



Letter from Eamonn Hobbs, President, CEO and Co-Founder of AngioDynamics

September 2007

To Our Stockholders:

Fiscal 2007 was a year of progress and growth for AngioDynamics. Our revenues surpassed the \$100 million level. We generated solid growth from our core products lines and continued our successful R&D program to develop new products. We executed on our strategy to spur growth through acquisition and other corporate development activity. And, we implemented several programs to position AngioDynamics for profitable future growth. As a result of our team's focus and dedication, we grew revenue by 43% over fiscal 2006 and prior to acquisition and litigation expense generated a substantial increase in net income.

In January 2007, we completed the acquisition of RITA Medical Systems. This transaction allowed us to further strengthen our leadership position as a provider of innovative therapies and products for interventional radiologists and surgeons. With the purchase of RITA, we acquired a talented sales force and a dynamic suite of oncology and vascular access products. RITA's product line centered on a diverse offering of local oncology therapies including its market-leading radiofrequency ablation systems, Habib™ Sealer and LC Beads™ for tumor embolization. Our goals with the acquisition are to enter a fast growing market with leading technology, to capitalize on a variety of dynamic cost synergies, and to leverage the sales, marketing, R&D and operational strengths of the two companies. With this, we will create an organization that is greater than the "sum of the parts."

Since January, we have continued to successfully execute our strategic plan to fully integrate RITA into our company. We have been busy organizing our sales force and development team into two product groups, interventional and oncology and saw the positive impact of this strategy in the fourth fiscal quarter as revenue trends turned positive in RITA's port product line. Our new product pipeline has been positively impacted with the launches of SMARTPORT™ CT, a vascular access port used for power injections, and PROFILER®, a balloon dilatation catheter. Following these successful product launches, we introduced the UniBlate™, a single needle radiofrequency electrode that we believe will be uniquely useful in percutaneous, laparoscopic, and intraoperative surgical procedures. As we completed fiscal 2007, we are well on our way to realize the \$9 million in projected annualized cost savings and to launch a number of additional new products that should quicken the pace of our overall growth rate compared with that of our core product lines.

In addition to the RITA acquisition, during fiscal 2007, we also entered into an agreement to acquire Oncobionic, Inc., the developer of an irreversible electroporation (IRE) soft tissue

ablation technology intended for use in targeted, or focal, cancer and benign tumor therapy. Our agreement calls for the closure of the acquisition upon the successful use of IRE technology in humans. Since that announcement, the US Food and Drug Administration granted 510(k) clearance for Oncobionic to market IRE for the surgical ablation of soft tissue, including cardiac and smooth muscle.

We believe that this technology has tremendous potential and that it will be highly complementary to the RITA radiofrequency technology. This next generation of radiofrequency uses ultra-low radiofrequency pulses to open the nanopores in the cell membranes which leads to cell death, but no nerve damage, and allows the doctor to preserve critical, non-cellular structures. Since we announced this transaction in October 2006, we have continued to work closely with clinical thought leaders to develop this unique technology. We have collected an impressive amount of animal clinical data and expect to complete our initial human clinical trials in malignant prostate cancer before the end of calendar year 2007.

We also significantly expanded and strengthened our management team. In October 2006, we added the key role of Chief Operating Officer and appointed Robert Mitchell to the position. Bob has nearly 20 years of operational experience in the interventional radiology market, and, since his arrival has successfully managed the daily operating activities at AngioDynamics, allowing me to focus on our strategic growth initiatives.

In April 2007, we welcomed Joseph Gersuk to our team as our new Chief Financial Officer. Joe brought more than 25 years of senior level financial management expertise to our team. His background includes experience with mergers and acquisitions, working capital management, treasury, regulatory accounting and reporting, and implementation of strong internal controls. Joe's proven track record of leading companies through phases of rapid growth has already been additive to our senior leadership and we believe he will continue to make important contributions as we take AngioDynamics to the next level of development.

Shortly after the close of fiscal 2007, we announced two key promotions that should have a significant impact on our global operations. John Soto, who came to us through RITA, was promoted to vice president of global sales. Since becoming a part of the AngioDynamics organization, John has shown his commitment to customer success and his ability to lead. Under his leadership, we believe our sales team will be able to penetrate existing and new markets allowing AngioDynamics to continue on its growth trajectory. William Appling, who has been with AngioDynamics since 1988, was promoted to senior vice president of R&D. Bill has a wealth of experience and his technical knowledge and skill set has been an asset to AngioDynamics for nearly 20 years. We look forward to the continued contributions to our growth from both John and Bill.

Finally, our board of directors recently elected Vincent Bucci Chairman of the Board. Vin joined as a Board member with the RITA Medical acquisition and had been Chairman of the

RITA Board. With Vin's election, the entire Board would like to thank Paul Echenberg for his leadership as our Chairman for the past three years and we are all delighted that we will continue to benefit from his wise counsel as he will remain a Board member.

We accomplished a lot during fiscal 2007. We would like to thank our dedicated employees that have allowed us to embark upon this dynamic growth cycle. In addition, we thank our customers that continue to welcome our innovative new products and technology. With our broad portfolio of products and intellectual property and best-in-class employees that are focused on executing our strategic plan, we believe we are well positioned for growth in fiscal 2008 and beyond. We are excited about our future.

All the best,

A handwritten signature in black ink, appearing to read "Eamonn P. Hobbs". The signature is written in a cursive, flowing style.

Eamonn P. Hobbs  
President and Chief Executive Officer