets, we need to generate $10.0 million of taxable income each year from 2015 to 2023 and $6.5 million per year until 2033. If we are unable to meet these minimum taxable levels, the deferred tax assets may still be utilized in future years if we can make up previous year taxable income shortfalls prior to the expiration of the net operating loss carryforwards. We have determined that we have sufficient existing levels of pre-tax earnings to generate sufficient taxable income to realize the net deferred tax assets recorded on our balance sheets.

In order to support the realizability of our net deferred tax asset, we projected our pre-tax income utilizing a combination of historical and projected results. Utilizing this projected pre-tax income, we have projected taxable income taking into consideration existing levels of permanent differences including stock option exercise deductions and non-deductible expenses and the reversal of significant temporary differences.

Our Federal net operating loss carryforwards as of May 31, 2014, after considering IRC Section 382 limitations, are $138.8 million. The expiration of the Federal net operating loss carryforwards are as follows: $30.7 million between 2017 and 2026 and $108.0 million between 2027 and 2033.

Our state net operating loss carryforwards as of May 31, 2014 after considering remaining IRC Section 382 limitations are $19.8 million which expire in various years from 2027 to 2033.

We file income tax returns in the U.S. Federal jurisdiction and various state and foreign jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world. The Internal Revenue Service ("IRS") completed an examination of our Federal income tax returns for fiscal years 2006 and 2007 in February 2009, which did not result in a material impact on our results of operations or financial position. During fiscal year 2012, New York State completed an examination of our New York State Franchise Tax returns for fiscal years 2005 to 2008. In relation to this examination, income tax expense in fiscal 2011 includes an out-of-period benefit of $300,000 to correct an error that originated in prior years related to certain state tax credits. Additionally, as a result of the audit, we were able to claim state tax credits of $210,000 that are recorded in fiscal year 2012. Fiscal years 2011 through 2013 remain open to examination by the various tax authorities. New York State is currently auditing Navilyst's franchise tax filings for 2009 through 2011, although we do not anticipate any material adjustments will result. We analyzed filing positions in all of the Federal and state jurisdictions where we are required to file income taxes, as well as all open tax years in these jurisdictions and believe that our income tax filing positions and deductions will be sustained on audit and we do not anticipate any adjustments will result in a material adverse effect on our financial condition, results of operations or cash flows.

We do not anticipate that the amount of unrecognized tax benefits will significantly change in the next twelve months.

Inventories

Inventories are stated at the lower of cost (at standard cost which approximates 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. Inventory acquired through a business acquisition is evaluated as part of purchase accounting and, where applicable, a step-up in basis may be recorded. Any applicable step-up is expensed through cost of goods sold.

Property, Plant and Equipment

We state property, plant and equipment at cost, less accumulated depreciation, and depreciate these assets 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 result in impairment and/or significantly affect depreciation expense on a prospective basis.

Goodwill and Intangible Assets

Intangible assets other than goodwill, indefinite lived intangible assets and IPR&D are amortized over their estimated useful lives, which range between three and twenty years, on either a straight-line basis over the expected period of benefit or as revenues are earned from the sales of the related products. We periodically review the estimated useful lives of our intangible assets and review such assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Our determination of impairment is based on estimates of future cash flows. If an intangible asset is considered to be impaired, the amount of the impairment will equal the excess of the carrying value over the fair value of the asset.

Acquired IPR&D is not amortized until completion and development of the project, at which time the IPR&D becomes an amortizable asset with an appropriate useful life and an amortization method is determined. If the related project is not completed in a timely manner or the project is terminated or abandoned, we may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value.

Our policy defines IPR&D as the value assigned to those projects for which the related products have not received regulatory approval and have no alternative future use. Determining the portion of the purchase price allocated to IPR&D requires us to make significant estimates. The amount of the purchase price allocated to IPR&D is determined by estimating the future cash flows of each project or technology and discounting the net cash flows back to their present values. The discount rate used is determined at the time of measurement in accordance with accepted valuation methods. These methodologies include consideration of the risk of the project not achieving commercial feasibility.

At the time of acquisition, we expect that all acquired IPR&D will reach technological feasibility, but there can be no assurance that the commercial viability of these products will actually be achieved. The nature of the efforts to develop the acquired technologies into commercially viable products consists principally of planning, designing, and conducting clinical trials necessary to obtain regulatory approvals. The risks associated with achieving commercialization include, but are not limited to, delay or failure to obtain regulatory approvals to conduct clinical trials, delay or failure to obtain required market clearances, or delays or issues with patent issuance, or validity and litigation. If commercial viability were not achieved, we would likely look to other alternatives to provide these therapies.

Goodwill and other intangible assets that have indefinite useful lives are not amortized, but rather, are tested for impairment annually or more frequently if impairment indicators arise. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. Goodwill and intangible assets have been recorded at either incurred or allocated cost. Allocated costs were based on respective fair market values at the date of acquisition. We have one intangible asset which has been assigned an indefinite life, the NAMIC trademark that was recently acquired as part of our acquisition of Navilyst, and is valued at $28.6 million.

For goodwill, the impairment test requires a comparison of the estimated fair value of the reporting unit to which the goodwill is assigned to the sum of the carrying value of the assets and liabilities of that unit. If the sum of the carrying value of the assets and liabilities of a reporting unit exceeds the fair value of the reporting unit, the carrying value of the reporting unit's goodwill is reduced to its implied fair value through an adjustment to the goodwill balance, resulting in an impairment charge. Our determination of impairment is based on estimates of future cash flows. Effective June 1, 2012, we consider our business to be a single operating segment entity – the development, manufacture and sale on a global basis of medical devices for vascular access, surgery, peripheral vascular disease and oncology.

Stock-based compensation

We recognize compensation expense for all share-based payment awards made to our employees and directors including employee stock options and employee stock purchases related to our Stock Purchase Plan based on estimated fair values. We recognize compensation expense for our stock awards on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

For fiscal 2014, stock based compensation was $5.4 million pre-tax ($3.4 million after tax). For fiscal 2013, stock based compensation was $4.6 million pre-tax ($3.0 million after tax). For fiscal 2013, stock based compensation was $4.1 million pre-tax ($2.7 million after tax).

Under the provisions of the guidance adopted, we expect to recognize the following future expense for awards granted prior to May 31, 2014 ($ in thousands):

	Unrecognized Compensation Cost	Weighted-Average Remaining Vesting Period (in years)
Stock options	$ 3,382	2.13
Non-vested stock awards	$ 5,625	2.37
	$ 9,007	2.28

Unrecognized compensation cost for stock options is presented net of 12% assumed annual forfeitures.

The amount of stock-based compensation recognized is based on the value of the portion of awards that are ultimately expected to vest. Guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered option. We currently expect, based on an analysis of our historical forfeitures, that approximately 88% of our options will vest annually, and we have therefore applied a 12% annual forfeiture rate in determining the stock-based compensation charge recorded. We will re-evaluate this estimate periodically and adjust the forfeiture rate on a prospective basis as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those shares that actually vest.

For the fiscal years ended May 31, 2014, 2013 and 2012, we used the Black-Scholes option-pricing model (“Black-Scholes”) as our method of valuation and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair value of share based payment awards on the date of the grant as determined by the Black-Scholes model is affected by our stock price as well as other assumptions. These assumptions include, but are not limited to the expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, and a risk-free interest rate. The risk-free interest rate is based on factual data derived from public sources. The expected stock-price volatility and option life assumptions require significant judgment which makes them critical accounting estimates.

We utilize our historical volatility when estimating expected stock price volatility. We use yield rates on U.S. Treasury securities for a period approximating the expected term of the award to estimate the risk-free interest rate. The expected term is based on our actual historical results. The dividend yield is based on the history and expectation of dividend payments. We have not paid dividends in the past nor do we expect to pay dividends in the foreseeable future.

Results of Operations

Our operating results for fiscal 2014, 2013 and 2012 are expressed as a percentage of total net sales in the following table.

	Years ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	49.3 %	50.6 %	43.2 %
Gross profit	50.7 %	49.4 %	56.8 %
Operating expenses		—	
Research and development	7.8 %	7.7 %	9.2 %
Sales and marketing	23.5 %	22.3 %	29.1 %
General and administrative	7.3 %	7.6 %	8.3 %
Amortization of intangibles	4.7 %	4.8 %	4.2 %
Change is fair value of contingent consideration	(0.5)%	0.5 %	— %
Acquisition, restructuring and other items, net	3.0 %	4.0 %	7.3 %
Medical device excise tax	1.1 %	0.5 %	— %
Total operating expenses	46.9 %	47.3 %	58.1 %
Operating income (loss)	3.8 %	2.1 %	(1.3)%
Other (expenses) income		—	
Interest income	— %	— %	0.5 %
Interest expense	(1.0)%	(1.5)%	(0.2)%
Other expense	(1.0)%	(0.8)%	(1.3)%
Total other (expenses) income, net	(2.0)%	(2.3)%	(1.0)%
(Loss) income before income tax provision	1.8 %	(0.2)%	(2.4)%
Income tax (benefit) provision	0.9 %	— %	(0.1)%
Net (loss) income	0.9 %	(0.2)%	(2.3)%

For the fiscal year ended May 31, 2014, we reported net income of $3.1 million, or $0.09 per basic and diluted common share, on net sales of $354.5 million compared to a fiscal 2013 net loss of $0.6 million, or ($0.02) loss per basic and diluted common share, on net sales of $342 million. Fiscal 2012 results reported a net loss of $5.1 million, or ($0.20) loss per diluted common share, on net sales of $221.8 million. Fiscal 2014 results included $6.1 million in acquisition costs, $2.2 million in litigation costs and $1.4 million in costs related to our NY plant consolidation program. Fiscal 2013 results included $7.6 million in acquisition costs, $2.5 million in costs associated with the closure of the Cambridge, UK facility, $1.6 million in impairment costs associated with a discontinuance of a product offering and $1.4 million in litigation costs.

Gross profit was 50.7% in fiscal 2014, 49.4% in fiscal 2013 and 56.8% in fiscal 2012. In fiscal 2014, gross margin was reduced by $0.2 million due to acquisition related inventory basis step-up. In fiscal 2013, gross margin was reduced by $3.8 million of acquisition related inventory basis step-up and approximately $0.9 million relating to our Quality Call to Action program.

For the years 2014 and 2013, we did not use net operating losses to offset the amount of cash paid for Federal and state income taxes. Under purchase accounting rules, the use of acquired NOLs is accounted for in deferred tax assets; therefore, the related cash tax savings is not reflected in our provision for income taxes in the statements of operations. For fiscal 2012 we were able to use net operating losses (“NOLs”) accumulated by acquired companies to offset the amount of cash we paid for Federal and state income taxes by approximately $1.1 million.

Fiscal years ended May 31, 2014 and May 31, 2013

Net sales. Net sales are derived from the sale of our products and related freight charges, less discounts and estimated sales returns and allowances. Net sales for fiscal 2014 of $354.5 million, increased 4% over fiscal 2013 sales of $342 million. This increase was primarily attributable to increased sales of EVLT procedure kits, sales of the recently introduced AngioVac

product and increased microwave product sales. These overall increases were partially offset by decreased sales of fluid management and RFA products as well as a decrease in products sold through our supply agreement.

From a product line perspective, Peripheral Vascular sales increased 7% to $192.7 million from the prior year period. This increase was primarily attributable to sales of EVLT procedure kits and sales of the recently introduced AngioVac product. Vascular Access sales were consistant at $106.4 million in fiscal 2014 as compared to $106.7 million in the prior year period. Oncology/Surgery sales were $49.4 million, an increase of 5% from the prior year and is primarily due to increased sales of our microwave and NanoKnife products, partially offset by a decline in the radiofrequency ablation products.

From a geographic perspective, U.S. sales increased 5% to $280.1 million in fiscal 2014 compared to $266.3 million in fiscal 2013, again attributable to EVLT and AngioVac performance. International sales increased 2% to $68.2 million in fiscal 2014 primarily due to increased sales of PICCs, microwave and NanoKnife products, partially offset by radiofrequency ablation declines.

Gross profit. Gross profit consists of net sales less the cost of goods sold, which includes the costs of materials, products purchased from third parties and sold by us, manufacturing personnel, royalties, freight, business insurance, depreciation of property and equipment and other manufacturing overhead. Our gross profit as a percentage of sales was 50.7% in fiscal 2014 compared with 49.4% in fiscal 2013. The increase in gross profit percentage in fiscal 2014 was primarily attributable to $3.8 million in step-up basis amortization related to Navilyst inventory acquired in the prior year, as well as growth in higher margin products such as AngioVac.

Research and development expenses. Research and development ("R&D") expenses include costs to develop new products, enhance existing products, validate new and enhanced products, manage clinical, regulatory and medical affairs and our intellectual property. R&D expenses increased by $1.2 million, or 5%, to $27.5 million in fiscal 2014 compared to the prior year. The increase is primarily due to increased R&D spending on clinical trials and other new product development. As a percentage of net sales, R&D expenses were 7.8% for fiscal 2014, compared to 7.7% for fiscal 2013.

Sales and marketing expenses. Sales and marketing ("S&M") expenses consist primarily of salaries, commissions, travel and related business expenses, attendance at medical society meetings, product promotions and samples. S&M expenses increased $7.1 million or 9% to $83.2 million in fiscal 2014 compared to $76.1 million in fiscal 2013. This increase is primarily due to investments made during fiscal 2013 in the US and International sales forces to drive improved sales performance. In addition, the geographic mix of sales created higher commission expense as compared to the prior year period. As a percentage of net sales, S&M expenses were 23.5% for fiscal 2014 compared to 22.3% for fiscal 2013.

General and administrative expenses . General and administrative ("G&A") expenses includes the cost of executive management, finance, accounting, legal, human resources and information technology and the administrative and professional costs associated with those activities. G&A expenses decreased by approximately $0.1 million when compared to fiscal 2013. G&A expenses decreased to 7.3% of net sales in fiscal 2014 when compared to 7.6% of net sales in fiscal 2013.

Amortization of intangibles. Amortization of intangibles was $16.8 million in fiscal 2014 compared to $16.3 million in fiscal 2013. The $0.5 million increase was primarily related to amortization of intangibles acquired in the Vortex and Microsulis acquisitions. As a percentage of net sales, amortization decreased to 4.7% from 4.8% .

Change in fair value of contingent consideration. The fiscal 2014 results include a net benefit of $1.7 million as a result of a $5 million gain upon revaluation of the Vortex contingent consideration based on a revised sales forecast. This gain was partially offset by changes in fair value of the contingent consideration associated with Microsulis and Clinical Devices. Fiscal 2013 included expenses of $1.6 million related to the change in fair value of the contingent consideration associated with the Vortex and Microsulis acquisitions.

Acquisition, restructuring and other items, net. Acquisition, restructuring and other items, net totaled $10.8 million for fiscal 2014 and primarily consisted of $6.1 million in acquisition costs, $2.2 million in litigation costs and $1.4 million in costs related to our NY plant consolidation program. Fiscal 2013 acquisition, restructuring and other items totaled $13.8 million and primarily includes $7.6 million in transaction and related costs of the Navilyst and Microsulis acquisitions, $2.5 million in costs associated with the closure of the Cambridge, UK facility, $1.6 million in impairment costs associated with a discontinuance of a product offering and $1.4 million in litigation costs.

Medical device excise tax. Fiscal 2014 and 2013 included $3.8 million and $1.6 million of expense attributed to the Medical Device Excise Tax enacted into law effective January 1, 2013.

Operating income. We reported operating income of $13.4 million for fiscal 2014 compared to operating income of $7.1 million for fiscal 2013. As a percentage of sales, operating income increased to 3.8% from 2.1% .

Other expenses. Other expenses for fiscal 2014 totaled $7.1 million, or 2% of net sales compared to fiscal 2013 results of $7.7 million, or 2.3% of net sales. The decrease is due to a reduction in interest expense as a result of our recent debt refinancing but was offset by increases in other expenses.

Income tax provision (benefit) . Our effective tax rate was 52% for fiscal 2014 compared with 5% for the prior year. The current year rate reflects the benefit of the $5.0 million nontaxable adjustment to the contingent liability related to Vortex Medical, Inc., offset by the impact of a New York State tax law change that resulted in a $1.2 million net write off of tax assets, non-deductible interest expense related to contingent payments, decreased non-US income, a seven month benefit from the R&D tax credit that expired on December 31, 2013, true ups of our fiscal year 2013 US income tax returns and the impact of the elimination of the ASC 718 APIC pool. Our ASC 718 APIC pool, which has been historically reduced when share-based compensation cost previously recognized by us was greater than the deduction allowed for income tax purposes based on the price of our common stock on the date of exercise or vesting, is fully depleted. This depletion resulted in a discrete tax expense in fiscal 2014. The prior year rate reflects the impact of non-deductible costs related to the acquisition of Vortex, non-deductible interest expense related to contingent payments, the utilization of fully reserved capital losses, increased non-US income, the retroactive renewal of the previously expired R&D tax credit, the elimination of the Domestic Production Activities Deduction caused by reduced taxable income and the larger impact of non-deductible expenses also caused by the reduced taxable income in fiscal 2013.

During the fiscal third quarter of 2013, The American Taxpayer Relief Act of 2012 was enacted and retroactively extended the research credit from January 1, 2012 to December 31, 2013. This legislation led to a prior period tax benefit in fiscal 2013 of $73,000 for the research credit generated from January 1, 2012 to May 31, 2012. This credit has not been renewed since the December 31, 2013 expiration.

Net income (loss) . For fiscal 2014, we reported net income of $3.1 million compared to a net loss of $0.6 million in the prior year.

Fiscal years ended May 31, 2013 and May 31, 2012

Net sales. Net sales are derived from the sale of our products and related freight charges, less discounts and estimated sales returns and allowances. Net sales for fiscal 2013 of $342.0 million, increased 54% over fiscal 2012 sales of $221.8 million. This increase was primarily attributable to sales of products acquired in the Navilyst acquisition and microwave products, partially offset by the absence of LC Beads sales following the end of distribution rights on December 31, 2011. LC Bead sales were $21.3 million during fiscal 2012.

From a product line perspective, Peripheral Vascular sales increased $93.0 million or 98% from the prior year period to $188.2 million. This increase was primarily attributable to sales of Navilyst fluid management products. Vascular Access sales were $106.7 million, an increase of $42.8 million or 67% from the prior year period. This increase is attributable to sales of Navilyst PICCs and port products. Oncology/Surgery sales were $47.2 million, a decrease of 25% from the prior year. The decrease was primarily attributed to the decrease in LC Beads sales described earlier, partially offset by increased Nanoknife and Microwave product sales. Nanoknife sales totaled $12.8 million in fiscal 2013 and $11.6 million in fiscal 2012.

From a geographic perspective, U.S. sales increased 46% to $274.8 million in fiscal 2013 compared to $188.2 million in fiscal 2012, despite the cessation of the distribution of LC Beads in December 2011. The addition of product revenue from the Navilyst acquisition was the primary driver of the increase. International sales were $ 67.2 million in fiscal 2013, double the $33.6 million of reported sales in fiscal 2012. Products acquired in the Navilyst acquisition were responsible for the majority of the increase along with Microwave product sales.

Gross profit. Gross profit consists of net sales less the cost of goods sold, which includes the costs of materials, products purchased from third parties and sold by us, manufacturing personnel, royalties, freight, business insurance, depreciation of property and equipment and other manufacturing overhead. Our gross profit as a percentage of sales was 49.4% in fiscal 2013 compared with 56.8% in fiscal 2012. The decrease in gross profit percentage in fiscal 2013 was primarily attributable to $3.8 million in costs for step-up in inventory associated with the Navilyst acquisition and a full year inclusions of the Navilyst products which yield lower gross profit.

Research and development expenses. Research and development (“R&D”) expenses include costs to develop new products, enhance existing products, validate new and enhanced products, manage clinical, regulatory and medical affairs and our intellectual property. R&D expenses increased by $5.8 million, or 28%, to $26.3 million in fiscal 2013 compared to the prior year. The increase is primarily due to increased R&D personnel and projects following the Navilyst acquisition. As a percentage of net sales, R&D expenses were 7.7% for fiscal 2013, compared to 9.2% for fiscal 2012.

Sales and marketing expenses. Sales and marketing ("S&M") expenses consist primarily of salaries, commissions, travel and related business expenses, attendance at medical society meetings, product promotions and samples. S&M expenses increased $11.6 million or 18% to $76.1 million in fiscal 2013 compared to $64.5 million in fiscal 2012. This increase is primarily due to the addition of Navilyst sales and marketing personnel and increased International sales expenses as we continue to expand our International business. As a percentage of net sales, S&M expenses were 22.3% for fiscal 2013 compared to 29.1% for fiscal 2012.

General and administrative expenses . General and administrative ("G&A") expenses includes the cost of executive management, finance, accounting, legal, human resources and information technology and the administrative and professional costs associated with those activities. G&A expenses increased $7.8 million, or 43%, to $26.1 million in fiscal 2013 compared to $18.3 million in fiscal 2012 primarily due to the addition of Navilyst personnel. G&A expenses decreased to 7.6% of net sales in fiscal 2013 compared to 8.3% of net sales in fiscal 2012.

Amortization of intangibles. Amortization of intangibles was $16.3 million in fiscal 2013 compared to $9.4 million in fiscal 2012. The $6.9 million increase was primarily related to amortization of intangibles acquired in the Navilyst acquisition.

Change in fair value of contingent consideration. The fiscal 2013 results include expense of $1.6 million related to the change in fair value of the contingent consideration associated with the Vortex and Microsulis acquisitions. There were no similar contingent consideration arrangements in the prior year period.

Acquisition, restructuring and other items, net. Acquisition, restructuring and other items, net totaled $13.8 million in fiscal 2013 and primarily includes $7.6 million in transaction and related costs of the Navilyst and Microsulis acquisitions, $2.5 million in costs associated with the closure of the Cambridge, UK facility, $1.6 million in impairment costs associated with a discontinuance of a product offering and $1.4 million in litigation costs. The fiscal 2012 results included $16.2 million in costs chiefly comprised of $11.8 million in transaction and related costs of the Navilyst acquisition and Microsulis strategic relationship, $2.3 million in costs for CEO and executive transition costs and $1.8 million in costs associated with the decision to close our UK facility.

Medical device excise tax. Fiscal 2013 included $1.6 million of expense attributed to the Medical Device Excise Tax enacted into law effective January 1, 2013.

Operating income (loss). We reported operating income of $7.1 million for fiscal 2013 compared to an operating loss of $3.0 million for fiscal 2012.

Other expenses. Other income and expenses for fiscal 2013 was $7.7 million of net expense, or 2.3% of net sales compared to fiscal 2012 results of $2.3 million of net expense, or 1.0% of net sales. The incremental expense is primarily due to interest on the debt incurred to finance the Navilyst acquisition.

Income tax provision (benefit) . Our effective tax rate was 5% for fiscal 2013 compared with 4% for the prior year. The current year rate reflects the impact of non-deductible costs related to the acquisition of Vortex, non-deductible interest expense related to contingent payments, the utilization of fully reserved capital losses, increased non-US income, the retroactive renewal of the previously expired R&D tax credit, the elimination of the Domestic Production Activities Deduction caused by reduced taxable income and the larger impact of non-deductible expenses also caused by the reduced taxable income in fiscal 2013. The prior year rate reflects the impact of non-deductible costs related to the acquisition of Navilyst, the December 31, 2011 expiration of the R&D tax credit, the reduction in the Domestic Production Activities Deduction caused by reduced taxable income and the larger impact of non-deductible expenses also caused by the reduced taxable income in fiscal 2012.

During the fiscal third quarter of 2013, The American Taxpayer Relief Act of 2012 was enacted and retroactively extended the research credit from January 1, 2012 to December 31, 2013. This legislation led to a prior period tax benefit in fiscal 2013 of $73,000 for the research credit generated from January 1, 2012 to May 31, 2012.

Net (loss) income . For fiscal 2013, we reported net loss of $0.6 million compared to a net loss of $5.1 million in the prior year.

Liquidity and Capital Resources

Our cash and cash equivalents totaled $16.1 million as of May 31, 2014, compared with $21.8 million as of May 31, 2013. Marketable securities totaled $1.8 million and $2.2 million as of May 31, 2014 and 2013, respectively, and consist of U.S. government issued or guaranteed securities, auction rate securities and corporate bonds. As of May 31, 2014, total debt was $137.7 million primarily comprising short and long-term bank debt that financed our acquisition of Navilyst in May 2012, which was refinanced on September 2013. As a result of the Vortex, Microsulis and Clinical Devices acquisitions, the estimated fair value of contingent milestone payments as of May 31, 2014, totaled $67.4 million, of which $51.1 million was

reflected in "Contingent consideration net of current portion" and $16.3 million was reflected in "current portion of contingent consideration" on the consolidated balance sheet.

