ANGEION CORP/MN
Form DEF 14A
April 10, 2008

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

Angeion Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ANGEION CORPORATION

350 Oak Grove Parkway

Saint Paul, Minnesota 55127-8599

(651) 484-4874

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Tuesday, May 20, 2008

Notice is hereby given that the 2008 Annual Meeting of Shareholders of Angeion Corporation (the Company) will be held at Angeion s offices located at 350 Oak Grove Parkway, Saint Paul, Minnesota 55127, on Tuesday, May 20, 2008 at 2:30 p.m. local time, for the following purposes:

1. To elect seven directors to hold office until the next annual meeting of shareholders or until their respective successors have been elected and qualified;

2. To approve an amendment to the Angeion Corporation 2007 Stock Incentive Plan to increase the number of authorized shares by 300,000; and

3. To transact any other business that may properly come before the Annual Meeting or any adjournment or postponement.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice of Annual Meeting.

The Board of Directors has fixed the close of business on April 4, 2008 as the record date for determination of shareholders entitled to notice of, and to vote at, the Annual Meeting.

Since a majority of the outstanding shares of the Company s common stock must be represented either in person or by proxy to constitute a quorum for the conduct of business, please sign, date and return the enclosed proxy card promptly.

By Order of the Board of Directors,

Rodney A. Young
Director, President and Chief Executive Officer

Saint Paul, Minnesota

April 4, 2008

PLEASE REMEMBER TO SIGN AND RETURN YOUR PROXY.

ANGEION CORPORATION

350 Oak Grove Parkway

Saint Paul, Minnesota 55127-8599

PROXY STATEMENT

The Board of Directors of Angeion Corporation, a Minnesota corporation (the Company), is soliciting your proxy for use at the 2008 Annual Meeting of Shareholders to be held on Tuesday, May 20, 2008, and at any adjournment or postponement thereof. This Proxy Statement and the enclosed form of proxy will be mailed to shareholders commencing on or about April 10, 2008.

GENERAL INFORMATION

Voting

Each share of the Company s common stock is entitled to one vote. You may vote your shares in person by attending the Annual Meeting or you may vote by proxy. If you vote by proxy, you must sign, date and return the enclosed proxy card in the envelope provided, or follow the instructions on the proxy card to vote by telephone or the Internet.

The Company encourages you to take advantage of telephone or Internet voting because of their ease and efficiency.

If you sign and return the proxy card on time, the individuals named on the proxy card will vote your shares as you have directed. If you do not specify on your proxy card how you want your shares voted, the individuals named on the enclosed proxy card will vote your shares as follows:

1. FOR each of the directors nominated by the Board of Directors in Proposal 1 Election of Directors; and

2. FOR Proposal 2 Approval of an amendment to the Angeion Corporation 2007 Stock Incentive Plan to increase the number of authorized shares by 300,000.

Quorum and Vote Requirements

The total number of shares outstanding and entitled to vote at the meeting as of April 4, 2008 consisted of 4,089,803 shares of common stock, $.10 par value. Each share of common stock is entitled to one vote. Only shareholders of record at the close of business on April 4, 2008 will be entitled to notice of, and to vote at, the Annual Meeting. A quorum, consisting of a majority of the shares of common stock entitled to vote at the Annual Meeting, must be present in person or by proxy before action may be taken at the Annual Meeting. If an executed proxy is returned and the shareholder has abstained from voting on any matter, the shares represented by that proxy will be considered present at the meeting for purposes of determining a quorum and for purposes of calculating the vote, but will not be considered to have been voted in favor or against such matter. If an executed proxy is returned by a broker holding shares in street name indicating that the broker does not have discretionary authority as to certain shares to vote on one or more matters, these shares will be considered present at the meeting for purposes of determining a quorum, but will not be considered to be represented at the meeting for purposes of calculating the vote with respect to these matters.

A director nominee will be elected if approved by the affirmative vote of the holders of a plurality of the voting power of the shares present, in person or by proxy, and entitled to vote on that item of business. Other business as may properly come before the Annual Meeting will be approved by the affirmative vote of the holders of a greater of (a) a majority of shares of common stock present at the Annual Meeting, either in person or by proxy, and entitled to vote on that proposal or (b) the majority of the minimum number of shares of common stock which would constitute a quorum for transacting business at the Annual Meeting of Shareholders.

Revoking a Proxy

If you give a proxy and later wish to revoke it before it is voted, you may do so by:

1. sending a written notice to that effect to the Secretary of the Company at the address indicated in this Proxy Statement;
2. submitting a properly signed proxy with a later date; or
3. voting in person at the Annual Meeting.

A proxy not properly revoked will be voted as indicated on the proxy.

Solicitation

The Company will pay the costs and expenses of solicitation of proxies. In addition to the use of the mails, directors, officers and regular employees of the Company may solicit proxies personally or by telephone, but these persons will not be specifically compensated for these services.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of April 1, 2008 regarding beneficial ownership of the common stock of the Company by (i) the only shareholders known by the Company to own more than five percent of the common stock of the Company, (ii) each director of the Company, (iii) each Named Executive Officer listed in the Summary Compensation Table and each current executive officer of the Company and (iv) all executive officers and directors of the Company as a group. Shares covered by stock options are included in the table below only to the extent that these options are exercisable within 60 days of April 1, 2008. Unless otherwise indicated, all persons listed below may be reached at the Company s office.

Shareholder	**Shares Directly Owned**	**Options Exercisable within 60 days**	**Number of Shares (1)**	**Percent of Class**
Renaissance Technologies LLC (2) James H. Simons 800 Third Avenue New York, New York 10022	295,400		295,400	7.2%
Norman H. and Sandra F. Pessin (3) 366 Madison Avenue -14th floor New York, New York 10017	206,600		206,600	5.1%
Rodney A. Young (4)(5)	11,402	104,000	115,402	2.8%
Dale H. Johnson (6)		37,800	37,800	*
William J. Kullback (7)				*
Arnold A Angeloni (4)	3,817	39,000	42,817	1.0%
John R. Baudhuin (4)	600	3,333	3,933	*
K. James Ehlen, M.D. (4)		19,000	19,000	*
John C. Penn (4)	3,105	29,000	32,105	*
Paula R Skjefte (4)				*
Philip I. Smith (4)		3,333	3,333	*
All current directors and executive officers as a group (8 persons)	18,924	197,666	216,590	5.1%

*Indicates ownership of less than one percent.

(1) Except as noted, all shares beneficially owned by each person as of the record date were owned of record, and each person had sole voting power and sole investment power for all such shares beneficially held.

(2) Based on Form 13G filed with the SEC by Renaissance Technologies, Inc. on February 13, 2008.

(3) Based on Form 13D filed with the SEC by Norman H. and Sandra F. Pessin on January 8, 2008.

