

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **January 3, 2013**

AngioDynamics, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

000-50761

11-3146460

(State or Other Jurisdiction of Incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

14 Plaza Drive Latham, New York

12110

(Address of Principal Executive Offices)

(Zip Code)

(518) 795-1400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

Item 2.02 – Results of Operations and Financial Condition.

On January 3, 2013, AngioDynamics, Inc. (the “Company”) issued a press release announcing financial results for the fiscal second quarter ended November 30, 2012.

The information set forth in Item 2.02 of this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Forward-Looking Statements

This document and its attachments include “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Investors can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as “expect,” “reaffirm,” “anticipate,” “plan,” “believe,” “estimate,” “may,” “will,” “predict,” “project,” “might,” “intend,” “potential,” “could,” “would,” “should,” “optimistic,” “seek,” “continue,” “pursue,” or “our future success depends,” or the negative or other variations thereof or comparable terminology, are intended to identify such forward-looking statements. In particular, they include statements relating to, among other things, future actions, strategies, future performance and future financial results of the Company. These forward-looking statements are based on current expectations and projections about future events.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified and, consequently, the actual performance or results of the Company may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the factors described from time to time in the Company’s reports filed with the SEC, including the Company’s Form 10-K for the fiscal year ended May 31, 2012, financial community and rating agency perceptions of the Company; the effects of economic, credit and capital market conditions on the economy in general, and on medical device companies in particular; domestic and foreign health care reforms and governmental laws and regulations; third-party relations and approvals, technological advances and patents attained by competitors; and challenges inherent in new product development, including obtaining regulatory approvals. In addition to the matters described above, the ability of the Company to develop its products, future actions by the FDA or other regulatory agencies, results of pending or future clinical trials, the outcome of pending litigation, overall economic conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, and the effects on pricing from group purchasing organizations and competition and the ability of the Company to integrate purchased businesses, may affect the actual results achieved by the Company.

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. The Company disclaims 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 document.

Item 9.01 – Financial Statements and Exhibits.

(d) *Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------------------------|
| 99.1 | Press Release dated January 3, 2013. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ANGIODYNAMICS, INC.
(Registrant)

Date: January 3, 2013

By: /s/ Joseph M. DeVivo

Joseph M. DeVivo
President and Chief Executive Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|--------------------------------------|
| 99.1 | Press Release dated January 3, 2013. |



FOR IMMEDIATE RELEASE

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AngioDynamics Reports Fiscal 2013 Second Quarter Financial Results

- *Pro forma net sales growth of 3% to \$87 million*
- *Adjusted (Non-GAAP) Net Income of \$0.10 per share; GAAP Net Income of \$0.06 per share*
- *Adjusted EBITDA of \$13.8 million; or \$0.39 per share, a 26%YOY increase*
- *Operating cash flow of \$11.1 million*

ALBANY, N.Y. (January 3, 2013) – AngioDynamics (Nasdaq:ANGO), a leading provider of innovative, minimally invasive medical devices for vascular access, surgery, peripheral vascular disease and oncology, today reported financial results for the fiscal 2013 second quarter ended November 30, 2012. Financial results include Navilyst Medical operations acquired in May 2012.

Net sales for the second quarter were \$87 million, a 50% increase over the \$58.1 million reported a year ago. Compared to prior year second quarter pro forma net sales, which include Navilyst Medical and exclude LC Beads sales, total company pro forma net sales increased 3%; U.S. net sales decreased 1%; International net sales increased 21% (22% on a constant currency basis); Vascular net sales increased 1%; and Oncology/Surgery net sales increased 12%. Net sales by product line are presented on a pro forma basis in a table at the end of this news release.

The Company reported second quarter net income of \$2 million, or \$0.06 per share, compared to net income of \$2.3 million, or \$0.09 per share, a year ago. Second quarter results include costs related to the Navilyst Medical acquisition, the subsequent restructuring of the Company and the Quality Call to Action Program. Excluding the aforementioned costs, which are set forth in the attached reconciliation table, adjusted (Non-GAAP) net income was \$3.6 million, or \$0.10 per share, compared to \$2.8 million, or \$0.11 per share, a year ago. Diluted average shares outstanding increased to 35.3 million in the quarter from 25.3 million in the prior year period due to the additional shares issued in conjunction with the Navilyst Medical acquisition.