The table below summarizes our cash flows for the fiscal years 2014, 2013 and 2013:

	May 31, 2014	May 31, 2013	May 31, 2012
		(in thousands)	
Cash provided by (used in):			
Operating activities	$ 25,280	$ 26,883	$ 11,497
Investing activities	(17,047)	(22,238)	(176,360)
Financing activities	(14,016)	(6,286)	142,338
Effect of exchange rate changes on cash and cash equivalents	86	(65)	49
Net change in cash and cash equivalents	$ (5,697)	$ (1,706)	$ (22,476)

Net cash provided by operating activities during fiscal 2014 of $25.3 million was largely the result of net income excluding non-cash expense items, such as depreciation and amortization, stock based compensation and deferred income taxes. However, these items were partially offset by an increase in accounts receivables and inventories.

Net cash used in investing activities during fiscal 2014 of $17 million consisted primarily of fixed asset additions and the acquisition of Clinical Devices.

Net cash used in financing activities during fiscal 2014 of $14 million consisted primarily of the payment of contingent consideration related to the acquisition of Vortex and the refinancing of long-term debt, partially offset by proceeds from the exercise of stock options and purchases related to our employee stock option plan.

Our contractual obligations as of May 31, 2014 are set forth in the table below (in thousands). We have no variable interest entities or other off-balance sheet obligations.

	Cash Payments Due By Period as of May 31, 2014				
	Total	Less than One Year	1-3 Years	3-5 Years	After 5 Years
Contractual Obligations:					
Long term debt and interest	$ 103,213	$ 6,982	$ 25,991	$ 70,240	$ —
Operating leases(1)	7,914	1,991	2,830	2,186	907
Purchase obligations(1)	12,534	2,823	8,637	1,074	—
Acquisition future obligations	47,713	15,013	20,000	12,700	—
	$ 171,374	$ 26,809	$ 57,458	$ 86,200	$ 907

(1) The non-cancelable operating leases and inventory purchase obligations are not reflected on our consolidated balance sheets under accounting principles generally accepted in the United States of America.

We believe that our current cash and investment balances and cash generated from operations will provide sufficient liquidity to meet our anticipated needs for capital for at least the next 12 months. However, if we seek to make significant acquisitions of other businesses or technologies, we may require additional financing. We cannot be assured that such financing will be available on commercially reasonable terms, if at all.

Recent Accounting Pronouncements

In February 2013, the FASB expanded the disclosure requirements related to changes in accumulated other comprehensive income (AOCI). The new guidance requires disclosure of the amount of income (or loss) reclassified out of AOCI to each respective line item on the statement of operations where net income is presented. The guidance allows disclosure of the reclassification either in the notes to the financial statements or parenthetically on the face of the financial statements. This requirement is effective for reporting periods beginning after December 15, 2012 (fourth quarter of our fiscal year 2013). Since the guidance only impacts disclosure requirements, its adoption did not have a material impact on our consolidated financial statements.

In July 2013, the FASB issued guidance related to the presentation of certain tax information. This new pronouncement provides explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss

carryforward, or similar tax loss, or a tax credit carryforward exists. This pronouncement is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2013 (our fiscal year 2015). Since the guidance only impacts presentation requirements, its adoption will not have a material impact on our consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides a single, comprehensive accounting model for revenues arising from contracts with customers that supersedes most of the existing revenue recognition guidance, including industry-specific guidance. Under this model, revenue is recognized at an amount that an entity expects to be entitled to upon transferring control of goods or services to a customer, as opposed to when risks and rewards transfer to a customer under existing revenue recognition guidance. ASU 201-09 is effective for the Company beginning in its fiscal year 2018, and may be applied retrospectively to all prior periods presented or through a cumulative adjustment to the opening retained earnings balance in the year of adoption. The Company is currently in the process of evaluation the impact of ASU 2014-09 on its consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

We are exposed to market risk from changes in interest rates on investments and financing that could impact our results of operations and financial position. In June 2012, we entered in an interest rate swap agreement, with an initial notional amount of $100 million, to limit the effect of variability due to interest rates on our debt. The swap agreement, which qualifies for hedge accounting under authoritative guidance, is a contract to exchange floating interest rate payments for fixed interest rate payments of 3.26% of the outstanding balance of loan over the life of the swap agreement without the exchange of the underlying notional amounts. We do not currently engage in any other hedging or market risk management tools.

On September 19, 2013, we entered into a Credit Agreement (the "Credit Agreement") with the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National Association as co-syndication agents, and J.P Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and join lead arrangers. The Credit Agreement provides for a $100 million senior secured term loan facility (“ Term Loan") and a $100 million senior secured revolving credit facility, which includes up to a $20 million sublimit for letters of credit and a $5 million sublimit for swingline loans (the “Revolving Facility", and together with the Term Loan, the "Facilities"). Interest on both the Term Loan and Revolver will be based on a base rate or Eurodollar rate plus an applicable margin which increases as our total leverage ratio increases, with the base rate and Eurodollar rate having ranges of 0.50% to 1.25% and 1.50% to 2.25% respectively. In the event of default, the interest rate may be increased by 2.0%.

The proceeds of the Term Loan and a portion of the proceeds of the Revolving Facility were used to repay our Credit Agreement dated as of May 22, 2012, with the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent,Bank of America, N.A. and Keybank National Association as co-syndication agents, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers.

Nearly all of our sales have historically been denominated in United States dollars. Although not significant, we transact sales in other currencies, particularly the Euro, British pound and Canadian dollar. Approximately 7% of our sales in fiscal 2014 were denominated in currencies other than the U.S. dollar; primarily the Euro and British pound. We currently have no significant direct foreign currency exchange risk and such risk in the future is expected to be modest.

Our excess cash is invested in highly liquid, short-term, investment grade securities with maturities primarily of less than two years. 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 marketable securities and therefore affect our cash flows and results of operations. We hold investments in auction rate securities (“ARS”) in order to generate higher than typical money market investments. ARS typically are high credit quality, generally achieved with municipal bond insurance. Credit risks are eased by the historical track record of bond insurers, which back a majority of this market. Sell orders for any security traded through an auction process could exceed bids. Such instances are usually the result of a drastic deterioration of issuer credit quality. Should there be a failed auction, we may be unable to liquidate our position in the securities in the near term. We have $1.8 million in investments in two auction rate securities issued by New York state and local government authorities that have failed auctions. The authorities are current in their interest payments on the securities.

Item 8. ***Financial Statements and Supplementary Data***

Financial statements and supplementary data required by Part II, Item 8 are included in Part IV of this report as indexed as Item 15 (a) (1) and (2) of this report, and are incorporated by reference into this Item 8.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***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 our Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report are functioning effectively to provide reasonable assurance that the information required to be disclosed by us (including our consolidated subsidiaries) in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC 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

There was no change in our internal control over financial reporting in the fiscal year ended May 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We are in the process of a multi-year implementation of a Strategic Business System project (which is our global enterprise resource planning or ERP system). In fiscal 2014, we deployed the system at our U.S. operations, the largest of our global operations and in varying degrees at our non-U.S. operations. We expect to complete the full global implementation during fiscal 2015. In response to business integration activities related to the new system, we will align and streamline the design and operation of the financial reporting controls environment to be responsive to the changing operating environment.

During the preparation of this annual report on Form 10-K, management identified an immaterial accounting error related to the January 2014 implementation of our ERP system. Management has concluded the error does not have a material impact on the Company's fiscal 2014 third quarter results and has revised its third quarter presentation. (See Note Q of Notes to Consolidated Financial Statements.)

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of our board of directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of our internal control over financial reporting as of May 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (1992).

Based on its assessment and these criteria, subject to the foregoing, management believes that we maintained effective internal control over financial reporting as of May 31, 2014.

Our independent registered public accounting firm has issued a report on the effectiveness of our internal control over financial reporting. That report appears on page 52 of this annual report on Form 10-K.

Item 9B. ***Other Information***

None

Part III

Certain information required by Part III is omitted from this annual report on Form 10-K because we will file a definitive proxy statement within 120 days after the end of our fiscal year pursuant to Regulation 14A (the "Proxy Statement") for our annual meeting of Stockholders, currently scheduled for October 2014. The information included in the Proxy Statement under the respective headings noted below is incorporated herein by reference.

Item 10. *Directors, Executive Officers and Corporate Governance*

Information required in this annual report on Form 10-K with respect to Executive Officers is contained in the discussion titled "Executive Officers of the Company" in Part I of this annual report on Form 10-K. The balance of the information required by Item 10 is incorporated herein by reference to our Proxy Statement under the heading "Election of Directors".

Item 11. *Executive Compensation*

The information required by Item 11 is incorporated herein by reference to our Proxy Statement under the heading "Executive Compensation".

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this caption is incorporated herein by reference to our Proxy Statement under the heading "Ownership of Securities".

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this caption is incorporated herein by reference to our Proxy Statement under the heading "Certain Relationships and Related Transactions".

Item 14. *Principal Accounting Fees and Services*

The information required by this caption is incorporated herein by reference to our Proxy Statement under the headings "Audit Matters—Principal Accounting Fees and Services and—Policy on Audit Committee Pre-approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm".

Part IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a)(1) ***Financial Statements***

The following consolidated financial statements and supplementary data of Registrant and its subsidiaries required by Part II, Item 8, are included in Part IV of this report:

(2) ***Financial Statement Schedules***

The following consolidated financial statement schedule is included in Part IV of this report:

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
AngioDynamics, Inc.

In our opinion, the consolidated balance sheets and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' equity, and of cash flows listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of AngioDynamics, Inc. and its subsidiaries at May 31, 2014 and May 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2014, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Albany, New York
August 14, 2014

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Net sales	$ 354,455	$ 342,026	$ 221,787
Cost of sales	174,594	173,037	95,829
Gross profit	179,861	168,989	125,958
Operating expenses			
Research and development	27,510	26,319	20,511
Sales and marketing	83,200	76,121	64,505
General and administrative	26,035	26,127	18,334
Amortization of intangibles	16,797	16,345	9,406
Change in fair value of contingent consideration	(1,718)	1,583	—
Acquisition, restructuring and other items, net	10,760	13,800	16,164
Medical device excise tax	3,829	1,600	—
Total operating expenses	166,413	161,895	128,920
Operating income (loss)	13,448	7,094	(2,962)
Other (expenses) income			
Interest income	—	103	1,090
Interest expense	(3,656)	(5,271)	(508)
Other expense	(3,412)	(2,569)	(2,902)
Total other expenses, net	(7,068)	(7,737)	(2,320)
Income (loss) before income tax expense (benefit)	6,380	(643)	(5,282)
Income tax expense (benefit)	3,292	(31)	(188)
Net income (loss)	$ 3,088	$ (612)	$ (5,094)
Earnings per share			
Basic	$ 0.09	$ (0.02)	$ (0.20)
Diluted	$ 0.09	$ (0.02)	$ (0.20)
Basic weighted average shares outstanding	35,136	34,817	25,382
Diluted weighted average shares outstanding	35,440	34,817	25,382

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

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Years ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Net income (loss)	$ 3,088	$ (612)	$ (5,094)
Other comprehensive income (loss), before tax:			
Unrealized gain (loss) on marketable securities	(16)	184	(103)
Unrealized gain (loss) on interest rate swap	(32)	(522)	327
Foreign currency translation gain (loss)	295	(47)	(142)
Other comprehensive income (loss), before tax	247	(385)	82
Income tax benefit (expense) related to items of other comprehensive income	18	125	(83)
Other comprehensive income (loss), net of tax	265	(260)	(1)
Total comprehensive income (loss), net of tax	$ 3,353	$ (872)	$ (5,095)

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

AngioDynamics, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(in thousands)

	May 31, 2014	May 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 16,105	$ 21,802
Marketable securities, at fair value	1,809	2,153
Accounts receivable, net of allowances of $1,736 and $1,272, respectively	62,148	47,791
Inventories	61,056	55,062
Deferred income taxes	4,625	6,591
Prepaid income taxes	510	563
Prepaid expenses and other	5,975	7,554
Total current assets	152,228	141,516
PROPERTY, PLANT AND EQUIPMENT, net	67,208	62,650
OTHER ASSETS	4,876	5,559
INTANGIBLE ASSETS, net	205,256	214,848
GOODWILL	360,294	355,458
DEFERRED INCOME TAXES, long term	9,767	11,007
PREPAID ROYALTIES	521	546
TOTAL ASSETS	$ 800,150	$ 791,584
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 32,895	$ 24,522
Accrued liabilities	16,762	16,426
Income taxes payable	689	—
Current portion of long-term debt	5,000	7,500
Current portion of contingent consideration	16,341	9,207
Other current liabilities	599	5,782
Total current liabilities	72,286	63,437
LONG-TERM DEBT, revolving credit facility	46,410	—
LONG-TERM DEBT, term loan, net of current portion	91,250	135,000
DEFERRED INCOME TAXES, long term	1,146	—
Contingent consideration, net of current portion	51,080	65,842
Other long term liabilities	84	475
Total liabilities	262,256	264,754
COMMITMENTS AND CONTINGENCIES (NOTE N)		
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 35,442,004 and 35,060,351 shares, respectively	353	351
Additional paid-in capital	508,263	500,554
Retained earnings	32,651	29,563
Treasury stock, 142,305 shares, at cost	(2,104)	(2,104)
Accumulated other comprehensive loss	(1,269)	(1,534)
Total stockholders' equity	537,894	526,830
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 800,150	$ 791,584

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

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended May 31, 2014, May 31, 2013 and May 31, 2012
(in thousands, except share data)

	Common Stock		Additional paid in capital	Retained earnings	Accumulate other comprehensive loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at May 31, 2011	24,985,657	$ 250	$ 371,393	$ 35,269	$ (1,273)	—	$ —	$ 405,639
Net Loss				(5,094)				(5,094)
Exercise of stock options	193,684	2	2,155					2,157
Tax effect of exercise of stock options			(295)					(295)
Issuance of performance shares, net	64,221							—
Purchase of common stock under Employee Stock Purchase Plan	103,362	1	1,201					1,202
Shares issued pursuant to acquisition	9,479,607	95	117,831					117,926
Purchase of common stock for treasury						(142,305)	(2,104)	(2,104)
Stock-based compensation			4,090					4,090
Other comprehensive loss, net of tax					(1)			(1)
Balance at May 31, 2012	34,826,531	$ 348	$ 496,375	$ 30,175	$ (1,274)	(142,305)	$ (2,104)	$ 523,520
Net Loss				(612)				(612)
Exercise of stock options	16,835		5					5
Tax effect of exercise of stock options			(1,644)					(1,644)
Issuance of performance shares, net	93,429	1						1
Purchase of common stock under Employee Stock Purchase Plan	123,556	2	1,209					1,211
Stock-based compensation			4,609					4,609
Other comprehensive loss, net of tax					(260)			(260)
Balance at May 31, 2013	35,060,351	$ 351	$ 500,554	$ 29,563	$ (1,534)	(142,305)	$ (2,104)	$ 526,830
Net income				$ 3,088				3,088
Exercise of stock options	105,676		1,085					1,085
Tax effect of exercise of stock options			(146)					(146)
Issuance of performance shares, net	129,702	1						1
Purchase of common stock under Employee Stock Purchase Plan	146,275	1	1,359					1,360
Stock-based compensation			5,411					5,411
Other comprehensive loss, net of tax					265			265
Balance at May 31, 2014	35,442,004	$ 353	$ 508,263	$ 32,651	$ (1,269)	(142,305)	$ (2,104)	$ 537,894

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

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Years ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Cash flows from operating activities:			
Net income (loss)	$ 3,088	$ (612)	$ (5,094)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	24,899	25,224	13,056
Amortization of bond discount	—	—	707
Amortization of acquired inventory basis step-up	150	3,845	431
Tax effect of exercise of stock options and issuance of performance shares	(146)	(1,644)	(309)
Deferred income tax provision	3,169	1,011	(652)
Stock based compensation	5,411	4,609	4,090
Changes in accounts receivable allowances	465	338	118
Gain on sales of assets	—	(711)	—
Change in fair value of contingent consideration	(1,718)	1,583	—
Loss on discontinuance of product offering	—	1,416	—
Other	(17)	157	1,149
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(14,856)	1,141	(2,496)
Inventories	(5,447)	(1,909)	(1,522)
Prepaid expenses and other	3,037	2,474	(4,654)
Accounts payable and accrued liabilities	7,245	(10,039)	6,673
Net cash provided by operating activities	25,280	26,883	11,497
Cash flows from investing activities:			
Additions to property, plant and equipment	(11,771)	(12,120)	(2,492)
Acquisition of businesses, net of cash acquired	(4,169)	(24,474)	(237,317)
Acquisition of intangible assets, net of cash acquired	(1,435)	(800)	(550)
Other cash flows from investing activities	—	801	(4,000)
Change in escrow receivable	—	2,500	(2,500)
Purchases of marketable securities	(25)	(5,134)	(123,614)
Proceeds from sale or maturity of marketable securities	353	16,989	194,113
Net cash used in investing activities	(17,047)	(22,238)	(176,360)
Cash flows from financing activities:			
Repayment of long-term debt	(146,250)	(7,500)	(6,550)
Proceeds from borrowings on revolving credit facility	46,410	—	—
Proceeds from issuance of long-term debt	100,000	—	150,000
Proceeds from exercise of stock options and ESPP	2,444	1,214	3,356
Payment of contingent consideration previously established in purchase accounting	(15,943)	—	—
Deferred financing costs on long-term debt	(677)	—	(2,378)
Repurchase of common stock for treasury	—	—	(2,104)
Tax effect of the exercise of stock options and issuance of performance shares	—	—	14
Net cash (used in) provided by financing activities	(14,016)	(6,286)	142,338
Effect of exchange rate changes on cash and cash equivalents	86	(65)	49
Decrease in cash and cash equivalents	(5,697)	(1,706)	(22,476)
Cash and cash equivalents at beginning of year	21,802	23,508	45,984
Cash and cash equivalents at end of year	$ 16,105	$ 21,802	$ 23,508

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

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(in thousands)

	Years ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Supplemental disclosures of cash flow information:			
Supplemental disclosure of non-cash operating, investing and financing activities:			
Contractual obligations for acquisition of fixed assets	$ 4,970	$ 1,549	$ 217
Contractual obligations for acquisition of intangibles and business	2,249	78,286	117,926
Cash paid during the period for:			
Interest	$ 3,591	$ 4,936	$ 438
Income taxes	182	200	2,832

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

NOTE A—BASIS OF PRESENTATION, BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation and Description of Business

The consolidated financial statements include the accounts of AngioDynamics, Inc. and its wholly owned subsidiaries, RITA Medical Systems, LLC, AngioDynamics UK Limited, AngioDynamics Netherlands B.V., NM Holding Company, Inc. (Navilyst) since May 22, 2012 and Vortex Medical, Inc. since October 15, 2012, and Clinical Devices B.V. since August 15, 2013, (collectively, the "Company"). We design, manufacture and sell a wide range of medical, surgical and diagnostic devices used by professional healthcare providers for vascular access, for the treatment of peripheral vascular disease and in oncology and surgical settings. Our devices are generally used in minimally invasive, image-guided procedures. Most of our products are intended to be used once and then discarded, or they may be temporarily implanted for short- or long-term use. All intercompany balances and transactions have been eliminated.

Effective June 1, 2012, we consider our business to be a single segment entity – the development, manufacture and sale on a global basis of medical devices for vascular access, surgery, peripheral vascular disease and oncology. Our chief operating decision maker (CEO) evaluates the various global product portfolios on a net sales basis. Executives reporting in to the CEO include those responsible for operations and supply chain management, research and development, sales, franchise marketing and certain corporate functions. The CEO evaluates profitability, investment and cash flow metrics on a consolidated worldwide basis due to shared infrastructure and resources. Prior to fiscal year 2013, our business was organized as two segments: Vascular and Oncology/Surgery, each under the direction of a general manager with direct responsibility for all sales, marketing and product development activities.

Regulatory Matters

On May 27, 2011, we received a Warning Letter from the U.S. Food and Drug Administration ("FDA") in connection with its inspection of our Queensbury, NY manufacturing facility. In the Warning Letter, FDA cited deficiencies in the response letter we provided FDA pertaining to the inspection that occurred from January 4 to January 13, 2011. The deficiencies related to our internal procedures for medical device reporting, corrections and removals and complaint handling. We responded to the Warning Letter and completed corrective and preventive actions to address the observations noted.

In December 2011, we initiated a comprehensive Quality Call to Action Program to review and augment our Quality Management Systems at our Queensbury facility. To accelerate implementation of the program, we engaged a team of external regulatory and quality experts and reallocated a significant number of engineering and product development resources to support this corporate initiative. From inception of the Quality Call to Action Program through fiscal 2014, we have incurred $3.2 million in direct costs associated with the program.

On February 10, 2012, we received from FDA a Form 483, List of Investigational Observations, in connection with its inspection of our Queensbury facility from November 14, 2011 to February 10, 2012. The Form 483 contained 12 observations related to, among other things, our CAPA (Corrective and Preventive Action) system, MDR (Medical Device Reporting), complaint investigation, corrections and removals, acceptance criteria and training. Some of the observations contained in the Form 483 were repeat observations from the May 27, 2011 Warning Letter described above.

On February 13, 2012, we received from FDA a Form 483 in connection with its inspection of our Fremont facility from January 12, 2012 to February 13, 2012. The Form 483 contained six observations related to, among other things, our CAPA system, design controls, risk management and training. We provided responses to FDA within 15 business days of our receipt of the Form 483s.

On September 24, 2012, we received from FDA a Form 483 in connection with its subsequent inspection of our Queensbury, NY facility from September 6 to September 14, and September 19 to September 24. This re-inspection followed our response to the original Form 483 issued by FDA on February 13, 2012. The Form 483 contained 5 observations related to 510(k) decisions, complaint investigations, acceptance criteria, corrective and preventive actions and training. All but one of the observations in the Form 483 related to events that occurred before the date that we had indicated to FDA in our previous responses that our corrective and remediation activities related to our Quality Call to Action would be completed. We provided responses to FDA within 15 business days of our receipt of the Form 483.

On February 4, 2014, FDA completed a comprehensive follow-up inspection of our Queensbury facility. The inspection began on January 14, 2014 and resulted in FDA issuing a Form 483 containing one observation. The observation related to the inconsistency of certain complaint investigation elements in certain devices that have hardware and disposable components. The Form 483 observation was annotated to reflect that during the inspection we had corrected the issue, and this correction was verified by the inspector. In addition, we provided a response to FDA within 15 business days of our receipt of the Form 483. We believe that the results of this inspection validate that all of the Quality System and current Good Manufacturing Practice issues raised in the 483s described above have been fully addressed.

On March 31, 2014, FDA completed an inspection of our Glens Falls, NY facility. The inspection began on March 17, 2014 and resulted in FDA issuing a form 483 containing 3 observations. The observations were related to 1) inconsistency of a manufacturing product test process used among similar products, 2) a particular verification test of a product, and 3) non-conforming product control procedure. We responded to the FDA within 15 business days of the receipt of the Form 483.

During the fourth quarter of our fiscal year ended May 31, 2014, we received Certificate to Foreign Governments (CFGs) from the FDA covering all Vascular Access and Peripheral Vascular products manufactured in our Queensbury facility.

We will continue to work closely with FDA to resolve any outstanding issues. Unless the items raised in the previously disclosed Warning Letters and Form 483s are corrected to FDA's satisfaction or we come to some other arrangement with FDA finally resolving such matters, we may be subject to additional regulatory or legal action, including the issuance of warning letters, injunction, seizure or recall of products, imposition of fines or penalties or operating restrictions on our facilities. Such actions could significantly disrupt our ongoing business and operations and have a material adverse impact on our financial position and operating results.

2. Fiscal Year

We report on a fiscal year ending May 31.

3. Cash and Cash Equivalents

We consider all unrestricted highly liquid investments purchased with an initial maturity of less than three months to be cash equivalents. We maintain cash and cash equivalent balances with financial institutions in the United States in excess of amounts insured by the Federal Deposit Insurance Corporation.

4. Marketable Securities

Marketable securities, which are principally government agency bonds, auction rate investments and corporate commercial paper, are classified as "available-for-sale securities" and are reported at fair value, with unrealized gains and losses excluded from operations and reported as a component of accumulated other comprehensive income (loss), net of the related tax effects, in stockholders' equity. Cost is determined using the specific identification method. We hold investments in auction rate securities in order to generate higher than typical money market rate investment returns. Auction rate securities typically are high credit quality, generally achieved with municipal bond insurance. Credit risks are eased by the historical track record of bond insurers, which back a majority of this market. Sell orders for any security traded through an auction process could exceed bids and, in such cases, the auction fails and we may be unable to liquidate our position in the securities in the near term. During fiscal years 2014 and 2013 , we had 1.8 million in investments in two auction rate securities issued by New York state and local government authorities that failed auctions. The authorities are current in their interest payments on the securities.