(4) Serves as a director of the Company and nominated for election to the Board of Directors.

(5) Serves as an executive officer of the Company.

(6) Mr. Johnson retired as an executive officer of the Company effective January 31, 2008.

(7) William J. Kullback was appointed Chief Financial Officer on March 17, 2008.

Section 16(a) Beneficial Ownership Reporting Compliance.

To the Company s knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended October 31, 2007, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.

Proposal 1:

Election of Directors

The Company s Bylaws, as amended and restated, provide that the Board of Directors will consist of the number of members last elected by a majority vote of the shareholders or by the Board of Directors, which number shall not be less than three nor more than seven directors. The Board of Directors has currently set the number of directors at seven. Seven directors will be elected at the 2008 Annual Meeting. Each director will serve until the regular meeting of the shareholders or until a successor has been duly elected and qualified, unless the director retires, resigns, dies, or is removed. Vacancies on the Board of Directors and newly created directorships can be filled by vote of a majority of the directors then in office.

It is intended that proxies will be voted for the named nominees. Unless otherwise indicated, each nominee has been engaged in his present occupation as set forth below, or has been an officer with the organization indicated, for more than five years. The names and biographical information concerning the nominees are set forth below, based upon information furnished to the Company by the nominees. The nominees listed below have consented to serve if elected. If the nominee is unable to serve for any reason, the persons named on the enclosed proxy card may vote for a substitute nominee proposed by the Board, or the Board may reduce the number of directors to be elected.

Nominees for Election to the Board of Directors

The following table sets forth certain information regarding the Company s directors as of April 1, 2008.

Name of Director	**Age**	**Principal Occupation**	**Director Since**
Arnold A. Angeloni	65	Chief Executive Officer and President of Northcott Hospitality International	1990
John R. Baudhuin	45	President and Chief Executive Officer of Mad Dogg Athletics	2007
K. James Ehlen, M.D.	63	Chief Executive Officer of EPIEN Medical, Inc.	2005
John C. Penn	68	Chairman of Intek Plastics, Inc.	2000
Paula R. Skjefte	49	President and Chief Executive Officer of Waterford Consulting, Inc.	2008
Philip I. Smith	40	Executive Vice President of Corporate Development for Vital Images, Inc.	2006
Rodney A. Young	53	President and Chief Executive Officer of the Company	2004

4

Other Information about Directors

Arnold A. Angeloni is Chairman of Angeion Corporation and has served since July 2004 as the Chief Executive Officer and President of Northcott Hospitality International, a rapidly growing company in the hospitality industry and franchisor of the AmericInn® lodging system. Previously, he was President of Gateway Alliance LLC, an integrated business incubator for identifying, creating, and providing operational support for start-up ventures. From 1961 to 1995, Mr. Angeloni was employed by Deluxe Corporation, a provider of check products and services to the financial payments industry, in various administrative, marketing, and operations positions, including President of the Check Printing and Business Systems Divisions.

John R. Baudhuin is the founder, President and Chief Executive Officer of California-based Mad Dogg Athletics Inc., an international health and fitness company. The company manufactures, distributes and develops fitness products and related educational programs through its offices in the United States, Italy, Switzerland and the Netherlands. With over 150,000 certified instructors and 35,000 licensed facilities, the company s SPINNING® brand has a presence in 80 countries worldwide. Prior to founding MDA in 1994, Mr. Baudhuin worked as a Certified Public Accountant for Los Angeles-based Duitch, Franklin & Company, where he provided a variety of consulting and strategic planning services. An active member of the Young Presidents Organization, Baudhuin received his Bachelor of Arts degree in Economics from the University of California, Santa Barbara and his MBA from Loyola Marymount University.

K. James Ehlen, M.D. serves as Chief Executive Officer of Minnesota-based EPIEN Medical, a privately held medical device company whose primary mission is to develop innovative topical products that enhance the repair of damaged epithelial tissue. Prior to joining EPIEN Medical in September 2007, Dr. Ehlen served as Chair of Halleland Health Consulting Group, a Minneapolis-based health consulting firm focusing on health and wellness, improving governance in health care organizations, and assisting early stage organizations to move forward successfully. From February 2001 to February 2003, Dr. Ehlen served as Chief, Clinical Leadership for Humana Inc., a national managed care organization. He was Executive Leader of the Health Care Practice for Halleland Health Consulting Group from May 2000 to February 2001 and was a self-employed health care consultant from June 1999 to May 2000. Beginning in 1988, Dr. Ehlen served in a series of executive roles beginning with CEO of Medica Health Plans through March of 1994. He then became founder and co-CEO of Allina Health System in 1994 and served through June 1999. He is currently serving on the board of several organizations including RespirTech, Inc., Transoma Medical, and Health Fitness Corporation. He is a long-standing member of the American College of Physician Executives.

John C. Penn served as Chairman and Chief Executive Officer of Intek Plastics, Inc., a privately owned plastic extruder located in Hastings, Minnesota from March 2003 until January 2006 when he began serving only as Chairman. Mr. Penn also served as Vice Chairman and Chief Executive Officer of the Satellite Companies from 1998 to March 2003. From 1990 to 1997, Mr. Penn was the President and Chief Executive Officer of Centers for Diagnostic Imaging. Previously, he served in a senior management capacity in various manufacturing companies. Mr. Penn serves and has served on the Board of Directors of several private and public corporations. Mr. Penn currently serves on the Board of Directors of Health Fitness Corporation, a public corporation. He also served as a director of Medical Graphics from December 1996 to December 1999.

Paula R. Skjefte has served as President and Chief Executive Officer of Waterford Consulting, Inc., a strategic consulting firm for growing medical device companies since 2003. Prior to founding Waterford Consulting, Ms. Skjefte served in a variety of executive positions at Medtronic, Inc. for 16 years, serving most recently as the Vice President of Consumer Business for Medtronic Physio-Control, and Vice President of Strategic and Product Planning, and Chair of the Product Planning Council for the Cardiac Rhythm Management Division. Her prior roles at Medtronic include leadership of worldwide marketing, market development, business development; and participation in the Medtronic Foundation Board, Japan and European Operating Boards. She is a frequent speaker on the topics of new product innovation and commercialization. Ms. Skjefte holds a Masters in Business Administration from the University of Minnesota, and a Bachelors of Science in Nursing from the University of Wisconsin.