Second quarter EBITDA was \$11.4 million, or \$0.32 per share, compared to \$7.1 million, or \$0.28 per share, a year ago. Adjusted EBITDA, computed with the adjustments to GAAP

reporting set forth in the attached reconciliation table, was \$13.8 million, or \$0.39 per share, in the second quarter compared to \$7.8 million, or \$0.31 per share, a year ago.

“We improved our performance in the fiscal second quarter,” said Joseph DeVivo, President and CEO. “We met our revenue expectations by generating 3% pro forma growth. Our international, VenaCure EVLT and Oncology/Surgery product offerings all posted double-digit growth. We had strong earnings growth for the quarter and began to demonstrate the type of cash the business can generate by delivering \$11.1 million in cash flow from operations and a 26% year-over-year increase in adjusted EBITDA per share. During the quarter, our team significantly increased the value of our portfolio with the addition of the AngioVac device and also began to sell BioFlo PICCs in the U.S. AngioDynamics’ financial performance continues to improve, and we are excited about our future growth opportunities.”

Operating cash flow improved to \$11.1 million compared to \$2.7 million in the prior year quarter. At November 30, 2012, cash, escrow receivable and investments were \$24 million, and debt was \$146.3 million.

Highlights of the reporting and subsequent period include:

- International pro forma sales growth of 21%, or 22% on a constant currency basis, led by strong sales in Canada, reflecting the establishment of a direct sales operation there, and the sale of Microwave ablation products internationally.
- Oncology/Surgery pro forma sales growth of 12% (excluding LC Beads) led by the sale of Microwave ablation products internationally.
- VenaCure EVLT sales increased 10%, primarily driven by strong worldwide sales of NeverTouch laser fiber kits.
- The Company received U.S. Food and Drug Administration 510(K) clearance for the BioFlo Hybrid PICC featuring BioFlo technology. Designed to reduce the accumulation of catheter-related thrombus on, and in the catheter, this is the second clearance for a vascular access product with BioFlo technology in the U.S. market.
- The acquisition of Vortex Medical Inc., a privately-held company focused on the development of innovative medical devices for venous drainage. The transaction included the AngioVac venous drainage system comprising the AngioVac Cannula and Circuit. These two disposable devices, when combined with other manufacturers’ filters, pumps and return cannula, comprise an extracorporeal bypass circuit that facilitates drainage, filtration and reinfusion of blood for up to six hours. 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 removal of undesirable intravascular material. Both the AngioVac Cannula and Circuit are FDA-cleared, and an application has been filed for CE Mark approval.

- The appointment of Mark Frost as Chief Financial Officer (CFO), succeeding retiring CFO Joseph Gersuk, and the appointment of George Bourne to the expanded role of Vice President and Chief Technology & Operations Officer.

For the six months ended November 30, 2012, net sales were \$170.4 million, a 51% increase over the \$112.5 million reported a year ago and a 1% increase on a pro forma basis. Net income of \$1.2 million, or \$0.04 per share, compared to \$3.7 million, or \$0.15 per share, as reported a year ago. Adjusted net income, excluding costs relating to the Navilyst Medical acquisition, as well as other costs detailed in the attached reconciliation, was \$7.2 million, or \$0.20 per share, compared to \$3.7 million, or \$0.14 per share, a year ago. Adjusted EBITDA was \$27 million, or \$0.77 per share, compared to \$12.9 million, or \$0.51 per share, a year ago.

Fiscal 2013 Guidance

| | Adjusted Non-GAAP |
|------------------------------------|----------------------|
| | <hr/> |
| Sales (\$ in mils.) (a), (b) | 355 — 360 |
| Gross Margin (c) | 50 - 51% |
| Operating Income (\$ in mils.) (d) | 29 — 31 |
| EBITDA (\$ in mils.) (d) (e) | 56 — 57 |
| EPS (\$) (f) | 0.40 - 0.42 |

- a) Quarterly calendarization is expected to approximate 23%/24%/25%/28% of the annual amount.
- b) Fiscal Year 2012 pro forma combined sales excluding LC Beads were \$344.3 million.
- c) Excludes \$3.4 million for amortization of inventory basis step-up and \$1 million for the QCTA/FDA remediation programs, and includes \$1.8 million for the medical device tax with effect from January 1, 2013.
- d) Adjusted result reflects an estimated \$14 million in acquisition-related and restructuring costs, which include amortization of inventory basis step-up, accelerated asset depreciation, transaction-related professional fees, employment severance costs, QCTA/FDA remediation programs, and the closure of the U.K. manufacturing facility. Quarterly calendarization of the \$14 million will approximate \$7 million/\$2 million/\$3 million/\$2 million.