5. 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 sales returns and doubtful accounts. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current creditworthiness, as determined by a review of their current credit information. We continuously monitor aging reports, collections and payments from customers, and a provision for estimated credit losses is maintained based upon our historical experience and any specific customer collection issues that have been identified. 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 are determined to be uncollectible.

6. Inventories

Inventories are stated at the lower of cost (using the first-in, first-out method) or market. Appropriate consideration is given to deterioration, obsolescence and other factors in evaluating net realizable value.

7. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. We evaluate these assets for impairment periodically or as changes in circumstances or the occurrence of events suggest the remaining value is not recoverable. Expenditures for repairs and maintenance are charged to expense as incurred. Renewals and betterments are capitalized.

8. Goodwill and Intangible Assets

Intangible assets other than goodwill, indefinite-lived trademarks and acquired IPR&D are amortized over their estimated useful lives, which range between three and twenty years, on either a straight-line basis over the expected period of benefit or as revenues are earned from the sales of the related products. We periodically review the estimated useful lives of our intangible assets and review such assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets is not recoverable. Our determination of impairment is based on estimates of future cash flows. If an intangible asset is considered to be impaired, the amount of the impairment will equal the excess of the carrying value over the fair value of the asset.

Acquired IPR&D has an indefinite life and is not amortized until completion and development of the project, at which time the IPR&D becomes an amortizable asset. If the related project is not completed in a timely manner or the project is terminated or abandoned, we may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value. As of May 31, 2014, we have one IPR&D asset which was acquired as part of the Clinical Devices acquisition with a value of $3.6 million .

Our policy defines IPR&D as the value assigned to those projects for which the related products have not received regulatory approval and have no alternative future use. Determining the portion of the purchase price allocated to IPR&D requires us to make significant estimates. The amount of the purchase price allocated to IPR&D is determined by estimating the future cash flows of each project or technology and discounting the net cash flows back to their present values. The discount rate used is determined at the time of measurement in accordance with accepted valuation methods. These methodologies include consideration of the risk of the project not achieving commercial feasibility.

At the time of acquisition, we expect that all acquired IPR&D will reach technological feasibility, but there can be no assurance that the commercial viability of these products will actually be achieved. The nature of the efforts to develop the acquired technologies into commercially viable products consists principally of planning, designing, and conducting clinical trials necessary to obtain regulatory approvals. The risks associated with achieving commercialization include, but are not limited to, delay or failure to obtain regulatory approvals to conduct clinical trials, delay or failure to obtain required market clearances, or delays or issues with patent issuance, or validity and litigation. If commercial viability were not achieved, we would likely look to other alternatives to provide these therapies.

Goodwill and other intangible assets that have indefinite useful lives are not amortized, but rather, are tested for impairment annually or more frequently if impairment indicators arise. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. Goodwill and intangible assets have been recorded at either incurred or allocated cost. Allocated costs were based on respective fair market values at the date of acquisition. We have one intangible asset which has been assigned an indefinite life, the NAMIC trademark that was acquired as part of our acquisition of Navilyst, and is valued at $28.6 million .

For goodwill, the impairment test requires a comparison of the estimated fair value of the reporting unit to which the goodwill is assigned to the sum of the carrying value of the assets and liabilities of that unit. If the sum of the carrying value of the assets and liabilities of a reporting unit exceeds the fair value of the reporting unit, the carrying value of the reporting unit's goodwill is reduced to its implied fair value through an adjustment to the goodwill balance, resulting in an impairment charge. Our determination of impairment is based on estimates of future cash flows.

9. Revenue Recognition

We recognize revenue when the following four basic criteria has been met: (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. We recognize revenue, net of sales taxes assessed by any governmental authority, as products are shipped, based on shipping terms, and when title and risk of loss 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 customers may be subject to a 20% restocking charge. To be accepted, a returned product must be unadulterated, undamaged and have at least twelve months remaining prior to its expiration date.

10. Research and Development

Research and development costs, including salaries, consulting fees, building costs, utilities and administrative expenses are related to developing new products, enhancing existing products, validating new and enhanced products, managing clinical, regulatory and medical affairs and our intellectual property and are expensed as incurred.

11. Shipping and Handling Costs

Shipping and handling costs, associated with the distribution of finished products to customers, are recorded in costs of goods sold and are recognized when the related finished product is shipped to the customer. Amounts charged to customers for shipping are recorded in net sales.

12. Income Taxes

Deferred income taxes are recognized for temporary differences between financial statement and income tax bases of assets and liabilities and loss carryforwards and tax credit carryforwards for which income tax benefits are expected to be realized in future years. A valuation allowance has been established to reduce deferred tax assets, if it is more likely than not that all, or some portion, of such deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period which includes the enactment date. The deferred tax asset includes net operating losses acquired as part of the acquisitions of Rita, Vortex and Navilyst. These losses could be significantly limited under Internal Revenue Code (“IRC”) Section 382. An analysis of RITA’s ownership changes as defined in IRC Section 382 shows that approximately $15.8 million (of which $7.1 million had expired as of May 31, 2014) of federal net operating losses will not be utilized due to limitations. In addition, it is estimated that $13.6 million of Rita state net operating losses will expire prior to utilization. An analysis of Vortex’s ownership changes as defined in IRC Section 382 shows that all net operating losses will be utilized prior to expiration. A similar analysis of Navilyst’s ownership changes as defined in IRS Section 382 shows that approximately $17.5 million of federal net operating losses will not be utilized due to limitations. In addition, it is estimated that $13.0 million of Navilyst’s state net operating losses will expire prior to utilization. The gross deferred tax asset related to the net operating losses reflects these limitations.

We intend to reinvest indefinitely any of our unrepatriated foreign earnings as of May 31, 2014, therefore, we have not provided for U.S. income taxes on these undistributed earnings of our foreign subsidiaries. If these earnings were distributed, we may be subject to both foreign withholding taxes and U.S. income taxes. Determination of the amount of this unrecognized deferred income tax liability is not practical.

13. Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, accounts receivable, marketable securities, accounts payable, interest rate swap agreement and contingent earn outs related to the acquisitions of Vortex, Microsulis and Clinical Devices. The carrying amount of cash and cash equivalents, accounts receivable, marketable securities and accounts payable approximates fair value due to the immediate or short-term maturities. The interest rate swap agreement has been recorded at its fair value based on a valuation received from an independent third party. Marketable securities, with the exception of one auction rate security, are carried at their fair value as determined by quoted market prices. The contingent earn out has been recorded at fair value using the income approach.

Our accounting policy defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This policy establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The policy describes three levels of inputs that may be used to measure fair value which are provided in the table below.

Level 1	Quoted prices in active markets for identical assets or liabilities. Level 1 assets include bank time deposits, money market funds, mutual funds and U.S. Treasury securities that are traded in an active exchange market.

Level 2	Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include US government securities and corporate bonds. When quoted market prices are unobservable, we obtain pricing information from an independent pricing vendor. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the model of the pricing vendor are derived from market observable sources including: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and other market-related data. Since many fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information as applicable such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The pricing vendor considers all available market observable inputs in determining the evaluation for a security. Thus, certain securities may not be priced using quoted prices, but rather determined from market observable information. These investments are included in Level 2 and primarily comprise our portfolio of corporate and government fixed income securities. Additionally included in Level 2 are interest rate swap agreements which are valued using a mid-market valuation model.
Level 3	Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category currently includes the auction rate securities where independent pricing information was not able to be obtained and the contingent Earn out related to the acquisition of Vortex and Microsulis. Our investments in auction-rate securities were classified as Level 3 as quoted prices were unavailable since these auction rate securities issued by New York state and local government authorities failed auction. Due to limited market information, we utilized a discounted cash flow (“DCF”) model to derive an estimate of fair value for all periods presented. The assumptions used in preparing the DCF model included estimates with respect to the amount and timing of future interest and principal payments, forward projections of the interest rate benchmarks, the probability of full repayment of the principal considering the credit quality and guarantees in place, and the rate of return required by investors to own such securities given the current liquidity risk associated with auction-rate securities. The contingent earn outs were valued utilizing a discounted cash flow method as detailed below.

The following tables provide information by level for assets and liabilities that are measured at fair value (in thousands):

	Fair Value Measurements using inputs considered as:			
	Level 1	Level 2	Level 3	Fair Value at May 31, 2014
Financial Assets				
Cash equivalents				
Money market funds	$ 445	$ —	$ —	$ 445
Total	445	—	—	445
Marketable securities				
U.S. government agency obligations	—	—	1,809	1,809
Total	—	—	1,809	1,809
Total Financial Assets	445	—	1,809	2,254
Financial Liabilities				
Interest rate swap agreements	—	555	—	555
Contingent liability for acquisition earn out	—	—	67,421	67,421
Total Financial Liabilities	$ —	$ 555	$ 67,421	$ 67,976

	Fair Value Measurements using inputs considered as:			
	Level 1	Level 2	Level 3	Fair Value at May 31, 2013
Financial Assets				
Cash equivalents				
Money market funds	$ 114	$ —	$ —	$ 114
Total	114	—	—	114
Marketable securities				
Corporate bond securities	—	303	—	303
U.S. government agency obligations	—	—	1,850	1,850
Total	—	303	1,850	2,153
Total Financial Assets	114	303	1,850	2,267
Financial Liabilities				
Interest rate swap agreements	—	522	—	522
Contingent liability for acquisition earn out	—	—	75,049	75,049
Total Financial Liabilities	$ —	$ 522	$ 75,049	$ 75,571

There were no transfers in and out of Level 1 and 2 measurements for the year ended May 31, 2014. During the year ended May 31, 2013, the Vortex and Microsulis contingent earn outs discussed below were added to Level 3 fair value instruments.

The components of Level 3 fair value instruments as of May 31, 2014 are shown below (in thousands):

	Financial Assets	Financial Liabilities
	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Fair Value Measurements Using Significant Unobservable Inputs
Balance at May 31, 2013	$ 1,850	$ 75,049
Total gains or losses (realized/unrealized):		
Earnings revaluation gain - Included in earnings	—	(4,994)
Earnings revaluation expense - Included in earnings	—	3,276
Included in other comprehensive income	(16)	—
Purchases, issuances and settlements	(25)	(10,880)
Transfers in and/or (out) of Level 3	—	—
Contingent consideration - Clinical Devices	—	4,970
Balance at May 31, 2014	$ 1,809	$ 67,421

Contingent Liability for Acquisition Earn Outs

Certain of our business combinations involve the potential for the payment of future contingent consideration upon the achievement of certain product development milestones and/or various other favorable operating conditions. Payment of the additional consideration is generally contingent on the acquired company reaching certain performance milestones, including attaining specified revenue levels or achieving product development targets. Contingent consideration is recorded at the estimated fair value of the contingent milestone payments on the acquisition date. The fair value of the contingent milestone consideration is remeasured at the estimated fair value at each reporting period with the change in fair value recognized as income or expense within change in fair value of contingent consideration in the consolidated statements of income. We measure the initial liability and remeasure the liability on a recurring basis using Level 3 inputs as defined under authoritative guidance for fair value measurements.

Contingent consideration liabilities will be remeasured to fair value each reporting period using projected net sales, discount rates, probabilities of payment and projected payment dates. Projected contingent payment amounts are discounted back to the current period using a discounted cash flow model. Projected net sales are based on our internal projections and extensive analysis of the target market and the sales potential. Increases in projected net sales and probabilities of payment may result in higher fair value measurements in the future. Increases in discount rates and the projected time to payment may result in lower fair value measurements in the future. Increases or decreases in any valuation inputs in isolation may result in a significantly lower or higher fair value measurement in the future.

The recurring Level 3 fair value measurements of the contingent consideration liability related to the Vortex and Microsulis acquisitions include the following significant unobservable inputs ($ in thousands):

	Fair value at May 31, 2014	Valuation Technique	Unobservable Input	Range
Revenue based payments	$ 64,051	Discounted cash flow	Discount rate Probability of payment Projected fiscal year of payment	4% - 10% 75% - 100% 2015 - 2022
Milestone based payments	3,370	Discounted cash flow	Discount rate Probability of payment Projected fiscal year of payment	16% 75% - 100% 2015
	$ 67,421			

At May 31, 2014, the estimated potential amount of undiscounted future contingent consideration that we expect to pay as a result of all completed acquisitions is approximately $78.1 million . The milestones associated with the contingent consideration must be reached in future periods ranging from fiscal years 2015 to 2022 in order for the consideration to be paid.

The fair value of contingent milestone payments associated with the acquisitions was remeasured as of May 31, 2014 and $51.1 million was reflected in “Contingent consideration, net of current portion” and $16.3 million was reflected in “Current portion of contingent consideration” on the consolidated balance sheet.

The following table provides a reconciliation of the beginning and ending balances of contingent milestone payments associated with the Vortex, Microsulis and Clinical Devices acquisitions measured at fair value that used significant unobservable inputs (Level 3) (in thousands):

Balance at May 31, 2013	$	75,049
Purchase price contingent consideration		4,970
Contingent payments		(10,880)
Earnings revaluation gain		(4,994)
Earnings revaluation expense		3,276
Balance at May 31, 2014	$	67,421

15. Derivative Financial Instruments

We are exposed to market risk due to changes in interest rates. We periodically enter into certain derivative financial instruments to hedge the underlying economic exposure. The derivative instruments used are floating-to-fixed rate interest rate swaps, which are subject to cash flow hedge accounting treatment. The cash flow hedge was terminated in May 2012 in conjunction with the early payoff of the related debt. We recognized interest expense of $61,000 in fiscal 2012, on the cash flow hedge.

In accordance with authoritative guidance on Accounting for Derivatives and Hedging Activities, as amended, our 2002 interest rate swap agreement qualified for hedge accounting under GAAP and the 2006 interest rate swap agreement did not. Both were presented in the consolidated financial statements at their fair value. Changes in the fair value of derivative financial instruments were either recognized periodically in income or in stockholders’ equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instrument qualifies for hedge accounting and, if so, whether it qualifies as a fair value or cash flow hedge. Generally, the changes in the fair value of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair value of hedged items that relate to the hedged risks. Changes in the fair value of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in accumulated other comprehensive income (loss). Both the 2002 and the 2006 swap agreements were terminated in May 2012 in conjunction with the early payoff of the related debt.

In June 2012, we entered in an interest rate swap agreement, with an initial notional amount of $100 million , to limit the effect of variability due to interest rates on the loan. The Swap Agreement, which qualifies for hedge accounting under authoritative guidance, is a contract to exchange floating interest rate payments for fixed interest rate payments of 3.26% of the outstanding balance of the loan over the life of the agreement without the exchange of the underlying notional amounts.

16. Stock-Based Compensation

We recognize compensation expense for all share-based payment awards made to our employees and directors including employee stock options and employee stock purchases related to our Stock Purchase Plan based on estimated fair values. We recognize compensation expense for our stock awards on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

The amount of stock-based compensation recognized is based on the value of the portion of awards that are ultimately expected to vest. Guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered option. We currently expect, based on an analysis of our historical forfeitures, that approximately 88% of our options will vest annually, and we have therefore applied a 12% annual forfeiture

rate in determining the stock-based compensation charge recorded. We will re-evaluate this estimate periodically and adjust the forfeiture rate on a prospective basis as necessary. At the end of the vesting period, the actual stock-based compensation expense recognized will only be for those shares that actually vest.

For the fiscal years ended May 31, 2014, May 31, 2013 and May 31, 2012, we used the Black-Scholes option-pricing model ("Black-Scholes") as our method of valuation and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair value of share based payment awards on the date of the grant as determined by the Black-Scholes model is affected by our stock price as well as other assumptions. These assumptions include, but are not limited to the expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, and a risk-free interest rate. The risk-free interest rate is based on factual data derived from public sources. The expected stock-price volatility and option life assumptions require significant judgment which makes them critical accounting estimates.

We utilize our historical volatility when estimating expected stock price volatility. We use yield rates on U.S. Treasury securities for a period approximating the expected term of the award to estimate the risk-free interest rate. The expected term is based on our actual historical experience. The dividend yield is based on the history and expectation of dividend payments. We have not paid dividends in the past nor do we expect to pay dividends in the foreseeable future.

17. 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 further includes the dilutive effect of potential common stock consisting of stock options, warrants, restricted stock units and shares issuable upon conversion of convertible debt into shares of common stock, provided that the inclusion of such securities is not antidilutive.

For the period ended May 31, 2014, options and restricted stock units issued to employees and non-employees to purchase approximately 2.3 million shares of common stock were excluded from the calculation of diluted earnings per common share as their inclusion would be anti-dilutive. Excluded from the calculation of diluted earnings per common share are options and restricted stock units issued to employees and non-employees to purchase approximately 2.9 million shares of common stock at May 31, 2013 as their inclusion would be anti-dilutive compared with options and restricted stock units issued to employees and non-employees to purchase approximately 2.3 million shares of common stock at May 31, 2012.

The following table sets forth the reconciliation of the weighted-average number of common shares:

	2014	2013	2012
Basic	35,135,689	34,817,279	25,382,293
Effect of dilutive securities	304,161	—	—
Diluted	35,439,850	34,817,279	25,382,293

18. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

19. Supplier Concentrations

We are dependent upon the ability of our suppliers to provide products on a timely basis and on favorable pricing terms. The loss of our principal suppliers or a significant reduction in product availability from these suppliers could have a material adverse effect on us. We believe that our relationships with these suppliers are satisfactory.

20. Recently Issued Accounting Pronouncements

In February 2013, the FASB expanded the disclosure requirements related to changes in accumulated other comprehensive income (AOCI). The new guidance requires disclosure of the amount of income (or loss) reclassified out of AOCI to each respective line item on the statement of operations where net income is presented. The guidance allows disclosure of the reclassification either in the notes to the financial statements or parenthetically on the face of the financial statements. This requirement was effective for reporting periods beginning after December 15, 2012 (fourth quarter of our fiscal year 2013). Since the guidance only impacts disclosure requirements, its adoption did not have a material impact on our consolidated financial statements.

In July 2013, the FASB issued guidance related to the presentation of certain tax information. This new pronouncement provides explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, or similar tax loss, or a tax credit carryforward exists. This pronouncement was effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2013 (our fiscal year 2015). Since the guidance only impacts presentation requirements, its adoption will not have a material impact on our consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides a single, comprehensive accounting model for revenues arising from contracts with customers that supersedes most of the existing revenue recognition guidance, including industry-specific guidance. Under this model, revenue is recognized at an amount that an entity expects to be entitled to upon transferring control of goods or services to a customer, as opposed to when risks and rewards transfer to a customer under existing revenue recognition guidance. ASU 201-09 is effective for the Company beginning in its fiscal year 2018, and may be applied retrospectively to all prior periods presented or through a cumulative adjustment to the opening retained earnings balance in the year of adoption. The Company is currently in the process of evaluation the impact of ASU 2014-09 on its consolidated financial statements.

NOTE B—ACQUISITIONS

Acquisition of Microsulis Medical Ltd.

On March 22, 2012, we established a strategic relationship with Microsulis Medical Ltd. ("Microsulis"), a U.K.-based company specializing in minimally-invasive, microwave ablation technology for the coagulation of soft tissue.

The relationship included an initial $5 million investment in Microsulis through the purchase of senior preferred stock, representing a 14.3% ownership position, exclusive distribution rights to market and sell their microwave ablation systems in all markets outside the United States from May 2012 through December 2013, and an exclusive option to purchase at any time until September 22, 2013, substantially all of the global assets of Microsulis Medical, Ltd.

On February 1, 2013, we completed the acquisition of certain assets of Microsulis, which was accounted for as a business combination, for cash payments at closing totaling $10.6 million , subject to a working capital adjustment, a $5.0 million payment made on December 31, 2013 and potential additional cash consideration payable upon performance over the next nine years. We also assumed $1.6 million of liabilities.

The total estimated purchase consideration of $33.6 million included the initial investment of $5.0 million , closing payments totaling $10.6 million , a $5.0 million payment made on December 31, 2013 and the estimated fair value of contingent consideration (Earn out) of $13.2 million . The estimated fair value of contingent consideration is based on projected net sales over the nine year period following the closing. The amount of the Earn out consideration that could be paid on net sales is not limited.

The Microsulis historical financial results were not significant and therefore pro forma results would not be substantially different. Sales since the acquisition closed are not significant and the operations of Microsulis have been fully integrated from the date of acquisition.

The following table summarizes the preliminary estimated fair value of the assets acquired and liabilities assumed (in thousands):

Accounts receivable	$	364
Inventories		687
Other current assets		443
Fixed assets		1,906
Intangibles		12,500
Goodwill		19,284
Total assets acquired		35,184
Liabilities assumed		(1,634)
Total purchase price	$	33,550
Cash payment at closing	$	10,566
Cash payment for initial investment		5,000
Present value of deferred payment		4,820
Present value of contingent consideration liability		13,164
Total purchase price	$	33,550

The estimated purchase consideration exceeded the fair value of the acquired net assets by $19.3 million and was recorded as goodwill. Goodwill is deductible for tax purposes. Intangible assets are being amortized over their estimated useful lives of which range from 10 to 15 years. During each of the fiscal years ended May 31, 2014 and 2013, we incurred acquisition related costs of $0.3 million , which were expensed to "Acquisition, restructuring and other items, net" in the statement of operations.

Acquisition of Vortex Medical, Inc.

On October 15, 2012, we acquired all the outstanding capital stock of Vortex Medical, Inc., a privately-held company focused on the development and commercialization of medical devices for venous drainage and the removal of thrombus, or blood clots, from occluded blood vessels. Vortex's principal product is the AngioVac ® system, which includes the AngioVac Cannula and Circuit. The AngioVac Cannula has a proprietary balloon-actuated, expandable, funnel-shaped distal tip that enhances flow, prevents clogging of the cannula and facilitates en bloc, or whole removal of undesirable intravascular material. Both the AngioVac Cannula and Circuit are FDA-cleared for use during extracorporeal bypass for up to 6 hours. CE Mark approval was received in December 2013.

The stock purchase agreement provided for the payment of $15.1 million in cash at closing, which is subject to a working capital adjustment, plus future earn out consideration payable in cash. Earn out consideration is based on our net sales of the AngioVac system during the ten years following the closing, payable in the amount of 10% of annual net sales up to $150 million , 12.5% of annual net sales between $150 million and $500 million , and 15% of annual net sales above $500 million . The Earn out consideration is subject to guaranteed minimum payments payable on the anniversary dates following closing, in the amounts of $8.35 million on the first, $8.0 million on the second, third and fourth, and $7.65 million on the fifth anniversary date. If a minimum payment for a period exceeds the contingent earn out payment for the same period, the amount of the excess will be credited against future contingent earn out payments.

The total estimated purchase consideration of $75.3 million included the upfront payment of $15.1 million and the estimated fair value of contingent consideration of $60.3 million , $40 million of which is guaranteed. The estimated fair value of contingent consideration is based on projected AngioVac net sales in the ten year period following the closing. The amount of the Earn out consideration that could be paid on AngioVac net sales is not limited.

The Vortex historical financial results were not significant and therefore pro forma results would not be substantially different. Sales since the acquisition and the operations of Vortex have been fully integrated from the date of acquisition.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	$	339
Accounts receivable		203
Inventories		488
Other assets		7
Deferred tax assets		1,307
Intangibles		72,430
Goodwill		29,519
Total assets acquired		104,293
Deferred tax liabilities		(28,340)
Liabilities assumed		(661)
Total purchase price	$	75,292
Cash payments at closing	$	15,105
Present value of contingent consideration liability		60,302
Working capital adjustment		(115)
Total purchase price	$	75,292

The estimated purchase consideration exceeded the fair value of the acquired net assets by $29.5 million and was recorded as goodwill. Goodwill is not deductible for tax purposes. Core technologies are being amortized over their estimated useful lives of approximately 15 years as revenues are earned from the sales of the related products. During the fiscal years ended May 31, 2014 and 2013, we incurred acquisition related costs of $0.2 million and $0.6 million , respectively, which were expensed to "Acquisition, restructuring and other items, net" in the statement of operations.

Acquisition of Navilyst

On May, 22, 2012, we completed the acquisition of privately-held Navilyst, a global medical device company with strengths in the vascular access, interventional radiology and interventional cardiology markets. The acquisition and related transaction costs were financed through the issuance of approximately 9.5 million shares of our common stock, $150 million in drawn acquisition debt financing and $97 million of cash. Based on the closing price of our stock of $12.44 on the day prior to the transaction, the purchase price was approximately $361 million .