Philip I. Smith was named Executive Vice President Corporate Development for Vital Images, Inc. in September 2005. He served as Vital Images, Inc. Vice President-Marketing and Corporate Development from January 2004 until September 2005 and its Vice President-Corporate Development from February 2003 until January 2004. From April 2002 to November 2002, Mr. Smith served as President and Chief Executive Officer of Thermonix, a medical technology company. From April 2000 until April 2002, Mr. Smith was Vice President, Marketing and Corporate Development of Image-Guided Neurologics, Inc., a medical technology company. From August 1997 to February 2000, Mr. Smith was an investment banker with the medical technology group at US Bancorp Piper Jaffray. Before August 1997, Mr. Smith held senior sales positions at GE Medical Systems. Mr. Smith holds a bachelor of science in electrical engineering from the University of Florida, and a master of business administration from the Wharton School of the University of Pennsylvania.

Rodney A. Young has over 25 years in the medical device, manufacturing and pharmaceutical fields. Mr. Young has served as a director, President and Chief Executive Officer of the Company since November 1, 2004. Prior to joining Angeion Corporation as Executive Vice President in July 2004, Mr. Young had served as a consultant. Prior to consulting, Mr. Young was a director, Chief Executive Officer and President of LecTec Corporation from August 1996 until July 2003 and Chairman of LecTec from November 1996 until July 2003. Prior to his employment at LecTec, Mr. Young served at Baxter International, Inc. for five years in various management roles most recently as Vice President and General Manager of the Specialized Distribution Division. Mr. Young previously held a variety of sales and marketing positions at 3M Company and Upjohn. Mr. Young also serves as a director of Possis Medical, Inc., Delta Dental Plan of Minnesota and Health Fitness Corporation.

The Board of Directors and Management Recommend a Vote For

Election of the Nominees

Proposal 2:

Approval of Amendment to the Angeion Corporation 2007 Stock Incentive Plan

At this 2008 Annual Meeting, shareholders are asked to approve an amendment to the Company s 2007 Stock Incentive Plan (the 2007 Plan) to increase the number of shares issuable under the 2007 plan by 300,000 from 250,000 shares to 550,000 shares. A copy of the 2007 Plan as amended has been filed with the SEC as an appendix to this Proxy Statement.

The 2007 Plan was approved on August 22, 2007. As of April 1, 2008, of the 250,000 shares authorized under the 2007 Plan, no options have been exercised, 227,970 shares are subject to outstanding options and 22,030 shares are available for future grant. The 2007 Plan provides stock incentive awards in the form of options (incentive and non-qualified), stock appreciation rights, restricted stock, restricted stock units, performance stock, performance units, and other awards in stock and cash. In addition, the Company has 373,150 shares subject to outstanding options under the 2002 Stock Option Plan (2002 Plan). No additional options or restricted stock grants may be granted under the 2002 Plan.

Review of the 2007 Plan

The purpose of the 2007 Plan is to attract and retain talented and experienced people, closely link employee compensation with performance realized by shareholders, and reward long-term results with long-term compensation. The 2007 Plan will permit the Company, under supervision of the Board, to grant stock incentive awards to current and new employees holding key management and technical positions, directors on the Company s Board, and key external service providers of the Company and its subsidiaries.

The 2007 Plan:

- does not permit option re-pricing or re-granting of shares that are turned back to pay the exercise price or to satisfy the holder s tax obligations;
- permits the Company, as a condition to new awards, to cancel and recover amounts received by employees as compensation or under stock incentive awards in the event financial mismanagement is discovered, or the employee violates Company policies or agreements, such as a non-compete or non-disclosure agreement.

Key Terms of the 2007 Plan

The following is a brief summary of the key terms of the 2007 Plan, which is described in more detail below.

Key Plan Features	Description
Plan Term	August 22, 2007 to August 21, 2014
Eligible Participants	• employees in key management and technical positions of the Company and any subsidiary as determined by the Board • non-employee members of the Board of Directors • key service providers of the Company or any subsidiary

Key Plan Features	Description
Total Shares Authorized	• 250,000 shares of common stock for all types of stock incentive awards, to be increased to 550,000 shares
Individual Share Limits	• up to 250,000 shares for all incentive stock options, to be increased to 550,000 shares • up to 250,000 shares for restricted stock awards, to be increased to 300,000 • up to 250,000 shares for all stock incentive awards to non-employee Directors, to be increased to 350,000 • up to 100,000 shares per person per year under all stock incentives • up to an additional 25,000 shares for stock incentives to a newly-hired key employee
Type of Stock Incentive Awards	• incentive and non-qualified stock options with an exercise period no longer than ten years • restricted stock and restricted stock units • stock appreciation rights • performance stock and performance units • other awards in stock or cash
Vesting and exercise	• determined by Board or Committee based on service (time vesting) or upon achievement of performance targets (performance vesting) or both • all non-performance awards vest upon a change in control • objective performance criteria in the 2007 Plan will permit deductibility of executive officer awards as performance based compensation under Code Section 162(m)
Permissible features	• forfeiture and recoupment of prior award values for financial mismanagement or other breaches of responsibilities to the Company • possession of restricted stock and restricted stock units by the Company until restrictions lapse • dividend and dividend equivalents on awards may be paid currently or deferred • options may be exercised with previously acquired shares

Features not permitted without Shareholder approval	• increase the number of shares reserved or any of the limits stated in the 2007 Plan • extend the term of the 2007 Plan • re-price stock options or stock appreciation rights • re-grant shares tendered for stock option exercise or payment of taxes

Who is Eligible for Stock Incentive Awards

Employees who hold key management and technical positions with the Company or any subsidiary, non-employee members of the Board of Directors and key service providers to the Company and its subsidiaries are eligible to receive awards under the 2007 Plan. The Board or the Compensation Committee will determine which employees and other eligible persons will be awarded stock incentives under the 2007 Plan. Currently, the Company has six non-employee Board members and approximately 25 key management and technical employees.

The Board intends to utilize a mix of stock options, stock appreciation rights, restricted stock and performance stock.

Types of Stock Incentives to be Awarded

Subject to the limits under the 2007 Plan, the Board has the discretionary authority to determine the size of the award, the type of award, and if it will be tied to meeting performance-based requirements or will vest over time. For executive officers, the performance-based requirements for vesting in an award may be designed to comply with Section 162(m) of the Internal Revenue Code to permit the Company to deduct the value of the award for income tax purposes. The Committee will have the authority to determine the levels of annual grants of restricted stock and non-qualified stock options to be awarded each year to non-employee directors upon their election at the annual meeting of shareholders. Under the 2007 Plan, the total number of restricted stock grants and non-qualified options granted each year at the annual shareholders meeting may not exceed 20,000 shares per non-employee director. In addition to the annual grant, the Committee has the ability to grant awards at times other than the annual meeting.

The types of awards that may be made under the 2007 Plan are as follows:

- ***Incentive stock options and non-qualified stock options:*** the right to purchase shares where value is based on the appreciation in the underlying shares in excess of an exercise price, which right may be exercised by the holder during the term of the option, unless earlier terminated upon certain events, such as for cause. The exercise price may be paid in cash or in previously owned shares or by other means permitted by the Board.