- e) \$16 million in amortization, \$8 million in depreciation, and \$2 million in purchase accounting related to Vortex Medical are excluded from both measures.
- f) Approximately 36 million diluted shares outstanding and a 37% tax rate.

Conference Call

AngioDynamics will host a conference call today at 4:30 p.m. Eastern Time to discuss its second quarter results. To participate in the call, please dial 1-877-941-0844. In addition, a live webcast and archived replay of the call will be available at <http://investors.angiodynamics.com>. To access the live webcast, please go to the website 15 minutes prior to its start to register, download and install the necessary software.

Use of Non-GAAP Measures

Management uses non-GAAP measures to establish operational goals, and believes that non-GAAP measures may assist investors in analyzing the underlying trends in AngioDynamics' business over time. Investors should consider these non-GAAP measures in addition to, not as a substitute for or as superior to, financial reporting measures prepared in accordance with GAAP. In this news release, AngioDynamics has reported pro forma sales growth, sales on a constant currency basis, non-GAAP gross margin, non-GAAP operating income, EBITDA (income before interest, taxes, depreciation and amortization), adjusted EBITDA, non-GAAP net income and non-GAAP earnings per share. Management uses these measures in its internal analysis and review of operational performance. Management believes that these measures provide investors with useful information in comparing AngioDynamics' performance over different periods. By using these non-GAAP measures, management believes that investors get a better picture of the performance of AngioDynamics' underlying business. Management encourages investors to review AngioDynamics' financial results prepared in accordance with GAAP to understand AngioDynamics' performance taking into account all relevant factors, including those that may only occur from time to time but have a material impact on AngioDynamics' financial results. Please see the tables that follow for a reconciliation of non-GAAP measures to measures prepared in accordance with GAAP.

About AngioDynamics

AngioDynamics Inc. is a leading provider of innovative, minimally invasive medical devices used by professional healthcare providers for vascular access, surgery, peripheral vascular disease and oncology. AngioDynamics' diverse product lines include market-leading ablation systems, fluid management systems, vascular access products, angiographic products and accessories, angioplasty products, drainage products, thrombolytic products and venous products. More information is available at www.AngioDynamics.com.

Trademarks

AngioDynamics, the AngioDynamics logo, Navilyst Medical, VenaCure EVLT, NeverTouch, BioFlo and NanoKnife are trademarks and/or registered trademarks of AngioDynamics Inc., an affiliate or a subsidiary.

Safe Harbor

This release 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, 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," "optimistic," 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 AngioDynamics' expectations. Factors that may affect the actual results achieved by AngioDynamics include, without limitation, the ability of AngioDynamics to develop its existing and new products, technological advances and patents attained by competitors, future actions by the FDA or other regulatory agencies, domestic and foreign health care reforms and government regulations, results of pending or future clinical trials, overall economic conditions, the results of on-going litigation, the effects of economic, credit and capital market conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the ability of AngioDynamics to integrate purchased businesses, including Navilyst Medical and its products, R&D capabilities, infrastructure and employees as well as the risk factors listed from time to time in AngioDynamics' SEC filings, including but not limited to its Annual Report on Form 10-K for the year ended May 31, 2012. AngioDynamics does not assume any obligation to publicly update or revise any forward-looking statements for any reason.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share data)

| | Three months ended | | Six months ended | |
|-------------------------------------|--------------------|-----------------|------------------|-----------------|
| | Nov 30, 2012 | Nov 30, 2011 | Nov 30, 2012 | Nov 30, 2011 |
| | (unaudited) | | (unaudited) | |
| Net sales | \$ 87,007 | \$ 58,099 | \$ 170,423 | \$ 112,530 |
| Cost of sales | | | | |
| Acquired inventory step-up | - | - | 3,445 | - |
| Quality call to action | 113 | - | 812 | - |
| Other cost of sales | 42,806 | 24,868 | 82,620 | 47,154 |
| Total cost of sales | 42,919 | 24,868 | 86,877 | 47,154 |
| Gross profit | 44,088 | 33,231 | 83,546 | 65,376 |
| % of net sales | 50.7% | 57.2% | 49.0% | 58.1% |
| Operating expenses | | | | |
| Research and development | 7,014 | 5,125 | 14,088 | 10,715 |
| Sales and marketing | 18,671 | 15,847 | 37,214 | 32,156 |
| General and administrative | 6,910 | 4,625 | 13,808 | 8,937 |
| Amortization of intangibles | 4,107 | 2,300 | 7,844 | 4,594 |
| Acquisition and other non-recurring | 2,264 | 1,408 | 4,786 | 2,331 |
| Total operating expenses | 38,966 | 29,305 | 77,740 | 58,733 |
| Operating income | 5,122 | 3,926 | 5,806 | 6,643 |
| Other income (expense), net | (1,990) | (357) | (3,828) | (971) |
| Income before income taxes | 3,132 | 3,569 | 1,978 | 5,672 |
| Provision for income taxes | 1,163 | 1,240 | 730 | 1,970 |
| Net income | \$ 1,969 | \$ 2,329 | \$ 1,248 | \$ 3,702 |
| Earnings per common share | | | | |
| Basic | \$ 0.06 | \$ 0.09 | \$ 0.04 | \$ 0.15 |
| Diluted | \$ 0.06 | \$ 0.09 | \$ 0.04 | \$ 0.15 |
| Weighted average common shares | | | | |
| Basic | 34,827 | 25,190 | 34,765 | 25,107 |
| Diluted | 35,311 | 25,340 | 35,279 | 25,278 |