The fiscal year ended May 31, 2013 and 2012 included $7.3 million and $11.2 million , respectively, in transaction and severance costs related to the Navilyst acquisition. These costs are included in “Acquisition, restructuring and other items, net” in the statement of operations. Investment funds affiliated with Avista Capital Partners, former owners of Navilyst, received approximately 9.4 million shares of our common stock and consisted approximately 27% of our outstanding shares. Investment funds affiliated with Avista Capital Partners entered into a stockholders agreement with us as part of the transaction and also appointed two additional directors to our existing Board of Directors.

To satisfy any working capital adjustment and potential indemnification claims that may arise, $19.1 million of purchase consideration was held in escrow at May 31, 2013, including approximately $14.0 million in cash and approximately 415 thousand shares of common stock. The indemnification claims period will terminate on July 15, 2013. At May 31, 2012, we had $2.5 million of receivable related to the working capital adjustment recorded as escrow receivable on the balance sheet. During the third fiscal quarter of 2013, we received $2.5 million of cash from the escrow fund to satisfy this receivable.

Goodwill recorded as a result of the acquisition was $144.7 million . Intangible assets acquired, other than goodwill, totaled approximately $107.1 million , of which $49.4 million has been identified as customer relationships (15 -year weighted average useful life), $32.5 million of trademarks (of which $28.6 million has been determined to have an indefinite useful life and the remaining $3.9 million has a 7 year weighted average useful life), $15.1 million of in-process research and development (indefinite useful life until completed) and $10.1 million of technology (6 -year weighted average useful life).

The IPR&D assets, which were accounted for as indefinite-lived assets at the time of acquisition, represent the development of a biomedical polymer additive for use in PICC and other vascular access product lines and a power injectable port which are valued at $12.1 million and $3.0 million , respectively. The biomedical polymer additive product recently received regulatory approval and the product was released in the United States in October 2012 and is being amortized over a 10 year useful life. The power injectable port is expected to be released in the United States in fiscal 2014, subject to regulatory approvals. The fair value of these intangible assets was determined based upon the present value of expected future cash flows adjusted for the probability of technological and commercial risk, utilizing a risk-adjusted discount rate.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed (in thousands):

	May 22, 2012
Cash and cash equivalents	$ 7,683
Accounts receivable	19,069
Inventories	26,851
Prepaid expenses and other current assets	5,504
Property, plant and equipment	34,017
Deferred tax assets	34,209
Goodwill	144,705
Intangibles	107,100
Other long-term assets	497
Total assets acquired	379,635
Liabilties assumed	(18,287)
Total net assets acquired	$ 361,348

See Note G for additional information about changes in the carrying amount of goodwill.

The following supplemental unaudited pro forma information presents our financial results as if the acquisition of Navilyst had occurred on June 1, 2010 (in thousands):

	For the year ended May 31, 2012 (unaudited)
Net sales	$ 365,357
Net income	$ 3,897

The above unaudited pro forma information was determined based on historical GAAP results of AngioDynamics and Navilyst. The unaudited pro forma consolidated results are not necessarily indicative of what our consolidated results of operations actually would have been if the acquisition was completed on June 1, 2010. The unaudited pro forma consolidated net income primarily reflects adjustments of:

(i) exclusion of $17.6 million of transaction costs and restructuring charges for both AngioDynamics and Navilyst for the year ended May 31, 2012;

(ii) inclusion of $4.7 million of interest expense related to the $150 million credit facility associated with the transaction for the years ended May 31, 2012; and

(iii) tax effecting the unaudited pro forma consolidated net income and adjustments for the years ended May 31, 2012.

Acquisition of Clinical Devices, B.V.

On August 15, 2013 we acquired all the outstanding shares of capital stock of Clinical Devices, B.V., exclusive distributor of our fluid management products in the Netherlands. The stock purchase agreement provided for the payment of $3.7 million in cash at closing, which was subject to a working capital adjustment and a $0.4 million holdback, plus future earn out consideration payable in cash. Earn out consideration is based on our net sales of the fluid management products during the five quarters following the closing as well as milestone payments for achieving regulatory approvals of certain in process research and development for a next-generation tip location technology. The total purchase consideration of $8.7 million includes an upfront payment and the estimated fair value of contingent consideration of $5 million . (See Note A for additional information related to the contingent Earn out liability.)

Goodwill recorded as a result of the acquisition was approximately $4.8 million and is not deductible for tax purposes. Intangible assets acquired, other than goodwill, totaled approximately $5.1 million , of which $3.6 million has been identified as in-process research and development (10-year estimated useful life), $1.4 million as customer relationships (15-year estimated useful life) and $0.1 million as trademarks (5-year estimated useful life). We also recorded a deferred tax liability of $1.2 million .

The acquisition has been accounted for as a purchase and, accordingly, we have included the results of operations in the financial statements effective August 15, 2013. The pro forma effects of the acquisition on our income statement and balance sheet were not material.

NOTE C—MARKETABLE SECURITIES AND INVESTMENTS

As of May 31, 2014 , marketable securities consisted of the following:

	Amortized cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Available-for-sales securities				
U.S. government agency obligations	$ 1,825	$ —	$ (16)	$ 1,809
Corporate bond securities	—	—	—	—
	$ 1,825	$ —	$ (16)	$ 1,809

As of May 31, 2013 , marketable securities consisted of the following:

	Amortized cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Available-for-sales securities				
U.S. government agency obligations	$ 1,850	$ —	$ —	$ 1,850
Corporate bond securities	303	—	—	303
	$ 2,153	$ —	$ —	$ 2,153

The amortized cost and fair value of marketable securities as of May 31, 2014 , by contractual maturity, are shown below. Expected maturities may 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)	
As of May 31, 2014:		
Due in one year or less	$ —	$ —
Due after one through five years	—	—
Due after five through twenty years	1,825	1,809
	$ 1,825	$ 1,809

NOTE D—INVENTORIES

As of May 31, 2014 and 2013 , inventories, net consisted of the following:

	May 31, 2014	May 31, 2013
	(in thousands)	
Raw materials	$ 24,799	$ 18,362
Work in process	12,130	11,006
Finished goods	24,127	25,694
Total	$ 61,056	$ 55,062

NOTE E—PREPAID EXPENSES AND OTHER

As of May 31, 2014 and 2013 , prepaid expenses and other consisted of the following:

	May 31, 2014	May 31, 2013
	(in thousands)	
Deposits	$ 3,356	$ 4,029
Other prepaid taxes	202	458
Licensee fees	604	597
Software licenses	130	520
Trade shows	62	487
Rent	114	135
Insurance	395	120
Interest receivable	1	2
Other	1,111	1,206
Total	$ 5,975	$ 7,554

As of May 31, 2014 and 2013, prepaid income taxes totaled $0.5 million and $0.6 million , respectively, and are shown separately on the Consolidated Balance Sheets.

NOTE F—PROPERTY, PLANT AND EQUIPMENT, AT COST

Property, plant and equipment are summarized as follows:

	May 31, 2014	May 31, 2013	Estimated useful lives
	(in thousands)		
Building and building improvements	$ 33,126	$ 30,150	39 years
Machinery and equipment	32,091	31,129	3 to 8 years
Computer software and equipment	25,836	16,390	3 to 10 years
Construction in progress	12,564	13,373	
	103,617	91,042	
Less accumulated depreciation and amortization	(37,438)	(29,421)	
	66,179	61,621	
Land and land improvements	1,029	1,029	
	$ 67,208	$ 62,650	

Depreciation expense for fiscal 2014, 2013 and 2012 was $8.0 million , $8.7 million and $3.6 million , respectively.

NOTE G—GOODWILL AND INTANGIBLE ASSETS

Intangible assets other than goodwill and indefinite lived intangible assets are amortized over their estimated useful lives, which range between three and twenty years, on either a straight-line basis over the expected period of benefit or as revenues are earned from the sales of the related products. We periodically review the estimated useful lives of our intangible assets and review such assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Our determination of impairment is based on estimates of future cash flows. If an intangible asset is considered to be impaired, the amount of the impairment will equal the excess of the carrying value over the fair value of the asset.

Goodwill and intangible assets that have indefinite useful lives are not amortized, but rather, are tested for impairment annually or more frequently if impairment indicators arise. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. Goodwill and intangible assets have been recorded at either incurred or allocated cost. Allocated costs were based on respective fair market values at the date of acquisition. We have one intangible asset which has been assigned an indefinite life, the NAMIC trademark, which was acquired as part of our acquisition of Navilyst, and is valued at $28.6 million .

We test goodwill for impairment during the third quarter of every fiscal year, and when an event occurs or circumstances change such that it is reasonably possible that impairment exists. For goodwill, the impairment test requires a comparison of the estimated fair value of the reporting unit to which the goodwill is assigned to the sum of the carrying value of the assets and liabilities of that unit. If the sum of the carrying value of the assets and liabilities of a reporting unit exceeds the fair value of the reporting unit, the carrying value of the reporting unit's goodwill is reduced to its implied fair value through an adjustment to the goodwill balance, resulting in an impairment charge. Our determination of impairment is based on estimates of future cash flows.

Effective June 1, 2012, we consider our business to be a single segment entity – the development, manufacture and sale on a global basis of medical devices for vascular access, surgery, peripheral vascular disease and oncology. Our chief operating decision maker (CEO) evaluates the various global product portfolios on a net sales basis. Executives reporting in to the CEO include those responsible for operations and supply chain management, research and development, sales, franchise marketing and certain corporate functions. The CEO evaluates profitability, investment and cash flow metrics on a consolidated worldwide basis due to shared infrastructure and resources. Prior to fiscal year 2013, our business was organized as two segments: Vascular and Oncology/Surgery, each under the direction of a general manager with direct responsibility for all sales, marketing and product development activities.

To determine fair value, we considered two market-based approaches and an income approach. Under the market-based approaches, we utilized information regarding our own as well as publicly available industry information to determine earnings multiples and sales multiples. Under the income approach, we determined fair value based on estimated future cash flows of the reporting unit, discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn. We determined the discounted cash flow as the best indicator to determine fair value and therefore assigned a weight of 75% with the remaining 25% assigned to the market approach.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates and future market conditions, among others. These assumptions are highly sensitive and changes in these estimates could result in impairment. Solely for purposes of establishing inputs for the fair value calculations, we assumed that the current economic conditions would continue through fiscal year 2014, followed by a recovery thereafter. In addition, we applied gross margin assumptions consistent with our historical trends at various revenue levels and used an EBITDA exit multiple of 7.0 to calculate the terminal value of the reporting unit. In addition, we used a discount rate of 12.0% to calculate the fair value of our reporting unit.

We completed our annual goodwill impairment test as of December 31, 2013. Our assessment of goodwill impairment indicated that the fair value of our reporting unit exceeded its carrying value and therefore goodwill was not impaired. The fair value of our reporting unit exceeded its carrying value by 7% . The fair value of the reporting unit was reconciled to our current stock market capitalization as of December 31, 2013.

Since early November 2008, our stock market capitalization has at times been lower than our shareholders' equity or book value. However, our reporting unit has continued to generate significant cash flows from operations, and we expect to continue to do so in fiscal 2015 and beyond. Furthermore, we believe that a reasonable potential buyer would offer a control premium for our business that would adequately cover the difference between our stock market capitalization and our book value.

We also completed our annual indefinite lived asset (NAMIC trademark) test as of December 31, 2013 using the income approach to determine fair value. Our assessment of the NAMIC trademark indicated that the fair value exceeded the carrying value and therefore the asset was not impaired.

Even though we determined that there was no goodwill impairment as of December 31, 2013, the future occurrence of a potential indicator of impairment, such as a significant adverse change in legal factors or business climate, an adverse action or assessment by a regulator, unanticipated competition, a material negative change in relationships with significant customers, strategic decisions made in response to economic or competitive conditions, loss of key personnel or a more-likely-than-not expectation that the reporting unit or a significant portion of the reporting unit will be sold or disposed of, would require an interim assessment for the reporting unit prior to the next required annual assessment as of December 31, 2014.

It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material. Events that could, in the future, result in impairment include, but are not limited to, declining sales for a significant product or in a significant geographic region.

Adjustments to goodwill for the fiscal year ended May 31, 2014 and May 31, 2013 are as follows (in thousands):

	Total
Balance, May 31, 2012	$ 308,912
Goodwill recognized from Vortex business combination	29,519
Goodwill recognized from Microsulis asset acqusition	19,284
Adjustments to Navilyst purchase price allocation	(2,257)
Balance, May 31, 2013	$ 355,458
Acquisition of Clinical Devices B.V.	4,836
Balance, May 31, 2014	$ 360,294

During fiscal 2014, the change in the carrying value of goodwill is the result of the acquisition of Clinical Devices, B.V. (See Note B.) During the fourth quarter of fiscal 2014, there was an adjustment of $0.5 million to the carrying value of such goodwill related to working capital. During fiscal 2013, the $2.3 million reduction in the carrying value of goodwill is primarily the result of a $0.9 million payment from former stockholders of Navilyst and a $1.6 million increase in the value of deferred tax assets from the Navilyst acquisition, net of $0.2 million of preacquisition Navilyst tax adjustments.

As of May 31, 2014 and 2013, intangible assets consisted of the following:

	May 31, 2014			
	Gross carrying value	Accumulated amortization	Net carrying value	Weighted average useful life
		(in thousands)		(years)
Product technologies	$ 150,298	$ (32,930)	$ 117,368	10.2
Customer relationships	86,645	(37,848)	48,797	11.9
Trademark—NAMIC	28,600	—	28,600	Indefinite
In process R&D Acquired	3,600	—	3,600	Indefinite
Licenses	7,639	(5,211)	2,428	8.4
Trademarks	6,345	(1,882)	4,463	8.0
Distributor relationships	900	(900)	—	3.0
	$ 284,027	$ (78,771)	$ 205,256	

	May 31, 2013			
	Gross carrying value	Accumulated amortization	Net carrying value	Weighted avg useful life
		(in thousands)		(years)
Customer relationships	$ 150,181	$ (24,835)	$ 125,346	10.6
Product technologies	84,479	(30,595)	53,884	14.8
Trademark—NAMIC	28,600	—	28,600	Indefinite
Licenses	6,302	(4,501)	1,801	9.0
Trademarks	6,275	(1,058)	5,217	9.9
Distributor relationships	900	(900)	—	3.0
	$ 276,737	$ (61,889)	$ 214,848	

Amortization expense was $16.8 million , $16.3 million and $9.4 million for fiscal 2014 , 2013 and 2012 , respectively.

Annual amortization of these intangible assets is expected to approximate the following amounts for each of the next five fiscal years (in thousands):

2015	$ 15,693
2016	15,696
2017	16,355
2018	17,385
2019	19,928

NOTE H—INCOME TAXES

The components of income (loss) before income tax provision for the years ended May 31 are as follows:

	2014	2013	2012
		(in thousands)	
(Loss) income before tax provision:			
US	$ 5,839	$ (2,670)	$ (5,151)
Non-US	541	2,027	(131)
	$ 6,380	$ (643)	$ (5,282)

Income tax (benefit) provision analyzed by category and by statement of operations classification for the years ended May 31 is summarized as follows:

	2014	2013	2012
		(in thousands)	
Current			
Federal	$ (133)	$ (1,622)	$ 448
State and local	99	(52)	(19)
Non U.S.	157	468	18
	123	(1,206)	447
Deferred	3,169	1,175	(635)
	$ 3,292	$ (31)	$ (188)

The significant components of deferred income tax (benefit) expense from operations for the years ended May 31 consist of the following:

	2014	2013	2012
		(in thousands)	
Deferred tax expense (benefit)	$ 1,996	$ 1,175	$ (1,722)
Impact of NYS tax reform legislation	1,173	—	—
Net operating loss carryforward	—	—	1,087
	$ 3,169	$ 1,175	$ (635)

Temporary differences that give rise to deferred tax assets and liabilities are summarized as follows:

	May 31, 2014	May 31, 2013
	(in thousands)	
Deferred tax assets		
Net operating loss carryforward	$ 48,331	$ 47,098
Stock-based compensation	4,851	4,813
Federal and state R&D tax credit carryforward	1,249	490
Inventories	875	1,713
State tax credits	—	1,326
Expenses incurred not currently deductible	1,379	880
Capital loss carryforwards	—	95
Deferred revenue	154	1,147
Gross deferred tax asset	56,839	57,562
Deferred tax liabilities		
Excess tax over book depreciation and amortization	42,061	39,252
Impairment of long-lived assets	—	—
	42,061	39,252
Valuation Allowance	(1,532)	(712)
Net deferred tax asset	$ 13,246	$ 17,598

At May 31, 2014, we had approximately $164.9 million of remaining Federal net operating loss carryforwards and $32.7 million of state net operating loss carryforwards (“NOL”). Approximately $161.5 million of our Federal net operating loss was

generated by acquired companies and are subject to Internal Revenue Code (“IRC”) Section 382 limitations which are expected to significantly limit our ability to utilize these net operating losses on an annual basis. As a result of our IRC Section 382 analyses, it is estimated that approximately $26.1 million of remaining Federal net operating losses and $13.0 million of state net operating losses will expire prior to utilization. The gross deferred income tax asset (“DTA”) related to the NOL reflects these limitations.

In order to ensure the realizability of our deferred tax assets, we need to generate $10.0 million of taxable income for each year from 2015 to 2023 and then $6.5 million of taxable income per year until 2033. If we are unable to meet these minimum taxable income levels, the deferred tax assets may still be utilized in future years if we can make up previous year taxable income short falls prior to the expiration of net operating loss carryforwards. We have determined that we have sufficient existing levels of pre-tax earnings to generate sufficient taxable income to realize the net deferred tax assets recorded on our balance sheets.

In order to support the realizability of our net deferred tax asset, we projected our pre-tax income utilizing a combination of historical and projected results. Utilizing this projected pre-tax income, we have projected taxable income taking into consideration existing levels of permanent differences including stock option exercise deductions and non-deductible expenses and the reversal of significant temporary differences.

Our Federal net operating loss carryforwards as of May 31, 2014 after considering IRC Section 382 limitations are $138.8 million . The expiration of the Federal net operating loss carryforwards are as follows: $30.7 million between 2017 and 2026 and $108.0 million between 2027 and 2033 .

Our state net operating loss carryforwards as of May 31, 2014 after considering remaining IRC Section 382 limitations are $19.8 million which expire in various years from 2015 to 2033 .

At May 31, 2014, we had a net deferred income tax asset of $13.2 million , after recording a valuation allowance of $1.5 million . The valuation allowance increased by $0.8 million in 2014 and decreased by $0.5 million in 2013. The 2014 change relates to the true-up of our fully reserved capital losses and state tax credits and net operating losses from our fiscal 2013 tax filings. The 2013 change relates to the use of fully reserved capital losses and the expiration of fully reserved state tax credits. The valuation allowance recorded against the deferred tax assets relates to state tax credits, capital losses and state NOLs that management has estimated will more likely than not expire before they are expected to be utilized.

Our consolidated income tax provision has differed from the amount that would be provided by applying the U.S. Federal statutory income tax rate to our income before income taxes for the following reasons:

	2014	2013	2012
		(in thousands)	
Income tax (benefit) provision	$ 3,292	$ (31)	$ (188)
Effect of Graduated tax rates	64	(6)	(53)
State income taxes, net of Federal tax benefit	(122)	(88)	(158)
State income tax credits, net of Federal tax benefit	—	23	69
Impact of Non US operations	27	228	(46)
Tax-exempt interest	—	2	4
Research and development tax credit	236	142	115
Domestic Production Activities deduction	—	—	71
Nondeductible acquisition costs	—	(110)	(1,144)
Nondeductible interest on contingent payments	(540)	(130)	—
Nontaxable gain on revaluation of contingent consideration liability	1,698	—	—
Tax law change	(1,173)	—	—
Effect of elimination of ASC 718 APIC pool	(440)	—	—
Nondeductible stock-based compensation	(176)	(108)	(125)
Other nondeductible expenses	(384)	(336)	(336)
Overaccrual (underaccrual) of prior year Federal and state taxes	(249)	10	138
Fully reserved capital losses	—	179	(208)
Other	—	—	12
Income tax (benefit) provision at statutory tax rate of 35%	$ 2,233	$ (225)	$ (1,849)

During the twelve months ended May 31, 2014, we did not recognize any tax liabilities related to uncertain tax positions. Due to our unrecognized tax benefit being zero upon adoption, with no change since adoption, no “tabular reconciliation” of the total amount of unrecognized tax benefits at the beginning and end of the period is being presented.

We recognize interest and penalties related to unrecognized tax benefits within our global operations as a component of income tax expense. There were no accrued interest and penalties recognized in the consolidated balance sheet as of May 31, 2014 and May 31, 2013.

We file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world. The Internal Revenue Service (“IRS”) completed an examination of our federal income tax returns for fiscal years 2006 and 2007 in February 2009 which did not result in a material impact on our results of operations or financial position. During fiscal year 2012, New York State completed an examination of our New York State Franchise Tax returns for fiscal years 2005 to 2008. In relation to this examination, income tax expense in fiscal 2011 includes an out-of-period benefit of $300,000 to correct an error that originated in prior years related to certain state tax credits. We assessed the impact of this adjustment on the 2011 year and all prior periods and determined that the cumulative effect of the adjustments was not material to the full year 2011 and did not result in a material misstatement to any previously issued annual or quarterly financial statements. Additionally, as a result of the audit, we were able to claim state tax credits of $210,000 that are recorded in fiscal year 2012.

Fiscal years 2011 through 2014 remain open to examination by the various tax authorities. New York State is currently auditing Navilyst’s franchise tax filings for 2009 through 2011, we do not anticipate any material adjustments will result. We analyzed filing positions in all of the Federal and state jurisdictions where we are required to file income taxes, as well as all open tax years in these jurisdictions and believe that our income tax filing positions and deductions will be sustained on audit and we do not anticipate any adjustments will result in a material adverse effect on our financial condition, results of operations or cash flows.

We do not anticipate that the amount of unrecognized tax benefits will significantly change in the next twelve months.

The accumulated undistributed earnings of the Company's foreign operations were approximately $4 million , and are intended to remain permanently invested in foreign operations. Accordingly, no taxes have been provided on these earnings at May 31, 2014. If these earnings were distributed, the Company would be subject to both foreign withholding taxes and U.S. income taxes that may not be fully offset by foreign tax credits. A reasonable estimate of the deferred tax liability on these earnings is not practicable at this time

NOTE I—PREPAID ROYALTIES

On August 13, 2007, we entered into a Distribution, Manufacturing and Purchase Option Agreement ("the Agreement") with a company to acquire the exclusive worldwide rights to manufacture and distribute a split tip catheter for the dialysis market we have named Centros which included the option to purchase certain intellectual property associated with these products in the future. Under this Agreement, we paid royalties on net sales of the products covered in the Agreement. In accordance with the Agreement, we prepaid $3.0 million of royalties based upon the achievement of certain milestones. At May 31, 2011, based on lower than anticipated sales results, we reduced the prepaid royalties to net realizable value which resulted in an impairment loss of $2.3 million recorded in "Acquisition, restructuring and other items, net" in our fiscal 2011 consolidated statement of operations. In August 2011, we sold both the tangible and intangible assets associated with the Centros product, resulting in a gain of $201 thousand that is included in "Acquisition, restructuring and other items, net" in the consolidated statement of operations for the year ended May 31, 2012 and the elimination of all related "Prepaid Royalties" on the consolidted balance sheet as of May 31, 2012. We have entered into various other agreements that required royalty prepayments and these are reported in "Prepaid Royalties" on the May 31, 2014 and May 31, 2013 consolidated balance sheets.

NOTE J—ACCRUED LIABILITIES

As of May 31, 2014 and 2013, accrued liabilities consist of the following:

	May 31, 2014	May 31, 2013
	(in thousands)	
Payroll and related expenses	$ 8,224	$ 6,491
Royalties	2,620	2,034
Accrued severance	765	1,602
Deferred revenue	200	1,573
Sales and franchise taxes	1,327	1,047
Interest rate swap liability	555	523
Other	3,071	3,156
Total	$ 16,762	$ 16,426

NOTE K—LONG-TERM DEBT

New Credit Agreement - On September 19, 2013, we entered into a Credit Agreement (the " Credit Agreement ") with the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National Association as co-syndication agents, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers.

The Credit Agreement provides for a $100 million senior secured term loan facility (the " Term Loan ") and a $100 million senior secured revolving credit facility, which includes up to a $20 million sublimit for letters of credit and a $5 million sublimit for swingline loans (the " Revolving Facility ", and together with the TermLoan, the " Facilities ").