- ***Stock appreciation rights:*** a contractual right to the increase in the value of the underlying shares subject to the award that does not require payment based on the fair market value at time of grant, but which pays the appreciation in stock value when elected by the holder in the form of whole shares or cash, or a combination of both.

- ***Restricted stock and restricted stock units:*** awards of stock that do not require purchase, but that are not immediately available to the recipient until certain restrictions lapse, either based on time or upon achievement of performance related criteria. Restricted units may vest earlier than the date the shares are actually paid in exchange for the units, which may result in a deferral of income. The holder of restricted stock is entitled to vote those shares. The Board may determine whether, with respect to restricted stock, to pay dividends on those shares to the holder or to defer dividends. Restricted stock units are not outstanding until paid in stock and therefore do not have voting or dividend rights.

- ***Performance shares and performance units:*** awards of restricted or unrestricted stock that are issued to the recipient only upon satisfaction of performance based criteria.
- ***Other awards:*** additional opportunities to reward participants through payment of cash or stock as a bonus, or as deferred compensation, or for other purposes for which stock will provide a meaningful incentive.

Adjustments to Stock Incentives for Corporate Transactions

In the event of a stock dividend, recapitalization, stock split, reorganization, merger, spin-off, repurchase or exchange of the Company s common stock or similar event effecting the Company s stock, the Board may in its discretion adjust the number and kind of shares granted under the 2007 Plan, including the number and exercise price of shares subject to outstanding options or stock appreciation rights, and to adjust restricted stock, restricted stock units, performance stock and performance share units and other awards.

Exercise Price for Stock Options

The exercise price of stock options granted under the 2007 Plan may not be less than the fair market value of the Company s common stock on the date of grant. No option may have a term longer than ten years. No option may be repurchased or exchanged for a lower priced option.

Effect on Termination of Employment on Stock Incentives

Subject to certain exceptions requiring earlier termination, under the terms of the 2007 Plan, except as otherwise set forth in the stock option agreement, stock options will expire and cannot be exercised 90 days after the termination of a participant s employment, except upon death, disability or retirement in which case they can be exercised up to 180 days after termination of employment. Prior to that time, only options that have become exercisable under their terms, based on either service based or performance based vesting, may be exercised. The Board may at any time after an award vest part or all of the unvested options as it deems appropriate.

Restricted stock and restricted stock units will be forfeited if not vested when the participant terminates employment, including upon death, disability or retirement. The Board may also accelerate vesting at any time after the restricted stock incentive is awarded.

For options and restricted stock, restricted stock units, performance stock and performance units, the Board may elect not to accelerate options that would otherwise vest only upon achievement of performance criteria if those targets have not been achieved, or the performance period has not expired.

Effect of a Change in Control on Stock Incentives

Stock options become fully exercisable and restricted stock and restricted stock units automatically become fully vested upon the occurrence of a change in control as defined in the 2007 Plan, except that awards based on performance criteria where the performance period has not yet closed at the time of a change in control will not automatically accelerate. The Board may require options or stock appreciation rights be exercised prior to the change in control, may pay cash or other securities to cancel awards in connection with the change in control, or may provide for the successor to substitute its stock for outstanding awards.

Transferability of Stock Incentives

Stock options, restricted stock, restricted stock units, performance stock, and performance units, as well as other awards under the 2007 Plan that are vested at the time of the death of the participant, are transferable only by the participant s last will and testament or applicable state laws on decent and distribution. Restricted stock, restricted stock units, performance stock and performance units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until the applicable restrictions lapse or the performance targets have been achieved.

Administration

The Board, or the Compensation Committee if one is in operation, will administer the 2007 Plan. The Board will select employees who receive awards, determine the number of shares covered by each award, and establish the other terms and conditions consistent with the limitations contained in the 2007 Plan. The Board may also interpret the 2007 Plan, may establish and amend terms of existing stock incentive awards, except that if the participant is adversely affected by the amendment, the participant must also consent.

To the extent required by law or desired for tax purposes, awards to executive officers will be made only by persons who qualify as outside directors under securities and tax laws. The Board may delegate to an executive officer all or part of its responsibilities to make awards, other than the authority to make awards to other executive officers.

Amendments to the 2007 Plan

The Board may amend or suspend the 2007 Plan at any time; any amendment that would do one or more of the following will not be permitted without the approval of the shareowners:

- increase the number of shares that may be used under the 2007 Plan, or change any other limit on various types of awards;
- permit the re-pricing of outstanding stock options; or
- amend the maximum shares that may be granted as awards to any participant.

Tax Consequences of Stock Incentives to Participants and the Company

Options. Stock options granted under the 2007 Plan may either be granted as incentive stock options, which are governed by Internal Revenue Code Section 422, or as non-qualified stock options, which are governed by Internal Revenue Code Section 83. Generally, no federal income tax is payable by the participant upon the grant of an incentive stock option and no deduction is taken by the Company. If certain holding periods are met, the exercise of an incentive stock option does not result in taxation to the participant; rather, the participant is taxed only at the time of sale. If the shares have been held for at least one year after the date of exercise and at least two years from the date of grant of the option, the participant will be taxed on any appreciation in excess of the exercise price as long-term capital gains. In that event, the Company is not entitled to a deduction for the amount of the capital gains.

Under current tax laws, if a participant exercises a non-qualified stock option, the participant will be taxed on the difference between the fair market value of the stock on the exercise date and the exercise price and, thereafter, the participant would receive capital gains on any appreciation in stock value after the exercise date, depending upon the length of time the participant held the stock after exercise. When the option is exercised, the Company will be entitled to corresponding tax deduction.

Restricted and Performance Stock and Units. Awards of restricted stock and restricted stock units, performance stock and performance units under the 2007 Plan generally are not subject to federal income tax when awarded, unless the participant properly elects to accelerate the tax recognition. Restricted stock is generally subject to ordinary income tax at the time the restrictions lapse and performance stock is taxed at the time the performance targets are met. Restricted stock units and performance units are generally subject to ordinary tax at the time of payment, even if vested earlier. The

Company is entitled to a corresponding deduction at the time the participant recognizes taxable income on the restricted or performance stock or units.

Additional Information

The Company intends to file a Form S-8 Registration Statement with the SEC covering the additional 300,000 shares after shareholder approval of this amendment.

The Board of Directors Recommends that Shareowners Vote For the Proposal to

Adopt and Approve an Amendment to the Angeion Corporation 2007 Stock Incentive Plan.

CORPORATE GOVERNANCE

General

The Board of Directors is committed to sound and effective corporate governance practices. We continue to review our governance policies and practices, the provisions of the Sarbanes-Oxley Act of 2002, the recently adopted and proposed rules of the Securities and Exchange Commission (SEC) and the listing standards of The Nasdaq Stock Market (Nasdaq), and are taking steps to ensure compliance with the rules and regulations applicable to the Company.