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION
(in thousands, except per share data)

Reconciliation of Net Income to non-GAAP Adjusted Net Income:

| | Three months ended | | Six months ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | Nov 30, 2012 | Nov 30, 2011 | Nov 30, 2012 | Nov 30, 2011 |
| | (unaudited) | | (unaudited) | |
| Net income | \$ 1,969 | \$ 2,329 | \$ 1,248 | \$ 3,702 |
| After tax: | | | | |
| Acquisition and other non-recurring (1) | 1,539 | 907 | 3,149 | 1,500 |
| Quality Call to Action Program (2) | 73 | - | 528 | - |
| Inventory step-up (3) | - | - | 2,239 | - |
| Product recalls (4) | - | 924 | - | 924 |
| LC Beads contribution (5) | - | (1,392) | - | (2,468) |
| Adjusted net income | <u>\$ 3,581</u> | <u>\$ 2,768</u> | <u>\$ 7,164</u> | <u>\$ 3,658</u> |

Reconciliation of Diluted Earnings Per Share to non-GAAP Adjusted Diluted Earnings Per Share:

| | Three months ended | | Six months ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | Nov 30, 2012 | Nov 30, 2011 | Nov 30, 2012 | Nov 30, 2011 |
| | (unaudited) | | (unaudited) | |
| Diluted earnings per share | \$ 0.06 | \$ 0.09 | \$ 0.04 | \$ 0.15 |
| After tax: | | | | |
| Acquisition and other non-recurring (1) | 0.04 | 0.04 | 0.09 | 0.06 |
| Quality Call to Action Program (2) | 0.00 | - | 0.01 | - |
| Inventory step-up (3) | - | - | 0.06 | - |
| Product recalls (4) | - | 0.04 | - | 0.04 |
| LC Beads contribution (5) | - | (0.05) | - | (0.10) |
| Adjusted diluted earnings per share | <u>\$ 0.10*</u> | <u>\$ 0.11</u> | <u>\$ 0.20*</u> | <u>\$ 0.14</u> |

* Does not sum due to rounding

- (1) Includes costs relating to acquisitions, debt financing, business restructuring and executive transitions, and a program to close a manufacturing facility in the U.K.
- (2) Direct costs of implementing a comprehensive Quality Call to Action program to review and augment the quality management systems at our Queensbury and Fremont facilities.
- (3) Amortization of basis step-up of acquired Navilyst inventory.
- (4) Costs attributable to voluntary product recalls.
- (5) Reflects estimated contribution of LC Beads distribution contract which expired on December 31, 2011.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION (Continued)
(in thousands, except per share data)

Reconciliation of Net Income to EBITDA and Adjusted EBITDA:

| | Three months ended | | Six months ended | |
|---|--------------------|-----------------|------------------|------------------|
| | Nov 30, 2012 | Nov 30, 2011 | Nov 30, 2012 | Nov 30, 2011 |
| | (unaudited) | | (unaudited) | |
| Net income | \$ 1,969 | \$ 2,329 | \$ 1,248 | \$ 3,702 |
| Provision for income taxes | 1,163 | 1,240 | 730 | 1,970 |
| Other income (expense), net | 1,990 | 357 | 3,828 | 971 |
| Amortization of intangibles | 4,107 | 2,300 | 7,844 | 4,594 |
| Depreciation | 2,185 | 841 | 4,317 | 1,679 |
| EBITDA | <u>11,414</u> | <u>7,067</u> | <u>17,967</u> | <u>12,916</u> |
| Acquisition and other non-recurring (1) | 2,264 | 1,408 | 4,786 | 2,331 |
| Quality Call to Action Program (2) | 113 | - | 812 | - |
| Inventory step-up (3) | - | - | 3,445 | - |
| Product recalls (4) | - | 1,422 | - | 1,422 |
| LC Beads contribution (5) | - | (2,141) | - | (3,797) |
| Adjusted EBITDA | <u>\$ 13,791</u> | <u>\$ 7,756</u> | <u>\$ 27,010</u> | <u>\$ 12,872</u> |
| EBITDA per common share Assumes Diluted | \$ 0.32 | \$ 0.28 | \$ 0.51 | \$ 0.51 |
| Adjusted EBITDA per common share Assumes Diluted | \$ 0.39 | \$ 0.31 | \$ 0.77 | \$ 0.51 |

Reconciliation of Operating Income to non-GAAP Adjusted Operating Income:

| | Three months ended | | Six months ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | Nov 30, 2012 | Nov 30, 2011 | Nov 30, 2012 | Nov 30, 2011 |
| | (unaudited) | | (unaudited) | |
| Operating income | \$ 5,122 | \$ 3,926 | \$ 5,806 | \$ 6,643 |
| Acquisition and other non-recurring (1) | 2,264 | 1,408 | 4,786 | 2,331 |
| Quality Call to Action Program (2) | 113 | - | 812 | - |
| Inventory step-up (3) | - | - | 3,445 | - |
| Product recalls (4) | - | 1,422 | - | 1,422 |
| LC Beads contribution (5) | - | (2,141) | - | (3,797) |
| Adjusted Operating income | <u>\$ 7,499</u> | <u>\$ 4,615</u> | <u>\$ 14,849</u> | <u>\$ 6,599</u> |

- (1) Includes costs relating to acquisitions, debt financing, business restructuring and executive transitions, and a program to close a manufacturing facility in the U.K.
- (2) Direct costs of implementing a comprehensive Quality Call to Action program to review and augment the quality management systems at our Queensbury and Fremont facilities.
- (3) Amortization of basis step-up of acquired Navilyst inventory.
- (4) Costs attributable to voluntary product recalls.
- (5) Reflects estimated contribution of LC Beads distribution contract which expired on December 31, 2011.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT NON GAAP RECONCILIATION
FOR THE QUARTER ENDED NOVEMBER 30, 2012
(in thousands, except per share data)
(Unaudited)

| | <u>GAAP Results</u> | <u>Quality Control Initiative</u> | <u>Acquisition Related Costs</u> | <u>Severance/ Restructuring Costs</u> | <u>Other Items, Net</u> | <u>NON GAAP Results</u> |
|-------------------------------------|-------------------------|---|--|---|-----------------------------|-----------------------------|
| Net sales | \$ 87,007 | | | | | \$ 87,007 |
| Cost of sales | 42,919 | (113) | | | | 42,806 |
| Gross profit | <u>44,088</u> | <u>113</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>44,201</u> |
| % of net sales | 50.7% | | | | | 50.8% |
| Operating expenses | | | | | | |
| Research and development | 7,014 | | | | | 7,014 |
| Sales and marketing | 18,671 | | | | | 18,671 |
| General and administrative | 6,910 | | | | | 6,910 |
| Amortization of intangibles | 4,107 | | | | | 4,107 |
| Acquisition and other non-recurring | 2,264 | | (1,094) | (1,330) | 160 | - |
| Total operating expenses | <u>38,966</u> | <u>-</u> | <u>(1,094)</u> | <u>(1,330)</u> | <u>160</u> | <u>36,702</u> |
| Operating income | 5,122 | 113 | 1,094 | 1,330 | (160) | 7,499 |
| Other income (expense), net | <u>(1,990)</u> | | | | | <u>(1,990)</u> |
| Income before income taxes | 3,132 | 113 | 1,094 | 1,330 | (160) | 5,509 |
| Provision for income taxes | 1,163 | 40 | 315 | 466 | (56) | 1,928 |
| Net income | <u>\$ 1,969</u> | <u>\$ 73</u> | <u>\$ 779</u> | <u>\$ 864</u> | <u>\$ (104)</u> | <u>\$ 3,581</u> |
| Earnings per common share | | | | | | |
| Assumes Diluted | \$ 0.06 | \$ 0.00 | \$ 0.02 | \$ 0.02 | \$ (0.00) | \$ 0.10 |
| Weighted average common shares | | | | | | |
| Assumes Diluted | 35,311 | 35,311 | 35,311 | 35,311 | 35,311 | 35,311 |
| Effective Tax Rate | <u>37%</u> | <u>35%</u> | <u>29%</u> | <u>35%</u> | <u>35%</u> | <u>35%</u> |