The proceeds of the Term Loan and a portion of the proceeds of the Revolving Facility were used to repay our Credit Agreement (the " Prior Credit Agreement ") dated as of May 22, 2012, with the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National Association as co-syndication agents, and J.P.

Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers.

The proceeds of the the Revolving Facility may be used for general corporate purposes of AngioDynamics and its subsidiaries. The Facilities have a five years maturity. The Term Loan has a quarterly repayment schedule equal to 5% , 5% , 10% , 15% and 65% of its principal amount in years one through five. Interest on both the Term Loan and Revolving Facility will be based on a base rate or Eurodollar rate plus an applicable margin which increases as our total leverage ratio increases, with the base rate and Eurodollar rate having ranges of 0.5% to 1.25% and 1.5% to 2.25% respectively. After default, the interest rate may be increased by 2.0% . The Revolving Facility will also carry a commitment fee of 0.2% to 0.35% per annum on the unused portion.

Our obligations under the Facilities are unconditionally guaranteed, jointly and severally, by our material direct and indirect domestic subsidiaries (the " Guarantors "). All obligations of AngioDynamics and the Guarantors under the Facilities are secured by first priority security interests in substantially all of the assets of AngioDynamics and the Guarantors.

In June 2012, we entered in an interest rate swap agreement, (the "Swap Agreement"), with an initial notional amount of $100 million , to limit the effect of rising of interest rates. The Swap Agreement, which qualified for hedge accounting under authoritative guidance, was a contract to exchange floating interest rate payments for fixed interest rate payments on the outstanding balance of the loan over the life of the agreement without the exchange of the underlying notional amounts. The Swap Agreement provides for a fixed rate of 0.74% above the applicable rate provided for in the Credit Agreement.

On September 19, 2013, we borrowed $100 million under the Term Facility and approximately $41.4 million un der the Revolving Facility to repay the Prior Credit Agreement. As of May 31, 2014, $91.3 million and $46.4 million were outstanding under the Term Facility and Revolving Facility, respectively. The Credit Agreement includes customary representations, warranties and covenants, and acceleration, indemnity and events of default provisions, including, among other things, two financial covenants. The first financial covenant requires us to maintain, as of the end of each of our fiscal quarters, a ratio of (i) consolidated EBITDA minus consolidated capital expenditures to (ii) consolidated interest expense paid or payable in cash plus scheduled principal payments in respect of indebtedness under the Credit Agreement of not less than 1.35 to 1.00 . The second financial covenant requires us to maintain, as of the end of each of our fiscal quarters, a ratio of consolidated total indebtedness to consolidated EBITDA of not greater than 3.75 to 1.00 . We were in compliance with both financial covenants as of May 31, 2014.

Following is a summary of long-term debt as of May 31, 2014 and 2013 (in thousands):

	May 31, 2014	May 31, 2013
Bank notes	$ 142,660	$ 142,500
Less: current maturities	(5,000)	(7,500)
Long-term debt	$ 137,660	$ 135,000

As of May 31, 2014, future minimum principal payments on long-term debt were as follows (in thousands):

2015	$ 5,000
2016	8,750
2017	13,750
2018	26,250
2019	42,500
	$ 96,250

NOTE L—RETIREMENT PLANS

We have a 401(k) plan under which eligible employees can defer a portion of their compensation, part of which is matched by us. Matching contributions we re $2.8 million , $2.5 million and $2.0 million in 2014, 2013 and 2012, respectively.

NOTE M—STOCKHOLDERS' EQUITY

1. Capitalization

On February 27, 2004, our Board of Directors and the Former Parent, as sole stockholder, approved our Amended and Restated Certificate of Incorporation (the "Amended Certificate"). Under the Amended Certificate, the authorized capital stock is 50,000,000 shares, consisting of 45,000,000 shares of common stock, par value $.01 per share and 5,000,000 shares of preferred stock, par value $.01 per share. Pursuant to the Amended Certificate, (i) each share of voting common stock, $1 par value and (ii) each share of non-voting common stock, $1 par value was reclassified and exchanged into 9,200 shares of issued, fully paid, non-assessable common stock for a total of 9,200,000 shares to be then outstanding.

The holders of common stock are entitled to one vote for each share held. Subject to preferences applicable to any outstanding shares of preferred stock, the holders of common stock are entitled to receive ratably dividends, if any, as may be declared by the Board of Directors out of funds legally available for dividend payments. If we liquidate, dissolve, or wind up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no pre-emptive rights or rights to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Our board of directors has the authority to (i) issue the undesignated preferred stock in one or more series, (ii) determine the powers, preferences and rights and the qualifications, limitations or restrictions granted to or imposed upon any wholly un-issued series of undesignated preferred stock and (iii) fix the number of shares constituting any series and the designation of the series, without any further vote or action by our stockholders.

Shares issued in Navilyst Acquisition

On May 22, 2012, a portion of the acquisition and related transaction costs of the Navilyst acquisition were financed through the issuance of approximately 9.5 million shares to investment funds affiliated with Avista Capital Partners, former owners of Navilyst, and as of May 31, 2014 they hold approximately 27% of our outstanding shares.

Share Repurchase Program

On October 5, 2011, our Board of Directors authorized the repurchase of up to $20 million of our common stock, prior to May 31, 2012. During the fiscal year ended May 31, 2012, we purchased 142,305 shares at a cost of approximately $2.1 million . There were no shares repurchased under this program during fiscal 2014 or 2013.

2. Stock Options

We have two stock-based compensation plans. These plans provide for the issuance of up to approximately 5.8 million shares of common stock.

1997 Stock Option Plan

In 1997, we adopted a Stock Option Plan (the "1997 Plan"). The 1997 Plan provided for the grant to key employees of both nonqualified stock options and incentive stock options and to members of the Board of Directors and consultants of nonqualified stock options. A total of 1,497,674 shares of our common stock were available to be issued under the 1997 Plan pursuant to the exercise of options. All stock options were to have an exercise price of not less than the fair market value of the shares on the date of grant. Options are exercisable over a period of time to be designated by the administrators of the 1997 Plan (but not more than 10 years from the date of grant) and are subject to such other terms and conditions as the administrators may determine. The vesting schedule is subject to the discretion of our Board of Directors. Options are exercisable immediately upon vesting. In addition, all options, whether vested or not, become exercisable in full immediately upon a change of control, as defined under the 1997 Plan. The 1997 Plan terminated in March 2007 and as such, no further options will be granted under this plan.

2004 Stock and Incentive Award Plan

The 2004 Stock and Incentive Award Plan (the "2004 Plan") provides for the grant of incentive options to our employees and for the grant of non-statutory stock options, restricted stock, stock appreciation rights, performance units, performance shares and other incentive awards to our employees, directors and other service providers. A total of 5,750,000 shares of our

common stock have been reserved for issuance under the 2004 Plan, of which up to 800,000 shares may be issued upon the exercise of incentive stock options. The compensation committee of the Board of Directors administers the 2004 Plan. The committee determines vesting terms and the exercise price of options granted under the 2004 Plan, but for all incentive stock options the exercise price must at least be equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed ten years .

On October 5, 2011, we amended the 2004 Stock and Incentive Award Plan to increase the maximum number of shares of our common stock with respect to which stock options may be granted during any calendar year to one employee from 200,000 shares to 500,000 shares.

Stock Option Activity:

The following schedule summarizes our stock option activity as of and for the years ended May 31, 2014, May 31, 2013 and May 31, 2012:

	2014				2013		2012	
	Shares	Weighted-average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value (in thousands)	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding at beginning of year	2,768,928	$ 14.84			2,985,192	$ 15.69	2,680,390	$ 15.96
Granted	391,175	$ 13.01			406,700	$ 11.40	1,434,000	$ 13.70
Exercised	(105,676)	$ 15.38			(16,835)	$ 11.15	(193,684)	$ 14.22
Forfeited	(278,646)	$ 17.45			(589,787)	$ 17.45	(917,126)	$ 14.22
Expired	(102,030)	$ 15.69			(16,342)	$ 15.69	(18,388)	$ 24.44
Outstanding at end of year	2,673,751	$ 14.82	4.56	$ 17,540	2,768,928	$ 14.84	2,985,192	$ 15.69
Options exercisable at year-end	1,675,790	$ 16.12	4.54	$ 12,906	1,601,028	$ 16.12	1,678,559	$ 17.01
Options expected to vest in future periods	845,256	$ 13.31	5.06	$ 3,986	1,069,119	$ 13.31	1,075,473	$ 14.19

Weighted average fair value of options granted during the fiscal years ended May 31, is as follows:

	2014	2013	2012
Weighted-average fair value of options granted during the year	$ 4.10	$ 4.19	$ 5.62

On May 31, 2014, there remained approximately 1.6 million shares available for granting of options under the 2004 Plan. Options are exercisable into common stock.

All of our options were granted at exercise prices equal to the quoted market price of our common stock at the date of the grants. Options under these grants vest 25% per year over four years for employees and 100% after one year for consultants. Initial grants to directors vest 25% per year over four years and subsequent grants to directors vest 33.33% per year over three years . Options granted prior to May 1, 2007 expire on the tenth anniversary of the grant date. Options granted on or after May 1, 2007, expire on the seventh anniversary of the grant date. The total intrinsic value of options exercised was $1.0 million , $0.1 million , and $2.2 million for the years ended May 31, 2014, May 31, 2013 and May 31, 2012, respectively. We generally issue authorized but unissued shares upon stock option exercises and the settlement of performance share awards and restricted stock units.

The fair value of the options granted under the 1997 and 2004 Plans was estimated at the date of grant using the Black-Scholes option-pricing model assuming no expected dividends and the following weighted-average assumptions:

	2014	2013	2012
Expected stock price volatility	34.40%	43.91%	49.06%
Risk-free interest rate	1.44%	0.62%	0.70%
Expected life of options	4.74	4.62 years	4.59 years

The following information applies to options outstanding at May 31, 2013:

Range of exercise prices	Number outstanding	Weighted-average remaining life in years	Weighted-average exercise price	Number Exercisable	Weighted-average exercise price
$ 6.52 - $11.93	463,965	5.64	$ 11.37	65,832	$ 10.61
$12.06 - $12.97	343,161	4.86	12.41	155,661	12.44
$13.18 - $13.85	432,426	3.38	13.35	321,348	13.36
$13.92 - $14.31	430,000	4.21	13.95	228,750	13.97
$14.48 - $15.57	202,880	1.09	15.25	202,880	15.25
$15.75 - $16.58	376,196	3.39	16.06	276,196	16.03
$16.75 - $19.94	267,522	1.06	18.19	267,522	18.16
$20.06 - $31.33	157,601	1.26	23.05	157,601	13.81
	2,673,751	4.56	$ 14.84	1,675,790	$ 16.12

3. Performance Share and Restricted Stock Unit Awards

We grant restricted stock units and performance share awards to certain employees under the 2004 Plan. The performance criteria is established by the compensation committee for vesting of the performance share awards and may include factors such as the achievement of certain sales, operating income and earnings per share (“EPS”) goals. Performance share awards are subject to additional conditions, including the recipient’s continued employment with us. The restricted stock unit awards vest in equal annual installments over the term of the grants. Unvested restricted stock unit awards will be forfeited if the recipient ceases to be employed by us, competes with our business or otherwise engages in activities detrimental to our business before such date. The performance share awards and restricted stock units settle in shares of our common stock on a one-for-one basis.

We value performance share and restricted stock unit awards based on the closing trading value of our shares on the date of grant. We recognize the compensation cost related to our non-vested stock awards ratably over the requisite service period, or over the performance period when performance award metrics are expected to be achieved, which is consistent with the treatment prior to the adoption of authoritative guidance on share based payment awards.

	Non-Vested Stock Award Units	Weighted Average Grant-Date Fair Value
Balance as of May 31, 2013	482,644	$ 12.14
Granted	473,824	13.37
Cancelled	(109,634)	12.48
Vested	(148,946)	12.62
Balance as of May 31, 2014	697,888	13.02

The total fair value of restricted stock awards vesting was $1.8 million , $1.2 million , and $0.9 million for the years ended May 31, 2014, 2013 and 2012, respectively.

4. Unrecognized Compensation Cost:

Under the provisions of authoritative guidance on share based payment awards, we expect to recognize the following future expense for awards outstanding as of May 31, 2014 ($ in thousands):

	Unrecognized Compensation Cost	Weighted Average Remaining Vesting Period (in years)
Stock options	$ 3,382	2.13
Non-vested stock awards	5,625	2.37
	$ 9,007	2.28

Unrecognized compensation cost for stock options is presented net of 12% assumed annual forfeitures.

5. Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the “Stock Purchase Plan”) provides a means by which our employees (the “participants”) are given an opportunity to purchase our common stock through payroll deductions. The maximum number of shares to be offered under the Stock Purchase Plan is 1,200,000 shares of our common stock, subject to any increase authorized by the Board of Directors. Shares are offered through two purchase periods, each with duration of approximately 6 months , commencing on the first business day of the first and third fiscal quarters. 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 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 our 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. 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.

We use the Black-Scholes option-pricing model to calculate the purchase date fair value of the shares issued under the Stock Purchase Plan and recognize expense related to shares purchased ratably over the offering period.

For the years ended May 31, 2014, 2013 and 2012, 146,275 , 123,556 and 103,362 shares, respectively, were issued at an average price of $9.30 , $9.80 and $11.62 , respectively, under the Stock Purchase Plan. As of May 31, 2013, 423,895 shares remained available for future purchases under the Stock Purchase Plan.

For fiscal 2014, stock based compensation was $5.4 million pre-tax ($3.8 million after tax). For fiscal 2013, stock based compensation was $4.6 million pre-tax ($3.1 million after tax). For fiscal 2012, stock based compensation was $4.1 million pre-tax ($2.7 million after tax).

The following table summarizes stock-based compensation in accordance with authoritative guidance on share based payment awards for the years ended May 31, 2014, May 31, 2013 and May 31, 2012, which was allocated as follows:

	May 31, 2014	May 31, 2013	May 31, 2012
		(In thousands)	
Cost of sales	$ 232	$ 271	$ 268
Research and development	483	399	738
Sales and marketing	1,672	1,610	1,340
General and administrative	3,035	2,329	1,744
Stock based compensation expense included in operating expenses	5,190	4,338	3,822
Total stock based compensation	5,422	4,609	4,090
Tax benefit	1,657	1,540	1,386
Stock based compensation expense, net of tax	$ 3,765	$ 3,069	$ 2,704

NOTE N—COMMITMENTS AND CONTINGENCIES

Leases

We are committed under non-cancelable operating leases for facilities and equipment. During fiscal 2014, 2013 and 2012, aggregate rental costs under all operating leases were approximately $2.0 million , $2.5 million and $3.1 million , respectively. Future annual payments under non-cancelable operating leases in the aggregate, of which one includes an escalation clause, with initial remaining terms of more than one year at May 31, 2014, are summarized as follows (in thousands):

2015	$ 1,991
2016	1,644
2017	1,186
2018	1,093
2019	1,093
	$ 7,007

Litigation Matters

AngioDynamics v. biolitec

On January 2, 2008, we commenced an action in the United States District Court for the Northern District of New York entitled AngioDynamics, Inc. v. biolitec, Inc. In this action, we are seeking judgment against biolitec for defense and indemnification in two lawsuits which we previously settled. Our claims arise out of a Supply and Distribution Agreement (“SDA”) entered into with biolitec on April 1, 2002. On September 27, 2011, the U.S. District Court for the Northern District of New York granted key portions of our motion for summary judgment in our legal case against biolitec. The Court’s order was filed under seal. The Court also dismissed biolitec’s counterclaims against us. The court denied one portion of our summary judgment motion, which sought to recover additional costs from biolitec, leaving this for adjudication at trial. On November 8, 2012, the Court granted partial judgment to us in the amount of $23.2 million . Biolitec appealed this judgment. On August 23, 2013, the U.S. Court of Appeals for the Second Circuit dismissed biolitec's appeal.

In October 2009, we commenced an action in the United States District Court for the District of Massachusetts entitled AngioDynamics, Inc. v. biolitec AG and Wolfgang Neuberger. The Complaint in this action was amended in March 2010. This action seeks to recover against biolitec, Inc.’s parent entities and CEO for tortiously interfering with biolitec, Inc.’s contractual obligation to defend and indemnify us, and also seeks to pierce the corporate veil of biolitec, Inc. and to invalidate certain alleged fraudulent transfers in order to hold biolitec, Inc.’s parent entities jointly and severally liable for the alleged breach of the SDA. This case is currently in the discovery phase. On September 13, 2012, the Massachusetts Court granted our request for a preliminary injunction prohibiting the downstream merger of biolitec AG with its Austrian subsidiary. On April 1, 2013,

the U.S. Court of Appeals for the First Circuit affirmed the preliminary injunction. On January 14, 2014, the District Court entered judgment in our favor against Biolitec AG, Biomed Technology Holdings, Ltd., and Wolfgang Neuberger, jointly and severally, in the amount of $74.9 million . The defendants have appealed this judgment, and the appeal has not yet been briefed.

On August 29, 2013, we become co-plaintiffs in an adversary proceeding in the Unites States Bankruptcy Court for the District of New Jersey entitled Cyganowski, Trustee, et al. v. Biolitec U.S., Inc., et al. In this action, we assert claims of conversion, unjust enrichment, tortious interference, and unfair competition against various biolitec entities for alleged violation of Bankruptcy Court settlement and sale orders under which we acquired certain assets of Biolitec, Inc. On September 3, 2013, we, along with our co-plaintiff, obtained a temporary restraining order against the defendants in this action. The restraining order is still in place, and the Bankruptcy court is seriously considering our request for permanent injunctive relief.

C.R. Bard, Inc. v. AngioDynamics, Inc.

On January 11, 2012, C.R. Bard, Inc. filed a suit in the United States District Court of Utah claiming certain of our implantable port products infringe on patents held by them. Bard is seeking unspecified damages and other relief. The Court denied Bard's motion for pre-trial consolidation with separate actions it filed on the same day against Medical Components, Inc. and Smiths Medical ASD, Inc., but has asked for supplemental briefing on the issue of whether to conduct a common Markman hearing. We filed petitions for reexamination in the US Patent and Trademark Office which seek to invalidate all three patents asserted in the litigation. Our petitions have been granted and 40 of 41 patent claims have been rejected. The reexamination proceedings are on-going. The case has been stayed pending final resolution of the PTO process. We believe these claims are without merit and intend to defend them vigorously. We have not recorded an expense related to the outcome of this litigation because it is not yet possible to determine if a potential loss is probable nor reasonably estimable.

We are party to other legal actions that arise in the ordinary course of 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 condition, results of operations, or cash flows.

Future Purchase Obligations

We have entered into commitments for future minimum inventory purchases related to several core products. Total future purchase obligations through fiscal 2018 amount to $12.5 million . There are no such obligations thereafter.

NOTE O—SEGMENTS AND GEOGRAPHIC INFORMATION

Segment information

We consider our business to be a single segment entity – the development, manufacture and sale on a global basis of medical devices for vascular access, surgery, peripheral vascular disease and oncology. Our chief operating decision maker (CEO) evaluates the various global product portfolios on a net sales basis. Executives reporting in to the CEO include those responsible for operations and supply chain management, research and development, sales, franchise marketing and certain corporate functions. The CEO evaluates profitability, investment and cash flow metrics on a consolidated worldwide basis due to shared infrastructure and resources. Prior to fiscal year 2013, our business was organized as two segments: Vascular and Oncology/Surgery, each under the direction of a general manager with direct responsibility for all sales, marketing and product development activities.

Total sales by product category are summarized below (in thousands):

	Year Ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Net sales by Product Category			
Peripheral Vascular	$ 192,656	$ 179,683	$ 95,200
Vascular Access	106,394	106,690	63,857
Oncology/Surgery	49,360	47,155	62,730
Supply Agreement	6,045	8,498	—
Total	$ 354,455	$ 342,026	$ 221,787

Geographic information

Total sales for geographic areas are summarized below (in thousands):

	Year Ended		
	May 31, 2014	May 31, 2013	May 31, 2012
Net sales by Geography			
United States	$ 280,191	$ 266,338	$ 188,187
International	68,219	67,190	33,600
Supply Agreement	6,045	8,498	—
Total	$ 354,455	$ 342,026	$ 221,787

For fiscal years 2014, 2013 and 2012, International sales as a percentage of total net sales were 19% , 20% and 15% , respectively. Sales to any one country outside the U.S., as determined by shipment destination, did not comprise a material portion of our net sales in any of the last three fiscal years. 99% of our total assets are located within the United States.

NOTE P—RESTRUCTURING

On December 5, 2013, we announced a company-wide operational excellence program designed to save between $15 and $18 million during the course of the next three years. The initiative is expected to create greater efficiencies and drive business performance improvements by focusing on several key elements, including product rationalization, lean manufacturing initiatives, supply chain optimization and enterprise resource planning (ERP) implementation. The plan also incorporates the consolidation of our New York plants to establish a single manufacturing center in Glens Falls and a distribution center in Queensbury. During the course of the three-year program, it is expected that we will reduce our New York employee base by approximately 80-100 positions as a result of this plant consolidation and reorganization. Over the three year period, we expect to invest $5.4 million in facility improvements. In addition, total restructuring charges are estimated to be $4.7 million . The program was launched in the third quarter of fiscal 2014 and the cost incurred was $1.4 million , consisting of $0.6 million of severance and related costs, $0.7 million of accelerated depreciation and $0.1 million in other costs. These costs are included in “Acquisition, restructuring and other items, net” in the statements of income.

NOTE Q—QUARTERLY INFORMATION (unaudited)

During the preparation of its fiscal 2014 consolidated financial statements, the Company identified an accounting error related to the January 2014 implementation of our global enterprise resource planning system which resulted in the Company recording lower cost of goods sold during the third quarter of 2014. The Company has evaluated the impact of this error and has concluded that this error was not material to any previously issued financial statements. However, the Company has elected to revise this error in the Annual Report on Form 10-K that will be filed with SEC for the period ending May 31, 2014. Additionally, the Company has reflected the revision for these errors in the quarterly financial information tables presented below.

The following table summarizes the impact of immaterial errors in the Company's consolidated statements of operations, consolidated balance sheets and consolidated statements of cash flows for the period ended February 28, 2014:

(In thousands, except per share data)	As Previously Reported	Adjustments	As Revised
Quarter Ended February 28, 2014			
Consolidated Statement of Operations			
Cost of sales	$ 42,560	717	43,277
Gross profit	45,635	(717)	44,918
Operating income	7,569	(717)	6,852
Income before income tax provision	5,584	(717)	4,867
Income tax expense	476	(300)	176
Net income	5,108	(417)	4,691
Income per common share	0.15	(0.01)	0.14
Income per diluted share	0.14	(0.01)	0.13
As of February 28, 2014			
Consolidated Balance Sheets			
Inventory, net	59,834	(717)	59,117
Income tax payable	879	(300)	579
Nine Months Ended February 28, 2014			
Consolidated Statement of Cash Flows			
Net income	5,108	(417)	4,691
Change in inventories	(4,225)	717	(3,508)
Accounts payable, accrued and other liabilities	2,699	(300)	2,399
Net cash provided by operating activities	$ 15,174	—	$ 15,174

Quarterly results of operations during the fiscal years ended 2014 and 2013 are as follows:

	2014			
	First quarter	Second quarter	Third quarter	Fourth quarter
	(in thousands, except per share data)			
Net sales	$ 83,579	$ 88,616	$ 88,195	$ 94,065
Gross profit	42,482	44,930	44,918	47,531
Net income (loss)	(426)	(99)	4,691	(1,078)
Earnings per common share				
Basic	(0.01)	—	0.14	(0.03)
Diluted	(0.01)	—	0.13	(0.03)

	2013			
	First quarter	Second quarter	Third quarter	Fourth quarter
	(in thousands, except per share data)			
Net sales	$ 83,406	$ 87,007	$ 81,571	$ 90,042
Gross profit	39,459	44,088	41,201	44,241
Net income (loss)	(721)	1,969	(992)	(868)
Earnings per common share				
Basic	(0.02)	0.06	(0.03)	(0.03)
Diluted	(0.02)	0.06	(0.03)	(0.03)

The data in the schedules above has been intentionally rounded to the nearest thousand and therefore the quarterly amounts may not sum to the full year amounts.

The first quarter results of fiscal 2014 included in “Acquisition, restructuring and other items, net”, $1.2 million in Navilyst related acquisition costs and $0.3 million in Clinical Devices related acquisition costs. The second quarter of fiscal 2014 included $1.6 million in Navilyst related acquisition costs and $0.8 million in litigation related costs. The third quarter of fiscal 2014 included $1.4 million in Navilyst related acquisition costs and $1.0 million in consolidation charges. The fourth quarter of fiscal 2014 included $1.3 million in Navilyst related acquisition costs, $1.1 million in litigation charges and $0.4 million in consolidation charges.