Code of Ethics and Business Conduct

The Board of Directors has adopted a Code of Ethics and Business Conduct applicable to all of the Company s officers, directors, employees and consultants that establishes guidelines for professional and ethical conduct in the workplace. The Code also contains a special set of guidelines applicable to the Company s senior financial officers, including the chief executive officer, chief financial officer, principal accounting officer, and others involved in the preparation of the Company s financial reports, that are intended to promote the ethical handling of conflicts of interest, full and fair disclosure in periodic reports filed by the Company and compliance with laws, rules and regulations concerning such periodic reporting.

We currently make our governance policies and procedures, as well as our current committee charters, available to the public on our website: www.angeion.com.

The Board, Board Committees and Meetings

Meeting Attendance. The Board of Directors meets regularly during the year to review matters affecting the Company and to act on matters requiring Board approval. Each of our directors is expected to make a reasonable effort to attend all meetings of the Board, applicable committee meetings and our annual meeting of shareholders. During the fiscal year ended October 31, 2007, the Board of Directors held twelve meetings. Each of the directors attended at least 75% of the meetings of the Board and committees on which he served. At its regularly scheduled meetings, the Company s directors meet in executive session without the Chief Executive Officer present.

Committees of the Board of Directors. The Board of Directors has established an Audit Committee, Compensation Committee and a Governance/Nominating Committee. The composition and function of each Committee is set forth below:

Director	**Audit**	**Compensation**	**Governance/ Nominating**	**Strategy**
Arnold A. Angeloni	X	X	X	
John R. Baudhuin	X		X	X
K. James Ehlen, M.D.	X	X*	X*	
John C. Penn	X*		X	X
Paula R. Skjefte (1)		X	X	X
Philip I. Smith		X	X	X*
Rodney A. Young				X

* Committee Chair

(1) Ms. Skjefte joined the Board on February 1, 2008.

Audit Committee. The Audit Committee operates under a written charter adopted effective June 1, 2000, as amended on June 2, 2003. The Audit Committee reviews the Company s internal control structure and financial reporting activities, reviews the scope of the annual audit, reviews non-audit services performed by auditors to determine and maintain auditor independence, selects the Company s independent registered public accounting firm, reviews the Company s audited consolidated financial statements prior to release to the public and conducts discussions with the Company s independent registered public accounting firm each quarter in connection with their quarterly review. KPMG LLP, the Company s independent registered public accounting firm, reports directly to the Audit Committee. Each of the members of the Audit Committee is independent as defined by the rules of the Nasdaq Stock Market and the SEC. The Company s Board of Directors has reviewed the education, experience and other qualifications of each of the members of its Audit Committee. After review, the Board of Directors has determined that John C. Penn qualifies as an audit committee financial expert to meet the SEC definition of an audit committee financial expert. The Audit Committee held nine meetings during fiscal 2007.

Compensation Committee. The Compensation Committee operates under a written charter and, among other duties, the Compensation Committee reviews compensation of the Company s officers for fairness and competitiveness, determines the necessity for, and content of, any officer employment contracts, advises and recommends incentives in the form of overall corporate bonus plans and determines bonuses and grants of stock options for the Company s officers, and reviews the performance of the Company s Chief Executive Officer. The Compensation Committee also has the authority to make awards under, and adopt and alter administrative rules and practices governing, the Company s qualified or unqualified benefits plans, including the Company s 2002 Stock Option Plan and 2007 Stock Incentive Plan. The charter of the Compensation Committee requires that this Committee consist of no fewer than two board members who satisfy the requirements of the Nasdaq Stock Market, the non-employee director requirements of Section 16b-3 of the Securities Exchange Act of 1934, and the outside director requirements of Section 162(m) of the Internal Revenue Code. Each member of the Company s Compensation Committee meets these requirements. The Compensation Committee held eight meetings during fiscal 2007. The report of the Compensation Committee is set forth below.

Governance/Nominating Committee. The Governance/Nominating Committee is responsible for reviewing the size and composition of the Board, identifying individuals qualified to become Board members, recommending to the Board of directors nominees to be elected at the annual meeting of shareholders, reviewing the size and composition of Board committees, facilitating Board self-assessment and reviewing and advising regarding strategic direction and strategic management. The Committee operates under a charter approved by the Board and each of its members is independent under Nasdaq listing standards. The Governance/Nominating Committee held no meetings during fiscal 2007. The Charter of the Governance/Nominating Committee and the Angeion Corporation Governance Guidelines are posted on the Company s website at www.angeion.com.

Strategy Committee. The Strategy Committee was formed on July 3, 2007 to assist the Board in overseeing the strategic management of the Company, to focus the attention of the Board on long-range objectives for the Company and to review and assess strategies to implement these long-range objectives. The Strategy Committee first met in fiscal 2008.

Director Independence

The Board of Directors has reviewed director independence guidelines in a manner consistent with the definitions of independence set forth in SEC Rule 10A-3 under the Securities Exchange Act of 1934 and the rules of the Nasdaq Stock Market. In accordance with these guidelines, the Board of Directors has reviewed and considered facts and circumstances relevant to the independence of each director and director nominee and has determined that Messrs. Angeloni, Baudhuin, Ehlen, Penn, Skjefte and Smith are each independent under SEC Rule 10A-3 and an independent director under the rules of the Nasdaq Stock Market.

Director Nominations

The independent members of the Board of Directors are responsible for considering and selecting the nominees for election as directors at annual shareholder meetings. The Board believes a nominee should possess the highest level of professional and personal ethics and values, be free of any material conflict of interest with respect to board service, have broad experience at the policy-making level, have the ability to provide insight and practical wisdom based on experience and expertise, be an independent director as defined by the rules of the SEC and the Nasdaq Stock Market, be able to understand and relate to the culture of the Company, have sufficient time to properly discharge the duties associated with serving as a director, and have experience and knowledge that will enhance or maintain a diversity of business background among board members.

In addition, the Board believes that one or more of the Company s directors should possess certain specific qualities or skills. These include, among others, experience with publicly held companies, an understanding and background in corporate management, experience in delegation of duties, accounting experience, financial experience, legal experience, marketing experience, understanding of the medical device industry, and background and experience necessary to qualify as an audit committee financial expert as defined by the SEC.

The Board has established a governance/nominating committee comprised of independent directors to serve as the standing committee responsible for considering and recommending director nominees to the Board of Directors. The Company does not currently have a procedure for shareholder nomination of directors because the Company has not received a shareholder nominee for election as a director in the past ten years.