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT NON GAAP RECONCILIATION
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2012
(in thousands, except per share data)
(Unaudited)

| | GAAP Results | Quality Control Initiative | Acquisition Related Costs | Severance/ Restructuring Costs | Other Items, Net | NON GAAP Results |
|-------------------------------------|-----------------|----------------------------------|---------------------------------|--------------------------------------|---------------------|---------------------|
| Net sales | \$ 170,423 | | | | | \$ 170,423 |
| Cost of sales | 86,877 | (812) | (3,445) | | | 82,620 |
| Gross profit | 83,546 | 812 | 3,445 | - | - | 87,803 |
| % of net sales | 49.0% | | | | | 51.5% |
| Operating expenses | | | | | | |
| Research and development | 14,088 | | | | | 14,088 |
| Sales and marketing | 37,214 | | | | | 37,214 |
| General and administrative | 13,808 | | | | | 13,808 |
| Amortization of intangibles | 7,844 | | | | | 7,844 |
| Acquisition and other non-recurring | 4,786 | | (1,996) | (2,818) | 28 | - |
| Total operating expenses | 77,740 | - | (1,996) | (2,818) | 28 | 72,954 |
| Operating income | 5,806 | 812 | 5,441 | 2,818 | (28) | 14,849 |
| Other income (expense), net | (3,828) | | | | | (3,828) |
| Income before income taxes | 1,978 | 812 | 5,441 | 2,818 | (28) | 11,021 |
| Provision for income taxes | 730 | 285 | 1,866 | 986 | (10) | 3,857 |
| Net income | \$ 1,248 | \$ 527 | \$ 3,575 | \$ 1,832 | \$ (18) | \$ 7,164 |
| Earnings per common share | | | | | | |
| Assumes Diluted | \$ 0.04 | \$ 0.01 | \$ 0.10 | \$ 0.05 | \$ (0.00) | \$ 0.20 |
| Weighted average common shares | | | | | | |
| Assumes Diluted | 35,279 | 35,279 | 35,279 | 35,279 | 35,279 | 35,279 |
| Effective Tax Rate | 37% | 35% | 34% | 35% | 35% | 35% |

ANGIODYNAMICS, INC. AND SUBSIDIARIES
NET SALES BY PRODUCT CATEGORY AND BY GEOGRAPHY
(Unaudited in thousands)

| | Three months ended | | | Six months ended | | |
|-------------------------------|--------------------|------------------|-------------|-------------------|-------------------|-------------|
| | Nov 30, 2012 | Nov 30, 2011 | % Growth | Nov 30, 2012 | Nov 30, 2011 | % Growth |
| <u>AS REPORTED</u> | | | | | | |
| Net Sales by Product Category | | | | | | |
| Vascular | | | | | | |
| Peripheral Vascular | \$ 45,766 | \$ 23,079 | 98% | \$ 89,061 | \$ 44,047 | 102% |
| Vascular Access | 26,712 | 15,203 | 76% | 53,341 | 30,800 | 73% |
| Total Vascular | <u>72,478</u> | <u>38,282</u> | 89% | <u>142,402</u> | <u>74,847</u> | 90% |
| Oncology/Surgery | 12,006 | 19,817 | (39%) | 23,239 | 37,683 | (38%) |
| Supply Agreement | 2,523 | - | N/A | 4,782 | - | N/A |
| Total | <u>\$ 87,007</u> | <u>\$ 58,099</u> | 50% | <u>\$ 170,423</u> | <u>\$ 112,530</u> | 51% |
| | 0 | 0 | | 0 | 0 | |
| Net Sales by Geography | | | | | | |
| United States | \$ 69,652 | \$ 49,653 | 40% | \$ 137,680 | \$ 96,958 | 42% |
| International | 17,355 | 8,446 | 105% | 32,743 | 15,572 | 110% |
| Total | <u>\$ 87,007</u> | <u>\$ 58,099</u> | 50% | <u>\$ 170,423</u> | <u>\$ 112,530</u> | 51% |
| <u>PRO FORMA (a)</u> | | | | | | |
| Net Sales by Product Category | | | | | | |
| Vascular | | | | | | |
| Peripheral Vascular | \$ 45,766 | \$ 44,393 | 3% | \$ 89,061 | \$ 87,513 | 2% |
| Vascular Access | 26,712 | 27,428 | (3%) | 53,341 | 55,708 | (4%) |
| Total Vascular | <u>72,478</u> | <u>71,821</u> | 1% | <u>142,402</u> | <u>143,221</u> | (1%) |
| Oncology/Surgery | 12,006 | 10,722 | 12% | 23,239 | 20,559 | 13% |
| Supply Agreement | 2,523 | 2,221 | 14% | 4,782 | 5,199 | (8%) |
| Total | <u>\$ 87,007</u> | <u>\$ 84,764</u> | 3% | <u>\$ 170,423</u> | <u>\$ 168,979</u> | 1% |
| Net Sales by Geography | | | | | | |
| United States | \$ 69,652 | \$ 70,408 | (1%) | \$ 137,680 | \$ 141,182 | (2%) |
| International | 17,355 | 14,356 | 21% | 32,743 | 27,797 | 18% |
| Total | <u>\$ 87,007</u> | <u>\$ 84,764</u> | 3% | <u>\$ 170,423</u> | <u>\$ 168,979</u> | 1% |