The first quarter results for fiscal 2013 included in “Acquisition, restructuring and other items, net”, $2.2 million in transaction and related costs of the Navilyst acquisition and $337 thousand in costs associated with the decision to close our UK facility. The 2013 second quarter results included $1.7 million for Navilyst transaction costs, $476 thousand for the UK closure costs, $425 thousand in litigation costs and $325 thousand in costs related to the Vortex acquisition, offset by $770 thousand gain on sale of a product line. The 2013 third quarter results included $1.6 million in costs related to the discontinuance of a product line, $1.3 million in Navilyst transaction costs, $920 thousand for the UK closure costs, $901 thousand in litigation costs and $414 thousand in transaction costs of the Vortex and Microsulis acquisitions. The 2013 fourth quarter results included $2.1 million for Navilyst transaction costs, $717 thousand in UK closure costs, and $580 thousand in litigation costs.

AngioDynamics, Inc. and Subsidiaries

SCHEDULE II -VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

Column A	Column B	Column C	Column D		Column E
Description	**Balance at Beginning of Year**	**Additions - Charged to costs and expenses**	**Deductions**		**Balance at End of Period**
Year Ended May 31, 2012					
Allowance for deferred tax asset	1,134	208	(146)	(b)	1,196
Allowance for sales returns and doubtful accounts	485	4,859	(4,411)	(a)	933
Totals	$ 1,619	$ 5,067	$ (4,557)		$ 2,129
Year Ended May 31, 2013					
Allowance for deferred tax asset	1,196	—	(484)	(b)	712
Allowance for sales returns and doubtful accounts	933	4,134	(3,795)	(a)	1,272
Totals	$ 2,129	$ 4,134	$ (4,279)		$ 1,984
Year Ended May 31, 2014					
Allowance for deferred tax asset	712	819	—	(b)	1,531
Allowance for sales returns and doubtful accounts	1,272	7,342	(6,878)	(a)	1,736
Totals	$ 1,984	$ 8,161	$ (6,878)		$ 3,267

(a) Previously reserved sales returns and accounts written off as uncollectible.

(b) Use of fully reserved capital losses and expiration of fully reserved state tax credits.

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.

ANGIODYNAMICS, INC.

Date: August 14, 2014

By: /S/ HOWARD W. DONNELLY

Howard W. Donnelly,
Chairman of the Board, Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 14, 2014

/S/ HOWARD W. DONNELLY

Howard W. Donnelly,
Chairman of the Board, Director

Date: August 14, 2014

/S/ JOSEPH M. DEVIVO

Joseph M. DeVivo
Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2014

/S/ MARK T. FROST

Mark T. Frost
Executive Vice President—Chief Financial Officer,
Treasurer (Principal Financial and Chief Accounting Officer)

Date: August 14, 2014

/S/ WESLEY E. JOHNSON, JR.

Wesley E. Johnson, Jr.,
Director

Date: August 14, 2014

/S/ JEFFREY G. GOLD

Jeffrey G. Gold,
Director

Date: August 14, 2014

/S/ DENNIS S. METENY

Dennis S. Meteny,
Director

Date: August 14, 2014

/S/ STEVEN R. LAPORTE

Steven R. LaPorte,
Director

Date: August 14, 2014

/S/ KEVIN J. GOULD

Kevin J. Gould,
Director

Date: August 14, 2014

/S/ DAVID BURGSTAHLER

David Burgstahler,
Director

Date: August 14, 2014

/S/ SRIRAM VENKATARAMAN

Sriram Venkataraman,
Director

(b)	***Exhibits***
2.1	Master Separation and Distribution Agreement, effective as of May 2004, between E-Z-EM, Inc. and AngioDynamics, Inc. (incorporated by reference to Exhibit 10.3 of the Company's registration statement on Form S-1/A , filed with the Commission on May 12, 2004).
2.2	Stock Purchase Agreement, dated October 12, 2006, by and between AngioDynamics, Inc., Oncobionic, Inc. and the shareholders of Oncobionic, Inc. (incorporated by reference to Exhibit 2.1 of the Company's quarterly report on Form 10-Q, filed with the Commission on January 11, 2007).
2.3	Agreement and Plan of Merger, dated as of November 27, 2006, by and among AngioDynamics, Inc., Royal I, LLC and RITA Medical Systems, Inc. (incorporated by reference to Annex A of the Company's Registration Statement on Form S-4, filed with the Commission on December 8, 2006).
2.4	Amendment No. 1, dated December 7, 2006, to the Agreement and Plan of Merger, dated as of November 27, 2006, by and among AngioDynamics, Inc., Royal I, LLC and RITA Medical Systems, Inc. (incorporated by reference to Annex E of the Company's Registration Statement on Form S-4, filed with the Commission on December 8, 2006).
2.5	Amendment No. 2, dated January 16, 2007, to the Agreement and Plan of Merger, dated as of November 27, 2006, by and among AngioDynamics, Inc., Royal I, LLC and RITA Medical Systems, Inc. (incorporated by reference to Exhibit 2.1 of the Company's current report on Form 8-K, filed with the Commission on January 16, 2007).
2.6	Asset Purchase Agreement, dated as of April 9, 2008, by and between Diomed Holdings, Inc. and Diomed, Inc., as sellers and AngioDynamics, Inc., as Buyer (We agree to furnish to the Commission, upon request, a copy of each exhibit to this Asset Purchase Agreement).
2.7	Sale of the Business and Assets of Diomed Limited (in administration), dated April 10, 2008, by and between AngioDynamics, Inc., Diomed Limited (in administration) and Steve Law (as administrator) (We agree to furnish to the Commission, upon request, a copy of each exhibit to this Stock Purchase Agreement).
2.8	Stock Purchase Agreement, dated as of January 30, 2012, by and among AngioDynamics, Inc., NM Holding Company, Inc. ("Navilyst"), the stockholders of Navilyst who are, or will be before the closing set forth on the signature pages thereto, solely with respect to, and as specified in, Sections 2.4 and 7.11(b) thereof, the Optionholders who execute joinder agreements thereto, and, solely with respect to, and as specified in, Section 2.6 and Article XII thereof, Avista Capital Partners GP, LLC, in its capacity as sellers' representative (incorporated by reference to Exhibit 2.1 of the Company's current report on Form 8-K filed with the Commission on February 3, 2012).
2.9	Stockholders Agreement, dated as of May 22, 2012, among AngioDynamics, Inc. and the stockholders set forth on the signature pages thereto (incorporated by reference to Exhibit 2.2 of the Company's current report on Form 8-K filed with the Commission on May 25, 2012).
2.10	Stock Purchase Agreement, dated as of October 8, 2012, by and among AngioDynamics, Inc., Vortex Medical, Inc. ("Vortex"), the stockholders of Vortex set forth on the signature pages thereto, the optionholders of Vortex set forth on the signature pages thereto and CHTP Management Services, Inc., as sellers' representative (incorporated by reference to Exhibit 2.1 of the Company's current report on Form 8-K, filed with the Commission on October 12, 2012).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's quarterly report on Form 10-Q, filed with the Commission on October 7, 2005).
3.2	Amended and Restated By-laws (incorporated by reference to Exhibit 3.2 of the Company's quarterly report on Form 10-Q, filed with the Commission on October 7, 2005).

4.1	Credit Agreement, dated as of September 19, 2013, by and among AngioDynamics, Inc., the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Keybank National Association as co-syndication agents, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint bookrunners and joint lead arrangers (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K filed with the Commission on September 24, 2013).
4.2	Except as set forth in Exhibit 4.4 above, the instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries have been omitted. We agree to furnish to the Commission, upon request, a copy of each instrument with respect to issuances of long term debt of the Company and its subsidiaries.
10.1.1	AngioDynamics, Inc. 1997 Stock Option Plan, as amended by the Board and Shareholders on February 27, 2004 (incorporated by reference to Exhibit 10.2 of the Company's registration statement on Form S-1, filed on March 5, 2004).
10.1.2	AngioDynamics, Inc. 2004 Stock and Incentive Award Plan (as amended) (incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission on September 10, 2012).
10.1.3	AngioDynamics 2013 Total Shareholder Return Performance Unit Agreement Program (incorporated by reference to Exhibit 10.2 of the Company's current report on Form 8-K filed with the Commission on November 5, 2013).
10.1.4	AngioDynamics 2014 Total Shareholder Return Performance Unit Agreement Program.
10.2	AngioDynamics, Inc. Employee Stock Purchase Plan (as amended) (incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission on September 10, 2012).
10.3.1	Form of Non-Statutory Stock Option Agreement pursuant to the AngioDynamics, Inc. Stock and Incentive Award Plan (incorporated by reference to Exhibit 10.1 of the Company's quarterly report on Form 10-Q, filed with the Commission on October 12, 2004).
10.4.1	Form of 2013 Performance Share Award Agreement pursuant to the AngioDynamics, Inc. 2004 Stock and Incentive Award Plan (incorporated by reference to Exhibit 10.2 of the Company's current report on Form 8-K, filed with the Commission on May 12, 2005).
10.4.2	Form of 2014 Performance Share Award Agreement pursuant to the AngioDynamics, Inc. 2004 Stock and Incentive Award Plan.
10.5.1	Form of Restricted Stock Award Agreement pursuant to the AngioDynamics, Inc. 2004 Stock and Incentive Award Plan (incorporated by reference to the Company's current report on Form 8-K, filed with the Commission on May 12, 2005).
10.6	Rita Medical Systems, Inc. 1994 Incentive Stock Plan (incorporated by reference to Exhibit 10.2 of Rita Medical Systems registration statement on Form S-1, filed with the Commission on May 3, 2000)
10.7	Horizon Medical Products, Inc. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.11 of Horizon Medical Products' registration statement on Form S-1, filed with the Commission on February 13, 1998.
10.8	Rita Medical Systems, Inc. 2000 Stock Plan (incorporated by reference to Exhibit 10.3 of Rita Medical Systems registration statement on Form S-1/A, filed with the Commission on June 14, 2000).

10.9	Rita Medical Systems, Inc. 2000 Directors' Stock Plan, as amended on June 8, 2005 (incorporated by reference to Exhibit 99.2 of Rita Medical System's registration statement on Form S-8, filed with the Commission on July 8, 2005).
10.10	Rita Medical Systems, Inc. 2005 Stock and Incentive Plan (incorporated by reference to Exhibit 99.1 of Rita Medical System's registration statement on Form S-8, filed with the Commission on July 8, 2005).
10.11	Form of Indemnification Agreement of AngioDynamics, Inc. (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K, filed with the Commission on May 12, 2006).
10.12.1	Form of Severance Agreement of AngioDynamics, Inc. (incorporated by reference to Exhibit 10.1 of the Company's current report on form 8-K, filed with the Commission on October 31, 2007).
10.13	Form of Change in Control Agreement.
10.14	Non-Statutory Stock Option Agreement, by and between AngioDynamics, Inc. and Jan Keltjens, dated January 19, 2009 (incorporated by reference to Exhibit 10.3 of the Company's current report on Form 8-K, filed with the Commission on January 23, 2009).
10.15	Restricted Stock Agreement, by and between AngioDynamics, Inc. and Jan Keltjens, dated January 19, 2009 (incorporated by reference to Exhibit 10.4 of the Company's current report on Form 8-K, filed with the Commission on January 23, 2009).
10.16	Non-Statutory Stock Option Agreement, by and between AngioDynamics, Inc. and Eamonn Hobbs, dated January 20, 2009 (incorporated by reference to Exhibit 10.7 of the Company's current report on Form 8-K, filed with the Commission on January 23, 2009).
10.17	Employment Agreement, dated August 15, 2011, between AngioDynamics, Inc. and Joseph M. DeVivo (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K, filed with the Commission on August 16, 2011, 2011).
10.18	Change in Control Agreement, dated August 15, 2011, between AngioDynamics, Inc. and Joseph M. DeVivo (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K, filed with the Commission on August 16, 2011, 2011).
10.19	AngioDynamics, Inc. Fiscal Year 2012 Senior Executive Equity Incentive Program (incorporated by reference to Exhibit 10.30 of the Company's annual report on Form 10-K, filed with the commission on August 12, 2011).
10.20	Separation and General Release, by and between AngioDynamics, Inc. and Jan Keltjens, dated June 13, 2011 (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K, filed with the Commission on June 14, 2011).
10.21	Retirement and Separation Agreement and General Release, dated November 19, 2012, between AngioDynamics, Inc. and D. Joseph Gersuk (incorporated by reference as Exhibit 10.1 of the Company's current report on Form 8-K, filed with the Commission on November 21, 2012).
10.22	Change in Control Agreement, effective November 30, 2012, between AngioDynamics, Inc. and Mark T. Frost (incorporated by reference as Exhibit 10.2 of the Company's current report on Form 8-K, filed with the Commission on November 21, 2012).
14	Code of Ethics (incorporated by reference to Exhibit 14 of the Company's current report on Form 8-K, filed with the Commission on May 12, 2006).

21	Subsidiaries (incorporated by reference to Exhibit 21 of the Company's annual report on Form 10-K filed with the Commission on August 14, 2013).
23	Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm.
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Documents
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Documents
101.PRE	XBRL Presentation Linkbase Documents

Exhibit 10.13

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (the "Agreement"), is made as of the _____, 2013 between AngioDynamics, Inc., a Delaware corporation (the "Company"), and [Executive], an individual resident of the State of New York ("Executive").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continued employment of key management personnel; and

WHEREAS, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms . The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Term of Agreement . The Term of this Agreement shall commence on the date hereof and shall continue in effect through December 31, 2013; provided, however, that effective January 1, 2014 and each January 1 thereafter, the Term that is then in effect shall automatically be extended for one additional year unless the Company has given notice before the January 1 in question that the Term that is in effect at the time such notice is given will not be extended; and further provided, however, that if a Change in Control occurs during the Term, the Term shall expire no earlier than twelve (12) calendar months after the calendar month in which such Change in Control occurs. Notwithstanding the foregoing, this Agreement shall terminate if the Executive ceases to be an employee of the Company and its subsidiaries for any reason prior to a Change in Control. However, anything in this Agreement (including the preceding sentence) to the contrary notwithstanding, if a Change in Control occurs and if, within three months prior to the date on which such Change in Control occurs, the Executive's employment with the Company is terminated by the Company without Cause or an event occurs that would, if it took place after the Change in Control, constitute Good Reason for termination of employment by the Executive, and if it is reasonably demonstrated by the Executive that such termination of employment by the Company or event constituting Good Reason for termination of employment by the Executive (a) was undertaken at the request of a third party who has taken steps reasonably calculated to effect the Change in Control, or (b) otherwise arose in connection with or in anticipation of the Change in Control, then for purposes of this Agreement such termination of employment by the Company without Cause or event constituting Good Reason shall be deemed to occur during the 12 month period following the Change in Control and, if the Executive terminates his employment for such Good Reason before the Change in Control, such termination of employment by the Executive shall likewise be deemed to occur during the 12 month period following the Change in Control.

3. Company's Covenants Summarized . In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. Except as provided in Section 2, Section 6.3, Section 9.1 or Section 14.2 hereof, no amounts shall be payable under this Agreement unless the Executive's employment with the Company terminates following a Change in Control and during the Term. This Agreement shall not be construed as creating an express or implied contract of employment enforceable against the Company nor, except as provided in Section 4 below, enforceable against the Executive, and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. The Executive's Covenants . The Executive agrees to remain in the employ of the Company, subject to the terms and conditions of this Agreement, if a Potential Change in Control occurs during the Term and the Executive is then in the employ of the Company, until the earliest of (a) the date which is six (6) months from the date of such Potential Change in Control, (b) the date of a Change in Control, (c) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death, Disability or Retirement, or (d) the termination by the Company of the Executive's employment for any reason; provided that Executive’s agreement to remain in the employ of the Company shall be subject to the condition that no adverse change occurs after the Potential Change in Control in his title, duties, responsibilities, authority, reporting relationships, compensation, benefits or indemnification rights.

5. Certain Compensation Other Than Severance Payments .

5.1 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay the Executive his full salary through the date of termination at the rate in effect immediately prior to the date of termination or, if higher, the rate in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, together with all compensation and benefits payable to the Executive through the date of termination under the terms of the Company's compensation and benefit plans, programs and arrangements as in effect immediately prior to the date of termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

5.2 Subject to Section 6.1 hereof, if the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay to the Executive the Executive's normal post-termination compensation and benefits as such payments become due. Any such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation and benefit plans, programs and arrangements as in effect immediately prior to the date of termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

6. Severance Payments .

6.1 Subject to Section 6.2 and Section 6.3 hereof, if the Executive's employment is terminated following a Change in Control and during the Term either by the Company or by the Executive, other than (a) by the Company for Cause, (b) by reason of death or Disability, or (c) by the Executive without Good Reason, (any such employment termination being hereafter sometimes referred to as a " Compensable Termination "), then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 (" Severance Payments "), in addition to any payments and benefits to which the Executive is entitled under Sections 5 and 6.3 hereof. Notwithstanding the foregoing, the Executive shall

not be eligible to receive any payment or benefit provided for in this Section 6.1 unless the Executive shall have executed (i) a release substantially in the form of Exhibit A hereto, and a covenant not to compete substantially in the form of Exhibit B hereto, effective as of the date of the Compensable Termination or a date subsequent thereto and shall not have revoked said release. The Severance Payments are in lieu of any severance benefits that would otherwise be payable or provided pursuant to any severance plan or practice of the Company.

(i) The Company shall pay the Executive, at the time provided in Section 6.2 below, his annual bonus for the fiscal year of the Company preceding the fiscal year of the Company in which the Compensable Termination occurs, if unpaid at the time of the Compensable Termination, the amount of such bonus to be determined by the Compensation Committee of the Board on a basis no less favorable to the Executive than its bonus determinations with respect to the Executive prior to the Change in Control, unless the Committee made no bonus determinations with respect to the Executive before the Change in Control, in which case on a basis no less favorable to the Executive than its bonus determinations with respect to other executives of comparable rank before the Change in Control.

(ii) The Company shall pay the Executive, at the time provided in Section 6.2 below, a prorated annual bonus for the fiscal year of the Company in which the Compensable Termination occurs, such prorated bonus to be determined by multiplying the "Applicable Average Bonus" as defined below in this subsection (ii) by a fraction the numerator of which shall be the number of days elapsed in such fiscal year through (and including) the date on which the Compensable Termination occurs and the denominator of which shall be the number 365. For purposes of this Agreement, the " Applicable Average Bonus " means the higher of (A) the average of all annual bonuses (including any deferred bonuses) awarded to the Executive during the 36 months immediately preceding the Compensable Termination or, if the Executive was employed by the Company for less than 36 months before the Compensable Termination, during the period of his employment by the Company prior to the Compensable Termination (annualizing any bonus awarded for less than a full year of employment), or (B) the average of all annual bonuses (including any deferred bonuses) awarded to the Executive during the three fiscal years of the Company that precede the fiscal year in which the Compensable Termination occurs or during the portion of such three fiscal years in which he was employed by the Company (annualizing any bonus awarded for less than a full year of employment), or (C) the average of all annual bonuses (including any deferred bonuses) awarded to the Executive during the 36 months preceding the date on which the Change in Control occurred or during the portion of such 36 month period in which he was employed by the Company (annualizing any bonus awarded for less than a full year of employment).

(iii) The Company shall pay the Executive, at the time provided in Section 6.2 below, a lump sum cash payment equal to two (2) times the Executive's annual base salary at the rate in effect immediately prior to the Compensable Termination or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason (" Base Salary ").

(iv) The Company will pay the Executive for all earned but unused vacation leave at the time of the Compensable Termination.

6.2 All payments to be made pursuant to subsections (i) through (iv) of Section 6.1 above shall be made within thirty (30) calendar days after the date on which a Separation from Service occurs coincident with or following, or within 30 days before, the date on which the Compensable Termination occurs (the " Separation from Service Date ") unless on the Separation from Service Date the Executive is a Specified Employee, in which case such payments shall be made six months and one day after the Separation from Service Date (or, if earlier, the date of the Executive's death). For purposes of the preceding sentence, a Specified Employee means a "specified employee" who is subject to the special rule set forth in subsection

(a)(2)(B)(i) of section 409A of the Code and the regulations thereunder (including, without limitation, Proposed Treasury Regulation section 1.409A-1(i)) with respect to such payments.

6.3 In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then Executive's benefits under this Agreement shall be either

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: reduction of cash payments, cancellation of equity awards granted within the twelve (12) month period prior to a "change in control" (as determined under Code Section 280G) that are deemed to have been granted contingent upon the change in control (as determined under Code Section 280G), cancellation of accelerated vesting of equity awards, reduction of employee benefits.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section.

7. Payments During Dispute . Any payments to which the Executive may be entitled under this Agreement, including, without limitation, under sections 5 and 6 hereof, shall be made forthwith on the applicable date(s) for payment specified in this Agreement. If for any reason the amount of any payment due to the Executive cannot be finally determined on that date, such amount shall be estimated on a good faith basis by the Company and the estimated amount shall be paid no later than 10 days after such date. As soon as practicable thereafter, the final determination of the amount due shall be made and any adjustment requiring a payment to or from the Executive shall be made as promptly as practicable.

8. No Mitigation . The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof or any other provision of this Agreement. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced (a) by any compensation earned by the Executive as the result of employment by another employer, (b) by retirement benefits, (c) by offset against any amount claimed to be owed by the Executive to the Company, or (d) otherwise.

9. Successors; Binding Agreement .

9.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the Company's obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession during the Term shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control and during the Term, except that, for purposes of implementing the foregoing, the date on which the Executive's employment terminates (for any reason other than Cause) within 30 days before, or at any time during the Term and on or after, the date on which any such succession becomes effective during the Term shall be deemed the date of the Compensable Termination.

9.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

10. Notices . For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Executive, to his most recent address shown on the books and records of the Company at the time notice is given and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:

AngioDynamics, Inc.
14 Plaza Drive
Latham, NY 12110

Attention: Chief Executive Officer

11. Miscellaneous . No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement constitutes the entire agreement of the parties concerning the specific subject matter addressed by this Agreement and supersedes all prior agreements addressing the terms and conditions contained herein. Nothing in this Agreement is intended to amend or otherwise alter the change in control provisions or any other provisions of any (a) stock option or other compensation or incentive award that may heretofore have been or may hereafter be granted to the

Executive, or (b) employee benefit or fringe benefit plan in which the Executive may heretofore have been or may hereafter be a participant. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York. All references to sections of the Code or the Exchange Act shall be deemed also to refer to any successor provisions to such sections and to IRS or SEC regulations and official guidance published thereunder. Any payments provided for hereunder shall be subject to any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) shall survive such expiration.

12. Validity . The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts . This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Settlement of Disputes; Arbitration .

14.1 All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.

14.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the Albany, New York metropolitan area in accordance with the employment dispute resolution rules of the American Arbitration Association then in effect. The arbitrator shall have the authority to require that the Company reimburse the Executive for the payment of all or any portion of the legal fees and expenses incurred by the Executive in connection with such dispute or controversy. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

14.3 The Company agrees to use commercially reasonable efforts to administer this Agreement, and operate any deferred compensation plans in which the Executive participates from time to time that are aggregated with this Agreement or with any payment or benefit provided by this Agreement for purposes of Section 409A of the Code (e.g., account balance plans, nonaccount balance plans, separation pay plans, and plans that are neither account balance nor nonaccount balance plans), in good faith compliance with Code Section 409A to the extent necessary to avoid inclusion of any amounts of benefits payable hereunder in the Executive’s income pursuant to Section 409A(a)(1)(A) of the Code.

15. Definitions . For purposes of this Agreement, the following terms shall have the meanings indicated below:

(A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(B) “Applicable Average Bonus” shall have the meaning set forth in subsection (ii) of Section 6.1.

(C) “Base Salary” shall have the meaning set forth in subsection (iii) of Section 6.1.

(D) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(E) "Board" shall mean the Board of Directors of the Company.