Compensation of Directors

The following table sets forth certain information regarding the compensation the Company paid to its non-employee directors during the fiscal year ended October 31, 2007.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($) (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings($) (5)	All Other Compensation ($) (6)	Total ($)
Mr. Angeloni	35,500		4,492				39,992
Mr. Baudhuin (7)	14,000		10,926				24,926
Dr. Ehlen	32,750		4,492				37,242
Mr. Penn	29,750		4,492				34,242
Mr. Smith (7)	26,500		21,892				48,392

(1) Each non-employee director receives an annual retainer of $12,000 ($3,000 per quarter) and a meeting fee of $1,000 for each board meeting attended and $500 for each committee meeting attended. Committee chairs are paid annual retainers as follows: Board chair, $10,000; all other committee chairs, $7,000.

(2) There were no stock awards made during the fiscal year.

(3) FAS 123R became effective for the Company on November 1, 2006. The option awards dollar amount refers to what is recognized by the Company as stock-based compensation expense for the fiscal year in accordance with FAS 123R.

(4) The Company does not provide non-equity incentive plans for non-employee directors.

(5) The Company does not provide nonqualified deferred compensation plans or a pension plan for non-employee directors.

(6) No other compensation was paid to directors that are not reported elsewhere in this Proxy.

(7) Mssrs. Baudhuin and Smith were elected to the board of directors on March 1, 2007 and December 12, 2006, respectively.

Stock Options

Under the terms of the 2007 Stock Incentive Plan, Stock options were granted to our non-employee directors as follows: In connection with the approval of the 2007 Plan on August 22, 2007, Philip I. Smith and John Baudhuin, the two non-employee directors that were first elected to the Board in fiscal 2007, were each granted seven-year options for 10,000 shares at a price of $6.60 per share, vesting one-third on each of the first, second, and third anniversary dates that the director began serving as a director. The first third will vest on November 1, 2007 in the case of Mr. Smith, and on March 1, 2008, in the case of Mr. Baudhuin.

In addition, on August 22, 2007, each of the five non-employee directors of the Company, Arnold A. Angeloni, John R. Baudhuin, K. James Ehlen, M.D., John C. Penn, and Philip I. Smith, was granted a seven-year stock option for 10,000 shares at a price of $6.60 per share. These options vest one-third on each of May 23, 2008, May 23, 2009, and May 23, 2010.

The Board has not yet finalized the non-employee director equity awards to be granted for fiscal 2008 under the 2007 Plan.

Report of the Compensation Committee

The Compensation Committee of the Board of Directors establishes the compensation for executive officers of the Company and acts on other matters relating to their compensation as it deems appropriate and typically meets one to four times per year. During fiscal 2007, the Compensation Committee consisted of four non-employee directors and held eight meetings. In addition, the Board of Directors held one special Board meeting for the purpose of addressing executive compensation matters. The members of the Compensation Committee during fiscal 2007 were Messrs. Angeloni, Ehlen (Chair), Smith and Penn. The Compensation Committee also administers, with respect to all eligible recipients, the Company s 2002 Stock Option Plan and 2007 Stock Incentive Plan and determines the participants in the Plan and the amount, timing and other terms and conditions of awards under the Plan.

The following report of the Compensation Committee shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that we specifically incorporate it by reference in such filing.

The Compensation Committee has reviewed and discussed the section of this proxy statement entitled Compensation Discussion and Analysis (the CD&A) for the year ended October 31, 2007 with management. In reliance on the reviews and discussions referred to above, the Compensation Committee recommended to the Board that the CD&A be included in the Proxy for filing with the Securities and Exchange Commission.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is biographical and other information on the current executive officers of the Company. Mr. Young s biographical information is set forth above under Other Information About Directors.

Name of Officer	Age	Title

Rodney A. Young	53	President and Chief Executive Officer
William J. Kullback *	48	Chief Financial Officer

**Mr. Dale H. Johnson served as Chief Financial Officer during fiscal 2007 and retired on January 31, 2008. Mr. William J. Kullback replaced him on March 17, 2008.*

William J. Kullback was appointed Angeion s Chief Financial Officer and Senior Vice President on March 17, 2008. Prior to joining the Company, Mr. Kullback served as co-founder and CFO of Flex Fund Financial, a private financial services firm. From April 2005 to May 2006, Kullback served as CFO for IntriCon Corporation, a publicly traded manufacturer that specializes in the high technology medical device and communications industries. Kullback also served as Senior Vice President and CFO at MedSource Technologies, Inc., a medical device outsourcer, from November 2002 until its sale in September 2004, and as Executive Vice President and CFO at PEMSTAR, Inc., a public engineering and manufacturing service corporation prior to that time. Mr. Kullback previously held a variety of financial and accounting positions at Crenlo, Inc., the Stant Corporation, and at Price Waterhouse. Mr. Kullback also served as a director of Reptron Electronics where he was chairman of the audit committee and involved in the sale of this publicly traded manufacturing firm. Mr. Kullback received his M.B.A. and his B.A. from the State University of New York at Buffalo.

EXECUTIVE COMPENSATION

Executive Compensation Philosophy and Objectives of Compensation Program

Our philosophy with respect to the compensation of Executive Officers is based upon the following principles established by the Compensation Committee:

Executive Compensation Policy

Executive talent and performance are critical to the success of the Company. Executive compensation at Angeion Corporation is designed to provide a competitive compensation opportunity relative to similar medical instrument and device companies, in a manner aligned with business performance and shareholder returns. The Company uses base salaries, an annual incentive plan and equity grants to accomplish these objectives, and performs regular benchmarking analyses against comparable companies to anchor its practices firmly in the competitive market. The Company makes minimal use of perquisites in Executive Compensation. When assessing the market competitiveness of our compensation programs, we review third-party surveys and publicly available data relating to a specific group of companies. For our executive compensation comparisons, we consider the following group of medical device companies, each of which of had revenues of less than $100 million.

Company Name and Location

ABIOMED (MA)	Atricure (OH)	ATS Medical (MN)	Biolase (CA)
CardioDynamics (CA)	CardioTech International (MA)	CAS Medical Systems (CT)	Conceptus (CA)
Criticare Systems (WI)	Endocare (CA)	Kensey Nash (PA)	Lifecore BioMedical (MN)
Luminex Corp. (TX)	Medtox Scientific (MN)	NeuroMetrix (MA)	NMT Medical (MA)
Orthovita (PA)	Possis Medical (MN)	Retractable Technologies (TX)	Rochester Medical (MN)
Strategic Diagnostics (DE)	SurModics (MN)	Synovis (MN)	Tutogen Medical (NJ)
Utah Medical (UT)	Urologix (MN)	Vascular Solutions (MN)	Vital Images (MN)

Base Salary

In 2007, Base pay was set on a conservative basis around the 25th percentile of comparable companies, with opportunities to reach industry median based primarily on individual experience and contributions, while taking into account the overall financial health of the Company.