(a) As if AngioDynamics (excluding LC Beads) and Navilyst Medical were combined in all periods.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
PRO FORMA PRODUCT LINE NET SALES EXCLUDING LCBEADS
(in thousands)

| | Three months ended | | | Six months ended | | |
|----------------------------------|--------------------|------------------|------|-------------------|-------------------|-------|
| | Nov 30, 2012 | Nov 30, 2011 | % | Nov 30, 2012 | Nov 30, 2011 | % |
| | (unaudited) | | | (unaudited) | | |
| Net Sales by Product Line | | | | | | |
| Vascular | | | | | | |
| Peripheral Vascular | | | | | | |
| Fluid Management | \$ 20,091 | \$ 20,587 | (2%) | \$ 41,206 | \$ 41,505 | (1%) |
| Venacure EVLT | 11,599 | 10,555 | 10% | 20,239 | 18,884 | 7% |
| Core products | 13,400 | 13,324 | 1% | 26,729 | 26,642 | 0% |
| Other | 676 | (73) | N/A | 887 | 482 | 84% |
| Total Peripheral Vascular | <u>45,766</u> | <u>44,393</u> | 3% | <u>89,061</u> | <u>87,513</u> | 2% |
| Vascular Access | | | | | | |
| PICCS | 13,023 | 13,533 | (4%) | 25,905 | 27,100 | (4%) |
| Ports | 7,825 | 7,969 | (2%) | 15,509 | 15,655 | (1%) |
| Dialysis | 4,753 | 5,128 | (7%) | 9,381 | 10,709 | (12%) |
| Other | 1,111 | 798 | 39% | 2,546 | 2,244 | 13% |
| Total Vascular Access | <u>26,712</u> | <u>27,428</u> | (3%) | <u>53,341</u> | <u>55,708</u> | (4%) |
| Total Vascular | <u>72,478</u> | <u>71,821</u> | 1% | <u>142,402</u> | <u>143,221</u> | (1%) |
| Oncology/Surgery | | | | | | |
| Thermal Ablation | 6,880 | 5,787 | 19% | 13,501 | 11,585 | 17% |
| Nanoknife | 3,227 | 3,215 | 0% | 6,171 | 5,466 | 13% |
| Other | 1,899 | 1,720 | 10% | 3,567 | 3,508 | 2% |
| Total Oncology/Surgery | <u>12,006</u> | <u>10,722</u> | 12% | <u>23,239</u> | <u>20,559</u> | 13% |
| Supply Agreement | 2,523 | 2,221 | 14% | 4,782 | 5,199 | (8%) |
| Total Net Sales | <u>\$ 87,007</u> | <u>\$ 84,764</u> | 3% | <u>\$ 170,423</u> | <u>\$ 168,979</u> | 1% |
| | 0 | | | 0 | \$ - | |
| Net Sales by Geography | | | | | | |
| United States | \$ 69,652 | \$ 70,408 | (1%) | \$ 137,680 | \$ 141,182 | (2%) |
| International | 17,355 | 14,356 | 21% | 32,743 | 27,797 | 18% |
| Total | <u>\$ 87,007</u> | <u>\$ 84,764</u> | 3% | <u>\$ 170,423</u> | <u>\$ 168,979</u> | 1% |