(F) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company as such duties were in effect prior to any change therein constituting Good Reason (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such failure after the occurrence of an event constituting Good Reason for resignation by the Executive) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, provided that such failure will constitute Cause only if it remains uncured for more than thirty (30) days following receipt by the Executive of such written demand from the Board; (ii) the engaging by the Executive in willful conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise, provided that such conduct will constitute Cause only if it remains uncured for more than thirty (30) days following receipt by the Executive of a written demand from the Board to cease such conduct; (iii) the Executive’s insubordination, as defined from time to time by the Board, provided that insubordination will constitute Cause only if it remains uncured for more than thirty (30) days following receipt by the Executive of a written demand from the Board to cease such insubordination; or (iv) the Executive's conviction of (a) a felony or (b) a crime involving fraud, dishonesty or moral turpitude. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company. The Company shall notify the Executive in writing of any employment termination purporting to be for Cause on or before the date of such termination, which writing shall describe with specificity the conduct alleged to constitute Cause for such termination. Any purported termination of employment by the Company for Cause which does not satisfy the applicable requirements of this Section 15(F) shall be conclusively deemed to be a termination of employment by the Company without Cause for purposes of this Agreement.

(G) A "Change in Control" shall mean that any of the following events has occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors serving on the Board: individuals who, at the beginning of any period of two consecutive years or less (not including any period prior to the date of this Agreement), constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-

thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any Subsidiary with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, at least 60% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 60% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(H) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(I) "Company" shall mean AngioDynamics, Inc. and, except in determining under Section 15(G) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(J) “Compensable Termination” shall have the meaning set forth in Section 6.1.

(K) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six consecutive months or for six non-consecutive months within any period of 12 consecutive months.

(L) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(M) "Executive" shall mean the individual named in the first paragraph of this Agreement.

(N) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control, of any

one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (i), (iii), (iv) or (vii) below, such act or failure to act is corrected within thirty (30) calendar days after the Company's receipt of written notice thereof given by the Executive within thirty (30) calendar days of such act or failure to act:

(i) the assignment to the Executive of any duties inconsistent with the Executive's status or position in the Company immediately prior to the Change in Control, or a substantial adverse alteration in the nature, status or scope of the Executive's responsibilities or authority from his responsibilities or authority immediately prior to the Change in Control, or a reduction in his title;

(ii) a reduction by the Company in the Executive's annual base salary as in effect on the date of this Agreement or as the same may be increased from time to time;

(iii) a significant reduction in compensation, benefits or reimbursements provided under any employment, compensation, employee benefit or reimbursement plan or program in which the Executive is a participant which is not replaced with substantially equivalent compensation, benefits or reimbursements under another plan, program or arrangement at substantially the same cost (if any) to the Executive;

(iv) the Company fails to pay or provide any amount or benefit that the Company is obligated to pay or provide under this Agreement or any other employment, compensation, benefit or reimbursement plan, agreement or arrangement of the Company to which the Executive is a party or in which the Executive participates;

(v) the Company fails to pay the Executive a bonus, for each fiscal year of Employer that terminates following a Change in Control and during the Term, at least equal to 80% of the Applicable Average Bonus;

(vi) the relocation of the Executive's principal place of employment to a location which increases the Executive's one-way commuting distance by more than 40 miles, or the Company's requiring the Executive to travel on business other than to an extent substantially consistent with the Executive's business travel obligations prior to the Change in Control;

(vii) a significant adverse change occurs, whether of a quantitative or qualitative nature, in the indemnification protection provided to the Executive for acts and omissions arising out of his service on behalf of the Company or any other entity at the request of the Company; or

(viii) The Company fails to obtain the assumption of this Agreement pursuant to Section 9.1.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

(O) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(P) "Potential Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(ii) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates); or

(iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(Q) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.

(R) “Separation from Service” means termination of employment with the Company. However, the Executive shall not be deemed to have a Separation from Service if he continues to provide services to the Company in a capacity other than as an employee and if he is providing services at an annual rate that is fifty percent or more of the services he rendered, on average, during the immediately preceding three full calendar years of employment with the Company (or if employed by the Company less than three years, such lesser period) and the annual remuneration for his services is fifty percent or more of the annual remuneration earned during the final three full calendar years of employment (of if less, such lesser period); provided, however, that a Separation from Service will be deemed to have occurred if his service with the Company is reduced to an annual rate that is less than twenty percent of the services he rendered, on average, during the immediately preceding three full calendar years of employment with the Company (or if employed by the Company less than three years, such lesser period) or the annual remuneration for his services is less than twenty percent of the annual remuneration earned during the three full calendar years of employment with the Company (or if less, such lesser period).

(S) “Separation from Service Date” shall have the meaning set forth in Section 6.2 hereof.

(T) "Severance Payments" shall have the meaning set forth in Section 6.1 hereof.

(U) "Subsidiary" means a corporation or other form of business association of which shares (or other ownership interests) having more than 50% of the voting power are owned or controlled, directly or indirectly, by the Company.

(V) "Term" shall mean the period of time described in Section 2 hereof (including any extension or continuation described therein).

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

ANGIODYNAMICS, INC.

By: _____
Name: Joseph M. DeVivo
Title: President and CEO

_____
[Executive]

Exhibit A

ANGIODYNAMICS, INC.

RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made by and between AngioDynamics, Inc. (the "Company"), and ("Executive").

WHEREAS, Executive has agreed to enter into a release of claims in favor of the Company upon certain events specified in the Change in Control Agreement by and between Company and Executive, as amended (the "Severance Agreement").

NOW THEREFORE, in consideration of the mutual promises made herein, the Parties hereby agree as follows:

1. Termination . Executive's employment from the Company terminated on [DATE].

2. Confidential Information . Executive shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Proprietary Information and Nondisclosure Agreement between Executive and the Company (the "Confidentiality Agreement"), as well as Section 4 of the Severance Agreement. Executive shall return all the Company property and confidential and proprietary information in his possession to the Company on the Effective Date of this Agreement.

3. Payment of Salary . Executive acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Executive.

4. Release of Claims . Except as set forth in the last paragraph of this Section 4, Executive agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company. Executive, on behalf of himself, and his respective heirs, family members, executors and assigns, hereby fully and forever releases the Company and its past, present and future officers, agents, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, parents,

predecessor and successor corporations, and assigns, from, and agrees not to sue or otherwise institute or cause to be instituted any legal or administrative proceedings concerning any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that he may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation,

(a) any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, and The Worker Adjustment and Retraining Notification Act;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(n) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. Nothing in this Agreement waives Executive's rights to indemnification or any payments under any fiduciary insurance policy, if any, provided by any act or agreement of the Company, state or federal law or policy of insurance.

5. Acknowledgment of Waiver of Claims under ADEA . Executive acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Executive and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release Agreement is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that he has been advised by this writing that (a) he should consult with an attorney prior to executing this Agreement; (b) he has at least twenty-one (21) days within which to consider this Agreement; (c) he has seven (7) days following the execution of this Agreement by the parties to revoke the Agreement; (d) this Agreement shall not be effective until the revocation period has expired; and (e) nothing in this

Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. Any revocation should be in writing and delivered to [HR Contact Name] at the Company by close of business on the seventh day from the date that Executive signs this Agreement.

6. No Pending or Future Lawsuits . Executive represents that he has no lawsuits, claims, or actions pending in his name, or on behalf of any other person or entity, against the Company or any other person or entity referred to herein. Executive also represents that he does not intend to bring any claims on his own behalf or on behalf of any other person or entity against the Company or any other person or entity referred to herein.

7. Application for Employment . Executive understands and agrees that, as a condition of this Agreement, he shall not be entitled to any employment with the Company, its subsidiaries, or any successor, and he hereby waives any right, or alleged right, of employment or re-employment with the Company.

8. No Cooperation . Executive agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so.

9. Cooperation with Company . Executive agrees to cooperate, at the request of the Company, in the defense and/or prosecution of any charges, claims, investigations (internal or external), administrative proceedings and/or lawsuits relating to matters occurring during or relating to Executive's period of employment about which Executive may have relevant information. Executive shall further reasonably cooperate with regard to the transition of Executive's job duties and business relationships. Executive agrees to respond to reasonable requests for information from the Company in a timely manner.

10. No Admission of Liability . No action taken by the Company, either previously or in connection with this Agreement shall be deemed or construed to be (a) an admission of the truth or falsity of any claims heretofore made or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to the Executive or to any third party.

11. Costs . The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

12. Authority . Executive represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement.

13. No Representations . Executive represents that he has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither party has relied upon any representations or statements made by the other party hereto which are not specifically set forth in this Agreement.

14. Severability . In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

15. Entire Agreement . This Agreement, along with the Confidentiality Agreement, and Executive's written equity compensation agreements with the Company, represents the entire agreement and understanding between the Company and Executive concerning Executive's separation from the Company.

16. No Oral Modification . This Agreement may only be amended in writing signed by Executive and a duly authorized officer of the Company (other than Executive).

17. Governing Law . This Agreement shall be governed by the internal substantive laws, but not the choice of law rules, of the State of New York.

18. Effective Date . Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Executive signed this Agreement, so long as it has been signed by both Parties.

19. Counterparts . This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

20. Voluntary Execution of Agreement . This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have had the opportunity of being represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains;

(d) They are fully aware of the legal and binding effect of this Agreement.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

[Company Name]

Dated: [MONTH], 20___

By:

[Name], an individual

Dated: [MONTH], 20___

By:
[ ]

Exhibit B

ANGIODYNAMICS, INC.

NON-COMPETE AND NON-SOLICITATION

This Non-Competition and Non-Solicitation Agreement ("Agreement") is made by and between AngioDynamics, Inc. (the "Company"), and ("Executive").

WHEREAS, Executive has agreed to enter into a release of claims in favor of the Company upon certain events specified in the Change in Control Agreement by and between Company and Executive, as amended (the "Severance Agreement").

NOW THEREFORE, in consideration of the mutual promises made herein, the Parties hereby agree as follows:

1. **Terms used in this Agreement** :

a. AngioDynamics means AngioDynamics, Inc., its successors or assigns, and any of their existing and future divisions, subsidiaries, and affiliates.

b. Confidential Information means all trade secrets, proprietary information, know-how, and confidential information disclosed to Executive or known by Executive as a result of Executive's employment by AngioDynamics, not generally known in the trade or industry in which AngioDynamics is engaged, about AngioDynamics' business operations, customers, suppliers, products, processes, machines, systems, and services, including research, development, manufacturing, purchasing, finance, data processing, engineering, marketing, designs, concepts, know-how, merchandising, and selling, and corresponding information about the products, processes, machines, and services of AngioDynamics, acquired by Executive during Executive's employment by AngioDynamics. The fact that information is not patentable or copyrightable shall not affect its status as Confidential Information.

c. Conflicting Product means any product, process, machine, or service of any person or organization other than AngioDynamics, whether now existing or hereafter developed: (a) which is identical to, substantially the same as, an adequate substitute for, resembles, or competes with a product, process, machine, system, or service upon or with which Executive worked during Executive's term of employment with AngioDynamics or about which Executive acquired Confidential Information; or (b) whose use or marketability could be enhanced by application to it of Confidential Information to which Executive had access during Executive's employment with AngioDynamics; or (c) which is (or could reasonably be anticipated to be) marketed or distributed in such a manner and in such a geographic area as to actually compete with such a product, process, machine, or service of AngioDynamics.

d. Conflicting Organization means any person or organization, which is now or hereafter engaged directly or indirectly in research on or the acquisition, development, production, distribution, marketing, providing, or selling of a Conflicting Product.

e. Terms not defined herein shall have the meaning ascribed to such terms in the Severance Agreement.

2. **Non-Competition** .

a. For a period of: twenty four (24) months after termination of Executive's employment with AngioDynamics pursuant to the Severance Agreement, Executive will not render services, directly or indirectly, to any Conflicting Organization. However, notwithstanding the foregoing, Executive understands that he/she may work for a Conflicting Organization whose business is diversified, provided Executive's work for the Conflicting Organization does not involve selling, managing, overseeing, developing, creating, promoting, servicing, involvement in the financing and/or accounting of, or other responsibility for any Conflicting Product on which Executive worked or gained Confidential Information during the last two (2) years of Executive's employment with AngioDynamics. Prior to accepting such employment, the Conflicting Organization and Executive must provide written assurances satisfactory to AngioDynamics, that Executive will not render services, directly or indirectly, in connection with any Conflicting Product on which Executive worked or gained Confidential Information during the last two (2) years of Executive's employment with AngioDynamics and that necessary safeguards have been put in place to ensure that this does not happen. This section shall be construed in a manner to give effect to the restrictions contained herein to the maximum extent permitted by applicable law.

b. The restrictions set forth in Section 2(a) apply in the United States and in any foreign country or foreign territory where AngioDynamics produces, sells, or markets its goods and services.

1. **Non-Solicitation** .

a. **Business Relations** . Executive agrees that for a period of twenty four (24) months after the termination of Executive's employment with AngioDynamics pursuant to the Severance Agreement, Executive will not solicit, induce, attempt to induce, appropriate, direct, or assist another to appropriate or direct, or provide any services to any current customer, supplier, licensee, or other business relation (defined as any customer, supplier, licensee, or other business relation of AngioDynamics with whom Executive had dealings and/or for whom Executive performed services at any time during the last two (2) years of Executive's employment with AngioDynamics) to cease doing business with AngioDynamics (including, without limitation, making any negative statements or communications concerning AngioDynamics or any of its directors, officers, or employees).

b. **Employees** . Executive agrees that for a period of twenty four (24) months after the termination of Executive's employment with AngioDynamics pursuant to the Severance Agreement, Executive will not solicit, interfere with, encourage, endeavor, or engage in discussions with any employee or independent contractor of AngioDynamics for the purpose of (or with a view toward) having such employee or independent contractor leave the employment (or independent contractor assignment) of AngioDynamics for any reason, including leaving to render services to any Conflicting Organization.

2. **Miscellaneous.**

a. This Agreement shall be binding upon Executive, and upon Executive's spouse, heirs, executors, assigns and administrators and shall inure to the benefit of AngioDynamics, its successors, and assigns.

b. Any dispute arising under or in connection with this Agreement or related to any matter which is the subject of this Agreement shall be subject to the exclusive jurisdiction of the state and federal courts located in New York, and this Agreement shall be construed under and according to the laws of the State of New York, without regard to its conflict of laws rules.

c. The parties acknowledge that any breach or threatened breach of this Agreement by Executive will cause AngioDynamics material and irreparable injury and monetary damages may not be an adequate remedy for such injury. In the event of a breach or threatened breach of this Agreement, AngioDynamics may pursue any remedies at law or equity available to it, including injunctive relief. Notwithstanding anything contained in this Agreement to the contrary, in addition to any remedies available to AngioDynamics (and not in exclusion of any such remedies) in the event of a breach of this Agreement, the Executive shall be required to remit to AngioDynamics any severance payments paid to Executive by AngioDynamics pursuant to this Agreement

d. If any provision of this Agreement is held by any court of competent jurisdiction to be illegal, overly broad, invalid, or otherwise unenforceable in duration, geographical coverage, substantive scope, or otherwise, then this Agreement will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of the Agreement, valid and enforceable. If a court declines to amend this Agreement as provided herein, the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall be enforced as if the offending provision had not been included in this Agreement.

e. Nothing herein shall obligate AngioDynamics to continue to retain Executive in AngioDynamics' employment or limit or impair AngioDynamics' ability to terminate Executive's employment at will, with or without cause for any reason. Executive is an employee at will.

f. In the event of a violation of this Agreement, the time limitations set forth in this Agreement shall be extended for a period of time equal to the period of time during which such breach occurs, and, in the event AngioDynamics is required to seek relief from such breach before any court, board, or other tribunal, then the time limitation shall be extended for a period of time equal to the pendency of such proceedings, including all appeals.

g. For twenty four (24) months following the termination of Executive's employment with AngioDynamics pursuant to the Severance Agreement, Executive agrees to show this Agreement to any prospective employer before Executive directly or indirectly owns, manages, operates, controls, becomes employed by, becomes a shareholder of, becomes a director of, becomes an officer of, participates in, contracts with or becomes connected in any capacity or in any manner with such person or entity during any restrictive period provided in this Agreement. Executive also agrees to inform AngioDynamics at the time Executive gives notice of separation from employment, of the identity of Executive's new employer and Executive's new job title and responsibilities.

h. Executive ACKNOWLEDGES HAVING READ, EXECUTED, AND RECEIVED A COPY OF THIS AGREEMENT, UNDERSTANDS HIS/HER OBLIGATIONS UNDER THIS AGREEMENT, SIGNS IT VOLUNTARILY, INTENDS TO BE LEGALLY BOUND BY THIS AGREEMENT, AND AGREES THAT WITH RESPECT TO THE SUBJECT MATTER HEREOF IT IS EXECUTIVE'S ENTIRE AGREEMENT WITH ANGIODYNAMICS AND SUPERSEDES ANY PREVIOUS ORAL OR WRITTEN COMMUNICATIONS, REPRESENTATIONS, UNDERSTANDINGS, OR AGREEMENTS WITH ANGIODYNAMICS OR ANY OF ITS OFFICIALS OR REPRESENTATIVES.

Executive further acknowledges that the restrictions imposed by this Agreement are necessary and reasonable to protect AngioDynamics' business interests and will not preclude Executive from becoming

gainfully employed in a suitable capacity following the termination of Executive's employment with AngioDynamics given Executive's general knowledge and experience.

IN WITNESS WHEREOF, Executive has hereunto affixed his/her signature, and thereafter AngioDynamics has witnessed this document this _____ day of _____ 20 _____.

_____
Executive

Witness as to Executive
AngioDynamics, Inc.

_____
Signature

_____
Print Name

_____
Title

Exhibit 10.1.4

Total Shareholder Return Performance Unit Award Program (the "Program")

Performance Period July 25, 2014 - July, 2017

I. Purpose of the Program

The purpose of the Program is to align AngioDynamics' executive compensation program with the interests of shareholders and to reinforce the concept of pay for performance by comparing the relative Total Shareholder Return ("TSR") of shares of AngioDynamics' Common Stock (the "Common Stock") to the TSR of a pre-defined peer group (the "Peer Group") of companies over a three-year period beginning on July 25, 2014.

The Program entails the grant of Performance Unit Awards, and the program shall be administered under the AngioDynamics 2004 Stock and Incentive Award Plan, as amended (the "Plan"). Terms not defined in this Program document but defined in the Plan shall have the meaning ascribed to such term in the Plan. The Program is established under section 5.II of the Plan and is intended to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code ("Code").

II. Eligible Participants

The Program covers members of the Executive Management Team ("EMT") on the date that awards are granted under the Program as determined and in the amounts established by the Board of Directors (the "Board").

The Board may review Program eligibility criteria for Participants in the Program from time to time and may revise such criteria at any time, even within a Program year, with or without notice and within its sole discretion.

I. Performance Share Units

Pursuant to the Plan and this Program, the Board may, in its sole discretion, grant Performance Unit Awards to members of the EMT (the "Grant Date"). Each Performance Unit Award shall specify a target number of shares of Common Stock underlying the Performance Unit Award (the "Target Amount"). Shares of Common Stock underlying the Performance Unit Award granted under the Program (the "Performance Unit Awards") shall be issued only upon satisfaction of both the performance vesting criteria described in this Section III and the payment eligibility criteria described in Section VII. The applicable performance criteria are based on the TSR of AngioDynamics' Common Stock relative to the TSR of the common stock of the companies in the Peer Group.

The TSR for AngioDynamics and all other companies in the Peer Group will be measured over a three-year period beginning on July 25, 2014 and ending on the day that is the second trading day following

AngioDynamics' annual earnings announcement for its fiscal year ended May 31, 2017 (the "Performance Period").

The number of shares of Common Stock that vest under the Performance Unit Award will be in a range of 0% to 200% of the Target Amount of shares of Common Stock pursuant to the Performance Unit Award granted to the Participant based upon AngioDynamics' TSR percentile ranking relative to the Peer Group as follows:

TSR Performance Percentile Rank	**Performance Share Units as a Percent of Target**
75th Percentile or above	200%
50th Percentile	100%
25th Percentile	50%
Below 25th Percentile	0%

If the minimum level of performance set forth above is achieved for the Performance Period, the number of shares of Common Stock vesting under the Performance Unit Award will be calculated linearly between each set of data points.

Following the end of the Performance Period, the Board shall determine the number of shares of Common Stock, based upon the total number of shares of Common Stock underlying the Target amount of the Performance Unit Award, that shall become vested pursuant to AngioDynamics' relative TRS percentile rank during the Performance Period pursuant to the table set forth above.

The Board shall issue a number of shares of Common Stock underlying the Performance Unit Award to the Participant in accordance with this Program and the applicable grant agreement equal to the number of shares of Common Stock, if any, that vested in the Performance Period.

The Board's determination regarding the Company's performance to the performance criteria with respect to the Performance Period shall be final and binding.

Shares of Common Stock will be delivered or otherwise made available to the Participant as soon as practicable (and in all events within sixty (60) days) after the end of the Performance Period. Any shares of Common Stock underlying a Performance Unit Award as to which the performance criteria of this Section III have not been satisfied as of the end of the Performance Period will be forfeited in their entirety.

IV. Calculation of Total Shareholder Return and Definitions

The TSR for AngioDynamics and each other company in the Peer Group shall include any cash dividends paid during the Performance Period and shall be determined as follows:

Total Shareholder Return for each Performance Cycle =

(Change in Stock Price + Dividends Paid) / Beginning Stock Price

" **Beginning Stock Price** " with respect to AngioDynamics means the closing price as quoted on the NASDAQ Global Select Market of one share of the Company's Common Stock on the beginning date of the Performance Period. "Beginning Stock Price" with respect to each other company in the Peer Group means the daily average closing price as quoted on the New York Stock Exchange or the NASDAQ Global Select Market, as applicable, of one (1) share of common stock for the two calendar months ***prior*** to the beginning of the Performance Period.

" **Change in Stock Price** " means the difference between the Beginning Stock Price and the Ending Stock Price.

" **Dividends Paid** " means the total of all cash dividends paid on one (1) share of stock during the Performance Period.

" **Ending Stock Price** " with respect to AngioDynamics means the closing price as quoted on the NASDAQ Global Select Market of one share of the Company's Common Stock on the ending date of the Performance Period. "Ending Stock Price" with respect to each other company in the Peer Group means the daily average closing price as quoted on the New York Stock Exchange or the NASDAQ Global Select Market, as applicable, of one (1) share of common stock for the last two calendar months of the Performance Period.

Example: If the Beginning Stock Price for a company was $25.00 per share, and the company paid $2.50 in dividends over the Performance Period, and the Ending Stock Price was $30.00 per share (thereby making the Change in Stock Price $5.00 ($30.00 minus $25.00)), then the TSR for that company would be thirty percent (30%). The calculation is as follows: **0.30** = ($5.00 + $2.50) / $25.00

V. Calculation of Percentile Performance

Following the calculation of the TSR for the Performance Period for AngioDynamics and each other company in the Peer Group, AngioDynamics and the other companies in the Peer Group will be ranked, in order of maximum to minimum, according to their respective TSR for the Performance Period.

After this ranking, the percentile performance of AngioDynamics as compared to the other companies in the Peer Group shall be determined by the following formula:

$$P = 1 - \frac{R - 1}{N - 1}$$

"P" represents the percentile performance which will be rounded, if necessary, to the nearest whole percentile by application of standard scientific rounding conventions.

"N" represents the number of companies in the Peer Group, including AngioDynamics.

"R" represents AngioDynamics' ranking versus the other companies in the Peer Group.

Example: If AngioDynamics ranked 10 th out of 56 companies, the performance ("P") therefore will be in the 84 th percentile.

This calculation is as follows: **0.837** = 1 - (10 - 1) / (56 - 1)

VI. Peer Group

The companies in the Peer Group can be found in Appendix A attached hereto.

If, during the Performance Period, two companies in the Peer Group merge, the surviving company shall remain in the Peer Group.

If, during the Performance Period, a company in the Peer Group merges with, or is acquired by, a company that is not in the Peer Group, and the company in the Peer Group is the surviving company, then the surviving company shall not be included in the Peer Group.

If, during the Performance Period, a company in the Peer Group merges with, or is acquired by, a company that is not in the Peer Group, and the company in the Peer Group is not the surviving company or the surviving company is no longer publicly traded, then the surviving company shall not be included in the Peer Group.

If, during the Performance Period, a company in the Peer Group sells all or substantially all of its assets, such company shall not be included in the Peer Group.

If, during the Performance Period, a company in the Peer Group splits-off or spins-off or consummates any other extraordinary reorganization transaction, and such spin-off, split-off or reorganization comprises more than 20% of the assets of the company prior to such spin-off, split-off or reorganization, such company shall not be included in the Peer Group.

If, during the Performance Period, a company in the Peer Group files for bankruptcy or otherwise ceases to be traded or quoted on any national exchange, such Company shall remain in the Peer Group. If no public stock price information is available for such company after it files for bankruptcy or otherwise ceases to be traded or quoted on a national securities exchange, the TSR for such company shall equal a total loss of equity (or -100%) during the Performance Period for which no stock price information is available.