Incentive Plan

In 2007, annual incentives were linked to achievement of key business objectives, primarily earnings before income taxes, depreciation and amortization (EBITDA) and revenue. Payouts were available under the Annual Incentive Plan objective when threshold performance goals, established by the Board, were met. Upon achievement of all business objectives for a year, payouts are intended to be competitive in the industry. Substantial overachievement against all goals established by the Board creates a payout opportunity around the upper quartile of comparable companies.

Equity Compensation

Different forms of equity are used to directly align executive compensation with overall shareholder returns while managing expense and dilution of common shareholders. The Company s equity compensation practices are designed to be around median in the industry over time, and provide significant compensation opportunities above the median only in conjunction with substantial shareholder returns on a sustained basis. The Company currently uses stock options to accomplish equity compensation objectives.

Disclosure

The Company is committed to fair and full public disclosure of all compensation matters for its executive officers and for all equity compensation plans. The Company will not disclose any specific business goals related to its incentive plan that could be used by competitors.

All of our compensation programs are designed to attract and retain key employees, motivating them to achieve and rewarding them for superior performance. Our programs are geared to short and longer-term performance with the goal of increasing shareholder value over the long term. Executive compensation programs affect all employees by setting general levels of compensation and helping to create an environment of goals, rewards and expectations. Because we believe the performance of every employee is important to our success, we are mindful of the effect of executive compensation and incentive programs on all of our employees.

We believe that the compensation of our executives should reflect their success as a management team, rather than individuals, in attaining key operating objectives, such as growth of sales, growth of operating earnings and earnings per share and growth or maintenance of market share and long-term competitive advantage, and ultimately, in attaining an increased market price for our stock. We believe that the performance of the executives in managing our company, considered in light of general economic and specific company, industry and competitive conditions, should be the basis for determining their overall compensation. We also believe that their compensation should not be based on the short-term performance of our stock, whether favorable or unfavorable, but rather that the price of our stock will, in the long-term, reflect our operating performance, and ultimately, the management of the Company by our executives. We seek to have the long-term performance of our stock reflected in executive compensation through our stock option and other equity incentive programs.

Overview of Compensation Process

Elements of In-Service Compensation and Relationship to Objectives

We also provide the executive officers and other members of management with other benefits available to our employees generally, such as health, life, dental and disability insurance and participation in a 401(k) Plan.

Determining Executive Compensation and Design of Compensation Programs

It has been the practice of our Compensation Committee to review, at the beginning of the fiscal year, the elements of the executive officer s total compensation and compare the compensation of the executive officers with the compensation of officers performing comparable functions in peer group comparison group. Based upon this analysis, base salaries for our executive officers are reviewed and set at the first regularly scheduled meeting of our Compensation Committee and then recommended to the Full Board.

In setting base salaries, our Chief Executive Officer makes compensation recommendations to the Compensation Committee with respect to the executive officers and other member of management who report to him. These executive officers are not present at the time of these deliberations. For fiscal year 2007, the Compensation Committee reviewed Mr. Young s recommendations with respect to the salary compensation of the members of management.

Consistent with its overall compensation philosophy, the Compensation Committee recommended and the Board approved and adopted the 2007 Management Incentive Bonus Plan (the 2007 Bonus Plan) which is described below. On May 28, 2007, the Compensation Committee of the Board of Directors of Angeion Corporation approved the 2007 Bonus Plan. The 2007 Bonus Plan provided for the payment of cash compensation to eligible employees, including the Company s executive officers, upon achievement of predetermined objectives. The 2007 Bonus Plan was similar to bonus plans operated by the Company in past years and provided that bonuses would be earned during 2007 if Angeion achieved specified levels of

(i) earnings before interest, taxes, depreciation and amortization (50% weighting),

(ii) revenues from sales of MedGraphics cardiorespiratory diagnostic products, (30% weighting); and

(iii) revenues from sales of New Leaf brand health and fitness products (20% weighting).

The Compensation Committee believes that these three criteria were appropriate for the following reasons. First, earnings before interest, taxes, depreciation and amortization has traditionally been used by the Company internally as a key measure of success, in part because the Company traditionally had relatively high depreciation and amortization expense as result of the its 2002 emergence from Chapter 11 bankruptcy and the Compensation Committee felt this was a better measurement than net income before taxes or a similar provision. The other two factors were designed to reward management and employees for achievement of levels of revenue in the Company s two product Brand names.

Under the 2007 Bonus Plan, Mr. Rodney A. Young, the Company s Chief Executive Officer, was eligible for a bonus ranging from 22.5% of base salary if the threshold level is met in each of the three areas to 100.0% of base salary if the maximum level was met in each of the three areas. The Company s Chief Financial Officer, Dale H. Johnson, was eligible for a bonus ranging from 17.5% of base salary if the threshold is met in each of the three areas to 50.0% of base salary if the maximum level is met in each of the three areas. On January 23, 2008, the Board of Directors authorized payments under the 2007 Bonus Plan. Mr. Young received a bonus payment of $180,461 and Mr. Johnson received a bonus payment of $51,341.

Angeion has not yet finalized the metrics for its 2008 Bonus Plan.

Use of Compensation Consultant

Under the Compensation Committee s charter, the Committee has the authority to retain, at the Company s expense, independent counsel or other advisers as it deems necessary to carry out its responsibilities. In fiscal year 2007, the Committee retained Launch Venture Services to advise it on compiling a list of comparable companies, setting the salary of the CEO, CFO and other members of management, determining the appropriate level of cash and equity compensation for non-employee members of the board of directors, and determining the appropriate level of equity compensation for the CEO, CFO and others member of the board of directors.

Accounting and Tax Considerations

We have structured our compensation program to comply with Internal Revenue Code Sections 162(m) and 409A. Under Section 162(m) of the Internal Revenue Code, a limitation was placed on tax deductions of any publicly-held corporation for individual compensation to certain executives of such corporation exceeding $1,000,000 in any taxable year, unless the compensation is performance-based. If an executive is entitled to nonqualified deferred compensation benefits that are subject to Section 409A, and these benefits do not comply with Section 409A, then the benefits are taxable in the first year they are not subject to a substantial risk of forfeiture. In such case, the executive officer is subject to regular federal income tax, interest and an additional federal income tax of 20% of the benefit includible in income. We have no individuals with non-performance based compensation paid in excess of the Internal Revenue Code Section 162(m) tax deduction limit.

Equity Granting Process

Stock awards to our executive officers and other key salaried employees are typically granted annually in conjunction with the review of the individual performance of our executive officers. This review generally takes place at the regularly scheduled meeting of the Compensation Committee, which is held in conjunction with the regular quarterly meeting of our Board of Directors in February. Stock options are also granted in connection with the appointment of new executive officers, with the option grant effective as of the first day of employment. These regular and new-hire grants of stock options are approved in advance by the Compensation Committee or the board of directors. The Compensation

Committee s policy is to grant all equity awards under shareholder approved equity compensation plans, such as our 2007 Stock Incentive Plan.