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | <u>Nov 30,</u> 2012 | <u>May 31,</u> 2012 |
|--|------------------------|------------------------|
| | (unaudited) | (unaudited) |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 19,322 | \$ 23,508 |
| Escrow receivable | 2,500 | 2,500 |
| Marketable securities | 2,155 | 14,070 |
| Total cash, escrow receivable and investments | <u>23,977</u> | <u>40,078</u> |
| Receivables, net | 47,085 | 48,588 |
| Inventories, net | 62,330 | 55,823 |
| Deferred income taxes | 6,728 | 4,923 |
| Prepaid income taxes | 2,449 | 3,180 |
| Prepaid expenses and other | 8,894 | 6,646 |
| Total current assets | <u>151,463</u> | <u>159,238</u> |
| Property, plant and equipment, net | 58,547 | 55,915 |
| Intangible assets, net | 212,303 | 147,266 |
| Goodwill | 337,190 | 308,912 |
| Deferred income taxes | 9,278 | 39,198 |
| Other non-current assets | 10,166 | 11,240 |
| Total Assets | <u>\$ 778,947</u> | <u>\$ 721,769</u> |
| Liabilities and Stockholders' Equity | | |
| Current portion of long-term debt | \$ 7,500 | \$ 7,500 |
| Current portion of contingent consideration | 8,055 | - |
| Other current liabilities | 44,830 | 47,922 |
| Total current liabilities | <u>60,385</u> | <u>55,422</u> |
| Long-term debt, net of current portion | 138,750 | 142,500 |
| Contingent consideration, net of current portion | 52,444 | - |
| Other long-term liabilities | 680 | 327 |
| Total Liabilities | <u>252,259</u> | <u>198,249</u> |
| Stockholders' equity | 526,688 | 523,520 |
| Total Liabilities and Stockholders' Equity | <u>\$ 778,947</u> | <u>\$ 721,769</u> |
| Shares outstanding | 34,974 | 34,827 |

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Three months ended | | Six months ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Nov 30, 2012 (unaudited) | Nov 30, 2011 (unaudited) | Nov 30, 2012 (unaudited) | Nov 30, 2011 (unaudited) |
| Cash flows from operating activities: | | | | |
| Net income | \$ 1,969 | \$ 2,329 | \$ 1,248 | \$ 3,702 |
| Depreciation and amortization | 6,292 | 3,141 | 12,161 | 6,273 |
| Tax effect of exercise of stock options | (504) | 42 | (504) | (198) |
| Deferred income taxes | 2,260 | 147 | 2,175 | 1,058 |
| Stock-based compensation | 1,252 | 1,078 | 2,375 | 1,877 |
| Amortization of inventory step-up | - | - | 3,445 | - |
| Other | (378) | 712 | (368) | 168 |
| Changes in operating assets and liabilities | | | | |
| Receivables | (1,698) | (5,237) | 1,497 | (4,515) |
| Inventories | 1,084 | (207) | (9,952) | (1,546) |
| Accounts payable and accrued liabilities | (48) | 2,509 | (6,861) | 892 |
| Other | 901 | (1,845) | 299 | (1,998) |
| Net cash provided by operating activities | 11,130 | 2,669 | 5,515 | 5,713 |
| Cash flows from investing activities: | | | | |
| Additions to property, plant and equipment | (3,819) | (517) | (4,787) | (1,058) |
| Acquisition of businesses, net of cash acquired | (15,166) | (300) | (14,308) | (300) |
| Proceeds from sale of assets | 801 | - | 801 | 1,000 |
| Purchases, sales and maturities of marketable securities, net | 9,452 | (7,634) | 11,855 | (8,377) |
| Net cash used in investing activities | (8,732) | (8,451) | (6,439) | (8,735) |
| Cash flows from financing activities: | | | | |
| Repayment of long-term debt | (1,875) | (70) | (3,750) | (135) |
| Proceeds from exercise of stock options and ESPP | (103) | 446 | 476 | 2,250 |
| Repurchase and retirement of shares | - | (2,104) | - | (2,104) |
| Net cash (used in) provided by financing activities | (1,978) | (1,728) | (3,274) | 11 |
| Effect of exchange rate changes on cash | 6 | (28) | 12 | (18) |
| Increase (Decrease) in cash and cash equivalents | 426 | (7,538) | (4,186) | (3,029) |
| Cash and cash equivalent | | | | |
| Beginning of period | 18,896 | 50,493 | 23,508 | 45,984 |
| End of period | \$ 19,322 | \$ 42,955 | \$ 19,322 | \$ 42,955 |

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