The triggering event for determining whether a company shall be excluded from the Peer Group pursuant to this Section VI shall be the first official announcement of an SEC reportable event.

VII. Payment Eligibility Criteria

Except as set forth below with respect to a Change in Control or termination of employment due to Retirement, death, or Disability, (i) no shares of Common Stock underlying the Performance Unit Award shall issue prior to the end of the Performance Period and (ii) a participant must be employed by the Company (as defined below) through the end of the Performance Period to be eligible to receive shares of

Common Stock that have vested under the Performance Unit Award pursuant to Section III of this Program.

Death . If the Participant's employment with AngioDynamics or its subsidiaries or affiliates is terminated due to death on or after the Grant Date, but prior to the end of the Performance Period, the Performance Unit Award shall remain eligible to vest following the end date of the Performance Period according to the vesting provisions set forth in Section III of this Program and the Participant shall receive a pro-rated portion of the Common Stock underlying the Performance Unit Award that would otherwise vest based upon the provisions set forth in Section III of this Program on the end date of the Performance Period, with the pro-rata portion based on the Participant's whole months of service with the Company during the Performance Period prior to the date of such termination; provided that a partial month of employment will be considered a whole "month of service" for purposes of this Program only if the Participant was employed by AngioDynamics for at least fifteen (15) days during such month. Any portion of the Performance Unit Award that remains unvested on the end date of the Performance Period (after giving effect to such pro-ration) shall be considered to have terminated on such date. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit granted to the Participant under this Program is to be paid in case of his or her death before he or she receives any or all such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by AngioDynamics, and will be effective only when filed by the Participant in writing with the Secretary of the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Retirement or Disability . If the Participant's employment with AngioDynamics or its subsidiaries or affiliates is terminated due to Retirement or Disability on or after the Grant Date, but prior to the end of the Performance Period, the Performance Unit Award shall remain eligible to vest pursuant to Section III of this Program on the end date of the Performance Period and the Participant shall receive a pro-rated portion of the Common Stock underlying the Performance Unit Award that would otherwise vest pursuant to Section III of this Program based on performance during the Performance Period, with the pro-rata portion based on the Participant's whole months of service with AngioDynamics during the Performance Period prior to the date of such termination; provided that a partial month of employment will be considered a whole "month of service" for purposes of this Agreement only if the Participant was employed by AngioDynamics for at least fifteen (15) days during such month. Any portion of the

Performance Unit Award that remains unvested on the end date of the Performance Period (after giving effect to such pro-ration) shall be considered to have terminated on such date.

Other Termination of Employment -- Eligibility Conditions . If the Participant's employment with AngioDynamics or any and of its subsidiaries or affiliates is terminated or the Participant separates from AngioDynamics or its affiliates or subsidiaries for any reason other than death, Retirement or Disability, the Performance Unit Award shall terminate and no shares of Common Stock shall be issued.

Change in Control of the Company . Notwithstanding anything to the contrary in this Agreement, in the event of a Change in Control (as defined in this Program) of AngioDynamics on or after the Grant Date, but prior to the end of the Performance Period and prior to the Participant's termination of employment for any reason, the Participant shall immediately vest in 100% of the Target Amount of shares of Common Stock subject to the Performance Unit Award. Notwithstanding anything to the contrary in this Agreement, in the event the Participant's employment with AngioDynamics or any of its subsidiaries or affiliates terminates due to one of the reasons expressly covered above (except as described in "Other Termination of Employment" set forth above) and a Change in Control of AngioDynamics occurs subsequent to such a termination of employment (but during the Performance Period), the pro-rata vesting provided for in such sections shall be based on the Target Amount of shares of Common Stock subject to the Performance Unit Award. Any shares of Common Stock subject to the Performance Unit Award that become vested pursuant to this section of the Program shall be issued to the Participant upon or as soon as practicable (and in all events within thirty (30) days) after the effective date of the Change in Control of AngioDynamics (or, if so provided by the Board, immediately prior to the Change in Control). In the event a Change in Control of AngioDynamics occurs following the last day of the Performance Period, prior to the Participant's termination of employment for any reason, and prior to the date all vested shares of Common Stock underlying the Performance Unit Award are issued pursuant to this Program, any shares of Common Stock subject to the Performance Unit Award that became vested pursuant to this paragraph of the Program shall be issued to the Participant upon or as soon as practicable (and in all events within thirty (30) days) after the effective date of the Change in Control of AngioDynamics (or, if so provided by the Board, immediately prior to the Change in Control).

For the purposes of this Program, Change in Control shall mean shall mean that any of the following events has occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors serving on the Board: individuals who, at the beginning of any period of two consecutive years or less (not including any period prior to the date of this Agreement), constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any Subsidiary with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, at least 60% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 60% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

VIII. Termination, Suspension or Modification and Interpretation of the Program

The Board has sole authority over administration and interpretation of the Program and retains the right to exercise discretion as it sees fit, except that, the Board shall have no discretion to increase the number of shares of Common Stock in which a Participant may vest above the amount described in Section III. The Board may terminate, suspend or modify and if suspended, may reinstate with or without modification all or part of the Program at any time, with or without notice to the Participant. The Board reserves the exclusive right to determine eligibility to participate in this Program and to interpret all applicable terms and conditions, including eligibility criteria.

IX. Other

This document sets forth the terms of the Program and is not intended to be a contract or employment agreement between the Participant and AngioDynamics, its subsidiaries or affiliates. As applicable, it is understood that both the Participant and AngioDynamics have the right to terminate the Participant's employment with the company at any time, with or without cause and with or without notice, in acknowledgement of the fact that their employment relationship is "at will."

To the extent section 409A of the Code ("Section 409A") applies to any Performance Unit Award under this Program, the Performance Unit Award shall be interpreted in a manner consistent with Section 409A. Where Section 409A applies, in the case of any payment made on termination of employment, a termination of employment shall not be deemed to have occurred unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision, references to a "termination," "termination of employment," or like terms shall mean "separation from service." Where Section 409A applies, in the case of a payment made upon a Change in Control, a Change in Control shall not be deemed to have occurred unless there is a change in the ownership or effective control of AngioDynamics, or in the ownership of a substantial portion of the assets of AngioDynamics, as defined in Section 409A. Where required by Section 409A in the case of a specified employee (as determined under Section 409A), payments on termination shall be made on the first business day of the seventh month following termination.

APPENDIX A

Abaxis Inc.
Abiomed Inc.
Accuray Inc.
AlphaTec Holdings Inc.
Arthrocare Corporation
Articure, Inc.
Atrion Corporation
C.R. Bard, Inc.
Becton, Dickinson & Company
Boston Scientific Corporation
Cantel Medical Corp.
Conmed Corporation
CryoLife, Inc.
Cutera, Inc.
Cyberonics, Inc.
Cynosure, Inc.
Dexcom, Inc.
Digirad Corp
Edwards Lifesciences Corporation
Endologix, Inc.
Exactech, Inc.
Haemonetics Corporation
ICU Medical, Inc.
Insulet Corporation
Integra Lifesciences Holdings Corporation
Intricon Corporation
Intuitive Surgical, Inc.
Invacare Corporation
Lakeland Industries Inc.
Lemaitre Vascular, Inc.
Mako Surgical Corp.
Masimo Corporation
Medical Action Industries Inc.
Merit Medical Systems, Inc.
Mine Safety Appliances Company
Natus Medical Incorporated
NuVasive, Inc.
NxStage Medical, Inc.
Resmed Inc.
Rochester Medical Corporation
RTI Surgical, Inc.
Solta Medical, Inc.
Span-America Medical Systems, Inc.
Spectranetics Corporation
St. Jude Medical, Inc.
Steris Corporation
Stryker Corporation
Symmetry Medical Inc.
Synergetics USA, Inc.
Teleflex Incorporated
Thoratec Corporation
Varian Medical Systems, Inc.
Vascular Solutions, Inc.
Volcano Corporation
Wright Medical Group, Inc.
Zimmer Holdings, Inc.

Exhibit 10.4.2

PERFORMANCE UNIT AWARD AGREEMENT

This Performance Unit Award Agreement (this "Agreement"), dated as of the 25th day of July, 2014 (the "Grant Date"), is between AngioDynamics, Inc., a Delaware corporation (the "Company"), and the ("Participant"), an employee of the Company or any of its affiliates or subsidiaries and whose name appears on the signature page hereto. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in either the AngioDynamics 2004 Stock and Incentive Award Plan, as amended (the "Plan") or in the Total Shareholder Return Performance Unit Award Program (the "Program") for the period beginning July 25, 2014 and ending on the date that is the second trading day following the Company's annual earnings announcement for the fiscal year ending May 31, 2017 (the "Performance Period").

1. Grant and Acceptance of Award . Effective as of the Grant Date, the Company hereby grants to the Participant a Performance Unit Award (the "Performance Unit Award"), subject to the terms and conditions set forth in this Agreement, the Program and the Plan, with respect to [TARGET AMOUNT] (the "Target Amount") shares of the Company's common stock, par value $0.01 per share (the "Common Stock"). The grant of this Performance Unit Award shall not confer any right to the Participant (or any other participant) to be granted any Performance Unit Awards in the future under the Program.

2. Eligibility Conditions upon Performance Unit Award . The Participant hereby acknowledges the vesting of any shares of Common Stock underlying the Performance Unit Award is subject to certain eligibility, performance and other conditions set forth herein. All shares of Common Stock vested pursuant to the terms of this Agreement, the Program and the Plan shall be issued to the Participant as soon as practicable (and in all events within sixty (60) days) after the end of the Performance Period.

3. Satisfaction of Performance-Based Conditions . Subject to the eligibility conditions described in Section 7 of this Agreement, except as otherwise provided in Sections 5, 6 and 8 of this Agreement, and the satisfaction of the performance conditions set forth on Appendix A to this Agreement during the Performance Period, shares of Common Stock subject to the Performance Unit Award will vest pursuant to the terms and in accordance with the conditions set forth in the Program. Except as set forth in Sections 5, 6 and 8 of this Agreement, no shares of Common Stock in settlement of vested shares of Common Stock underlying the Performance Unit Award shall be issued to the Participant prior to the end of the Performance Period.

4. Participant's Rights in Common Stock . The shares of Common Stock, if and when issued hereunder, shall be registered in the name of the Participant and evidenced in the manner as the Company may determine. During the period prior to the issuance of Stock (including any Vesting Date according to the Vesting Schedule), the Participant will have no rights of a stockholder of the Company with respect to the Common Stock underlying the Performance Unit Award, including no right to receive dividends or vote the shares of Common Stock underlying each Performance Unit Award.

5. Death . In the event that the Participant's employment with the Company or its subsidiaries or affiliates is terminated due to death on or after the Grant Date, but prior to the end of the Performance Period, the Performance Unit Award shall remain eligible to vest following the end date of the Performance Period (subject to satisfaction of the performance conditions set forth on Appendix A to this Agreement) and the Participant shall receive a pro-rated portion of the Common Stock underlying the Performance Unit Award that would otherwise vest based on performance on the Vesting Date, with the pro-rata portion based on the Participant's whole months of service with the Company during the Performance Period prior to the date of such termination; provided that a partial month of employment will be considered a whole "month of service" for purposes of this Agreement only if the Participant was employed by the Company for at least fifteen (15) days during such month. Any portion of the Performance Unit Award that remains unvested on the Vesting Date (after giving effect to such pro-ration) shall be considered to have terminated on the Vesting Date. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of his or her death before he or she receives any or all such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Secretary of the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

6. Retirement or Disability . In the event that the Participant's employment with the Company or its subsidiaries or affiliates is terminated due to Retirement or Disability on or after the Grant Date, but prior to the end of the Performance Period, the Performance Unit Award shall remain eligible to vest following the end date of the Performance Period (subject to satisfaction of the performance conditions set forth on Appendix A to this Agreement) and the Participant shall receive a pro-rated portion of the Common Stock underlying the Performance Unit Award that would otherwise vest based on performance on the Vesting Date, with the pro-rata portion based on the Participant's whole months of service with the Company during the Performance Period prior to the date of such termination; provided that a partial month of employment

will be considered a whole “month of service” for purposes of this Agreement only if the Participant was employed by the Company for at least fifteen (15) days during such month. Any portion of the Performance Unit Award that remains unvested on the Vesting Date (after giving effect to such pro-ration) shall be considered to have terminated on the Vesting Date.

7. Other Termination of Employment -- Eligibility Conditions . If the Participant’s employment with the Company and its affiliates or subsidiaries is terminated or the Participant separates from the Company and its affiliates or subsidiaries for any reason other than death, Retirement or Disability, the Performance Unit Award shall terminate and no shares of Common Stock shall be issued. Except as set forth in Sections 5, 6 and 8, eligibility to be issued shares of Common Stock underlying the Performance Unit Award is conditioned on the Participant’s continuous employment with the Company through the last day of the Performance Period.

8. Change in Control of the Company . Notwithstanding anything to the contrary in this Agreement, in the event of a Change in Control (as defined in the Program) of the Company on or after the Grant Date, but prior to the end of the Performance Period and prior to the Participant’s termination of employment for any reason, the Participant shall immediately vest in 100% of the Target Amount of shares of Common Stock subject to the Performance Unit Award. Notwithstanding anything to the contrary in this Agreement, in the event the Participant’s employment with the Company or any Subsidiary terminates due to one of the reasons expressly covered by Section 5 or Section 6 of this Agreement and a Change in Control of the Company occurs subsequent to such a termination of employment (but during the Performance Period), the pro-rata vesting provided for in such sections shall be based on the Target Amount of shares of Common Stock subject to the Performance Unit Award. Any shares of Common Stock subject to the Performance Unit Award that become vested pursuant to this Section 8 shall be issued to the Participant upon or as soon as practicable (and in all events within thirty (30) days) after the effective date of the Change in Control of the Company (or, if so provided by the Board of Directors, immediately prior to the Change in Control). In the event a Change in Control of the Company occurs following the last day of the Performance Period, prior to the Participant’s termination of employment for any reason, and prior to the date all vested shares of Common Stock underlying the Performance Unit Award are issued pursuant to Section 2 above, any shares of Common Stock subject to the Performance Unit Award that became vested pursuant to the terms of this Agreement and the Program shall be issued to the Participant upon or as soon as practicable (and in all events within thirty (30) days) after the effective date of the Change in Control of the Company (or, if so provided by the Company’s Board of Directors, immediately prior to the Change in Control).

9. Consideration for Stock . The shares of Common Stock underlying the Performance Unit Award that are issued pursuant to this Agreement and the Program will be issued for no cash consideration.

10. Issuance of Stock . The Company shall not be obligated to issue any shares of Common Stock underlying the Performance Unit Award that become vested pursuant to the terms of this Agreement and the Program until (i) all federal and state laws and regulations as the Company may deem applicable have been complied with; (ii) the shares have been listed or authorized for listing upon official notice to the Nasdaq Global Select Market or have otherwise been accorded trading privileges; and (iii) all other legal matters in connection with the issuance and delivery of the shares have been approved by the Company's legal department.

11. Tax Withholding . The Participant acknowledges that he or she shall be responsible for the payment of any taxes of any kind required by any national, state or local law to be paid with respect to the Performance Unit Award or the shares of Common Stock to be awarded hereunder, including, without limitation, the payment of any applicable withholding, income, social and similar taxes or obligations. The Participant further acknowledges that the Company (1) makes no representations or undertakings regarding the treatment of any tax-related matters in connection with any aspect of this Agreement, including the grant of this Performance Unit Award, the vesting of any shares of Common Stock underlying this Performance Unit Award, the issuance of shares of Common Stock hereunder, the subsequent sale of any shares of Common Stock acquired hereunder and the receipt of any dividends; and (2) does not commit and is under no obligation to structure the terms of the grant or any aspect of the Performance Unit Award to reduce or eliminate the Participant's liability for tax-related matters or achieve any particular tax result. Further, if the Participant becomes subject to tax and/or social security contributions in more than one jurisdiction between the Date of Grant and the date of any relevant taxable, tax and/or social security contribution withholding event, as applicable, the Participant acknowledges that the Company may be required to withhold or account for tax-related matters in more than one jurisdiction. Prior to any relevant taxable, tax and/or social security contribution withholding event, the Participant shall pay or make adequate arrangements satisfactory to the Company to satisfy all tax-related matters. In this regard, the Participant authorizes the Company, at its sole discretion, to satisfy the obligations with respect to tax-related matters by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to him or her by the Company; or (ii) withholding from the proceeds of the sale of shares of Common Stock acquired hereunder, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); or (iii) withholding in shares of Common Stock to be issued hereunder. To avoid negative accounting treatment, the Company will withhold or account for tax-related matters by

considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for tax-related matters is satisfied by withholding in shares of Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Common Stock subject to the vested portion of this Performance Unit Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the tax-related matters due as a result of any aspect of the Participant's participation in the Program. Finally, the Participant shall pay to the Company any amount of tax-related matters that the Company may be required to withhold or account for as a result of Participant's participation in the Program that cannot be satisfied by the means described in this Section 11. The Company may refuse to issue or deliver shares of Common Stock or the proceeds of the sale of shares of Common Stock to the Participant if the Participant fails to comply with Participant's obligation in connection with any tax-related matters.

12. Compliance with Section 409A . This Agreement is intended to comply with the requirements of Section 409A. Accordingly, all provisions herein shall be construed and interpreted to comply with Section 409A. This Agreement may be amended at any time, without the consent of any party, to avoid the application of Section 409A in a particular circumstance or that is necessary or desirable to satisfy any of the requirements under Section 409A, but the Company shall not be under any obligation to make any such amendment. Nothing in the Agreement shall provide a basis for any person to take action against the Company or any of its subsidiaries or affiliate based on matters covered by Section 409A, including the tax treatment of any amount paid or Performance Unit Award granted under this Agreement, and neither the Company nor any of its subsidiaries or affiliates shall under any circumstances have any liability to any participant or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under the this Agreement, including taxes, penalties or interest imposed under Section 409A. Notwithstanding any provision to the contrary in this Agreement, if shares of Common Stock or other amounts become issuable or distributable under this Agreement by reason of the Participant's Separation from Service and the Participant is a "specified employee," within the meaning of Section 409A, at the time of such Separation from Service, the shares of Common Stock shall not be issued or distributed to the Participant prior to the earlier of (i) the first day of the seventh (7th) month following the date of the Participant's Separation from Service or (ii) the date of the Participant's death, if such delayed commencement is otherwise required in order to avoid a prohibited distribution under Section 409A(a)(2). Upon the expiration of the applicable Section 409A(a)(2) deferral period, all shares of Common Stock underlying the Performance Unit Award issued pursuant to this Agreement or other amounts deferred pursuant to this Section 12 shall be issued or distributed in a lump sum to the Participant. For purposes of this Agreement, "Separation from Service"

means the Participant's separation from service as determined in accordance with Section 409A and the applicable standards of the Treasury Regulations issued thereunder.

13. Recapitalization . In the event there is any change in the Company's Common Stock through the declaration of stock dividends or through recapitalization resulting in stock split-ups or through merger, consolidation, exchange of shares of Common Stock, or otherwise, the number and class of shares of Common Stock subject to this Performance Unit Award shall be equitably adjusted by the Company, in the manner determined in its sole discretion, to prevent dilution or enlargement of rights.

14. Investment Intent . The Participant acknowledges that the acquisition of shares of Common Stock to be issued hereunder is for investment purposes without a view to distribution thereof.

15. Limits on Transferability; Restrictions on Shares; Legend on Certificate . Until the eligibility conditions of this Performance Unit Award have been satisfied and shares of Common Stock have been issued in accordance with the terms of this Agreement or by action of the Company's Board of Directors, this Performance Unit Award is not transferable and shall not be sold, transferred, assigned, pledged, gifted, hypothecated or otherwise disposed of or encumbered by the Participant. Transfers of shares of Common Stock by the Participant are subject to the Company's Insider Trading Policy and applicable securities laws. Shares of Common Stock issued to the Participant in certificate form or to the Participant's book entry account upon satisfaction of the vesting and other conditions of this Performance Unit Award may be restricted from transfer or sale by the Company and evidenced by stop-transfer instructions upon the Participant's book entry account or restricted legend(s) affixed to certificates in the form as the Company or its counsel may require with respect to any applicable restrictions on sale or transfer.

16. Award Subject to the Plan and the Program . The Performance Unit Award made pursuant to this Agreement is made subject to the Plan and the Program. The terms and provisions of the Plan and the Program, as each may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan or the Program, the applicable terms and conditions of the Plan or Program will govern and prevail. However, no amendment of the Plan or the Program after the date hereof may adversely alter or impair the issuance of the Common Stock underlying the Performance Unit Award to be made pursuant to this Agreement.

17. No Rights to Continued Employment . This Agreement shall not confer upon the Participant any right to continuation of employment with the Company, its subsidiaries or affiliates, nor shall this Agreement

interfere in any way with the Company's right to terminate the Participant's employment at any time with or without cause.

18. Legal Notices . Any legal notice necessary under this Agreement shall be addressed to the Company in care of its General Counsel at the principal executive offices of the Company and to the Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party may designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

19. Governing Law . The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of New York (without regard to the conflict of laws principles thereof) and applicable federal laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the State of New York, or the federal courts for the United States for the Northern District of New York, and no other courts, where this Performance Unit Award is made and/or to be performed.

20. Headings . The headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

21. Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

This Agreement is being signed as of the Grant Date.

AngioDynamics, Inc.

By: _____

Name: _____

Title: _____

Participant

By: _____

Name: _____

APPENDIX A

I. Company Performance Levels

The Performance Share Units will pay out in shares of Common Stock in a range of 0% to 200% of the number of Performance Share Units as follows:

TSR Performance Percentile Rank	**Performance Share Units as a Percent of Target**
75th Percentile or above	200%
50th Percentile	100%
25th Percentile	50%
Below 25th Percentile	0%

II. The Peer Group (as defined in the Program) with respect to this Agreement is set forth below.

Abaxis Inc.
Abiomed Inc.
Accuray Inc.
AlphaTec Holdings Inc.
Arthrocare Corporation
Articure, Inc.
Atrion Corporation
C.R. Bard, Inc.
Becton, Dickinson & Company
Boston Scientific Corporation
Cantel Medical Corp.
Conmed Corporation
CryoLife, Inc.
Cutera, Inc.
Cyberonics, Inc.
Cynosure, Inc.
Dexcom, Inc.
Digirad Corp
Edwards Lifesciences Corporation
Endologix, Inc.
Exactech, Inc.
Haemonetics Corporation
ICU Medical, Inc.
Insulet Corporation
Integra Lifesciences Holdings Corporation
Intricon Corporation
Intuitive Surgical, Inc.
Invacare Corporation
Lakeland Industries Inc.
Lemaitre Vascular, Inc.
Mako Surgical Corp.
Masimo Corporation
Medical Action Industries Inc.
Merit Medical Systems, Inc.
Mine Safety Appliances Company
Natus Medical Incorporated
NuVasive, Inc.
NxStage Medical, Inc.
Resmed Inc.
Rochester Medical Corporation
RTI Surgical, Inc.
Solta Medical, Inc.
Span-America Medical Systems, Inc.
Spectranetics Corporation
St. Jude Medical, Inc.
Steris Corporation
Stryker Corporation
Symmetry Medical Inc.
Synergetics USA, Inc.
Teleflex Incorporated
Thoratec Corporation
Varian Medical Systems, Inc.
Vascular Solutions, Inc.
Volcano Corporation
Wright Medical Group, Inc.
Zimmer Holdings, Inc.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S−3 (No. 333-190642) and on Form S-8 (No 333-120057, No. 333-138456, No. 333-140627, No. 333-161355, No. 333-162844, No. 333-170619 and No. 333-190640) of AngioDynamics, Inc. of our report dated August 14, 2014 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10−K.

/s/ PricewaterhouseCoopers LLP

Albany, New York

August 14, 2014

Exhibit 31.1

CERTIFICATION

I, Joseph M. DeVivo, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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: August 14, 2014

/ S / J OSEPH M. D EVIVO

Joseph M. DeVivo, President,
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Mark T. Frost, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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: August 14, 2014

/ S / MARK T. FROST

Mark T. Frost, Executive 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, Joseph M. DeVivo, 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, to the best of my knowledge:

1. the annual report on Form 10-K of the Company for the fiscal year ended May 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); 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: August 14, 2014

/s/ Joseph M. DeVivo

Joseph M. DeVivo, 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, Mark T. Frost, Executive 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, to the best of my knowledge:

1. the annual report on Form 10-K of the Company for the fiscal year ended May 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); 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: August 14, 2014

/s/ Mark T. Frost

Mark T. Frost, Executive Vice President,
Chief Financial Officer