During fiscal 2007, Angeion was unable to grant any stock options to employees became there were less than 10,000 shares available until August 2007, when the shareholders approved the 2007 Angeion Stock Incentive Plan. On the date of this meeting, the Company granted options to purchase a total of 9,200 shares under the prior 2002 Plan. In addition, on October 31, 2007, the Compensation Committee granted to management and other employees 167,970 options to purchase the Company s common stock at an exercise price of $7.86 per share.

Rodney A. Young Employment Agreement and Change In Control Agreement

In the first quarter of 2007, the Company increased Mr. Young s salary to $302,500. On October 31, 2007, the Company entered into a new Employment Agreement and Change in Control Agreement with Mr. Young. Under the Amended Employment Agreement, Mr. Young receives an annual salary of $303,000 and is entitled to earn an annual cash bonus ranging from 22.5% to 100% of his annual salary, based upon achievement of certain objectives in a bonus plan established by the Board of Directors. Mr. Young s Employment Agreement may be terminated upon 60 days written notice by either party, upon notice by the Company of termination for cause or upon the event of Mr. Young s death or disability. The Agreement also contains a non-compete provision for one year after the termination of Mr. Young s employment. The Amended Employment Agreement also provides that in the event that Mr. Young s employment is terminated without cause, other than in a change-in-control situation, Mr. Young would be entitled to a lump sum payment of one-year base salary, plus an annual incentive bonus for that fiscal year at target performance on a pro rata basis, if and when other senior management of the Company are paid a bonus based on achievement of goals at or above target for that year, or if the termination occurs in the second half of the fiscal year and if other senior executives receive a bonus for over-target performance for the fiscal year, then Mr. Young would receive a pro rata portion of the comparable CEO-level bonus specified for over-target performance for the fiscal year.

The Company and Mr. Young also entered into a new Change-in-Control Agreement dated as of October 31, 2007. Under this agreement, if Mr. Young s employment is terminated during a period of twenty-four months following a Change-in-Control of the Company (i) by the Company other than for Cause or death, or (ii) by Mr. Young for Good Reason (as these terms are defined in the Agreements), then he will be entitled to a lump-sum payment equal to two times his base salary plus a one year bonus at target. In addition to these amounts, Mr. Young would be entitled to a fee for out-placement services in an amount equal to ten percent of his salary or $30,300 and the Company would continue to pay its portion of his health insurance for 18 months as if he were still employed. Had this termination without cause occurred at October 31, 2007, the amount payable to Mr. Young pursuant to his Change-in-Control Agreement would be approximately $765,000.

Potential Payments under Rodney A. Young Employment Agreement and Change in Control Agreement:

	Termination Without Cause or Resignation For Good Reason Prior to a Change in Control	Termination Without Cause or Resignation For Good Reason Within 24 Months of a Change in Control
Salary Continuation/Severance Payments	$ 303,000	$ 636,000
Bonus	*	129,000
Accelerated Vesting of Stock Options	None	None

*Bonus would be payable on a pro rata basis only if paid to other members of senior management.

William J. Kullback Employment Agreement and Change In Control Agreement

Effective March 17, 2008, the Company entered into a new Employment Agreement with Mr. Kullback. Under the Employment Agreement, Mr. Kullback receives an annual salary of $200,000 and is entitled to earn an annual cash bonus ranging from 17.5% to 50% of his annual salary, based upon achievement of certain objectives in a bonus plan established by the Board of Directors. Mr. Kullback s Employment Agreement may be terminated upon 60 days written notice by either party, upon notice by the Company of termination for cause or upon the event of Mr. Kullback s death or disability. The Agreement also contains a non-compete provision for one year after the termination of Mr. Kullback s employment. The Employment Agreement also provides that in the event that Mr. Kullback s employment is terminated without cause, other than in a change-in-control situation, Mr. Kullback would be entitled to a lump sum payment of nine months base salary, plus an annual incentive bonus for that fiscal year at target performance on a pro rata basis, if and when other senior management of the Company are paid a bonus based on achievement of goals at or above target for that year, or if the termination occurs in the second half of the fiscal year and if other senior executives receive a bonus for over-target performance for the fiscal year, then Mr. Kullback would receive a pro rata portion of the comparable CFO-level bonus specified for over-target performance for the fiscal year.

The Company and Mr. Kullback also agreed to enter into a Change-in-Control Agreement dated as of June 15, 2008 upon Mr. Kullback s successful completion of 90 days of employment. Under this agreement, if Mr. Kullback s employment is terminated during a period of eighteen months following a Change-in-Control of the Company (i) by the Company other than for Cause or death, or (ii) by Mr. Kullback for Good Reason (as these terms are defined in the Agreements), then he will be entitled to a lump-sum payment equal to one and a half times his base salary. In addition to these amounts, Mr. Kullback would be entitled to a fee for out-placement services in an amount equal to ten percent of his salary or $20,000 and the Company would continue to pay its portion of his health insurance for 12 months as if he were still employed. If this termination without cause were to occur after the effective date of his Change-In-Control Agreement, the amount payable to Mr. Kullback pursuant to his Change-in-Control Agreement would be approximately $320,000.

Potential Payments under William J. Kullback Employment Agreement and Change in Control Agreement:

	Termination Without Cause or Resignation For Good Reason Prior to a Change in Control	**Termination Without Cause or Resignation For Good Reason Within 18 Months of a Change in Control**
Salary Continuation/Severance Payments	$ 150,000	$ 320,000
Bonus	*	
Accelerated Vesting of Stock Options	None	None

*Bonus would be payable on a pro rata basis only if paid to other members of senior management.

Fiscal 2007 Members of the Compensation Committee:

Arnold A. Angeloni K. James Ehlen, M.D. (Chair) John C. Penn Philip Smith

22

Summary of Cash and Certain Other Compensation

The following table shows information concerning compensation earned for services in all capacities during the fiscal year for (i) Rodney A. Young, our President and Chief Executive Officer and (ii) Dale H. Johnson, our Chief Financial Officer (together referred to as our Named Executive Officers) for the fiscal year ended October 31, 2007. There were no other executive officers of our company in fiscal 2007.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (2)	Stock Awards ($) (3)	Option Awards ($) (4)	Non-Equity Incentive Plan Compensation ($) (5)	Nonqualified Deferred Compensation Earnings($) (6)	All Other Compensation ($) (7)	Total ($)
Rodney A. Young, *President and Chief Executive Officer*	2007	302,500			206	180,461		33,622	516,789