

ANGEION CORP/MN  
Form DEF 14A  
April 23, 2007

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:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- 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):

- No fee required.
- 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:
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  - (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:
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- 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.
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**ANGEION CORPORATION**

**350 Oak Grove Parkway**

**Saint Paul, Minnesota 55127-8599**

**(651) 484-4874**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**Wednesday, May 23, 2007**

Notice is hereby given that the 2007 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 Wednesday, May 23, 2007 at 2:00 p.m. local time, for the following purposes:

1. To elect six directors to hold office until the next annual meeting of shareholders or until their respective successors have been elected and qualified;
2. To approve the Angeion Corporation 2007 Stock Incentive Plan;
3. To ratify the appointment of KPMG LLP as independent registered public accounting firm for the Company for the fiscal year ending October 31, 2007; and
4. 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 13, 2007 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 17, 2007

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**PLEASE REMEMBER TO SIGN AND RETURN YOUR PROXY.**

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**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 2007 Annual Meeting of Shareholders to be held on Wednesday, May 23, 2007, 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 20, 2007.

**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;
2. FOR Proposal 2 Approval of the Angeion Corporation 2007 Stock Incentive Plan; and
3. FOR Proposal 3 Ratification of the appointment of KPMG LLP as independent registered public accounting firm for the Company for the fiscal year ending October 31, 2007.

**Quorum and Vote Requirements**

The total number of shares outstanding and entitled to vote at the meeting as of April 13, 2007 consisted of 4,050,825 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 13, 2007 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 such 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 such 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 such persons will not be specifically compensated for such services. We have engaged The Proxy Advisory Group, LLC, to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements that we do not expect to exceed \$7,000 in the aggregate.

**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 six. Six directors will be elected at the 2007 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 13, 2007.

Name of Director	Age	Principal Occupation	Director Since
Arnold A. Angeloni	64	Chief Executive Officer and President of Northcott Hospitality International	1990
John R. Baudhuin	44	President and Chief Executive Officer of Mad Dogg Athletics	2007
K. James Ehlen, M.D.	62	Chairman of Halleland Health Consulting Group and Chief Executive Officer of NU Design Medical Technology	2005
John C. Penn	67	Chairman of Intek Plastics, Inc.	2000
Philip I. Smith	39	Executive Vice President of Corporate Development for Vital Images, Inc.	2006
Rodney A. Young	52	President and Chief Executive Officer of the Company	2004

**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 Dutch, 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.* is currently Chief Executive Officer of NU Design Medical Technology, a Minnesota based software company. Dr. Ehlen also serves 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.

*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 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 the Angeion Corporation 2007 Stock Incentive Plan**

Shareholders are asked to approve the Company's 2007 Stock Incentive Plan (the "2007 Plan") to provide 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. The 2007 Plan permits the issuance of up to 600,000 shares of the Company's common stock. Effective immediately upon approval of the 2007 Plan by the Company's shareholders, the Company's 2002 Stock Option Plan (the "Prior Plan") will be amended by the 2007 Plan to eliminate the Company's authority to grant any new awards or options under the Prior Plan, including awards or options that become available for issuance as a result of cancellation or forfeiture of previously granted awards or options. A copy of the 2007 Plan is attached as Exhibit A.

**Information Regarding Equity Compensation Plans**

The following table sets forth information regarding our equity compensation plans in effect as of October 31, 2006. Each of our equity compensation plans is an employee benefit plan as defined by Rule 405 of Regulation C of the Securities Act of 1933.

**Securities Authorized for Issuance under Equity Compensation Plans**

Plan category	Number of shares of common stock to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of shares of common stock remaining available for future issuance under equity compensation plans
Equity compensation plans approved by stockholders:			
Stock Option Plan	456,000	\$ 4.73	9,200
Employee Stock Purchase Plan	1,536	11.62	72,351
<b>Total</b>	<b>457,536</b>	<b>\$ 4.75</b>	<b>81,551</b>

The Company has two equity compensation plans, both of which have been approved by its shareholders: 2002 Stock Option Plan and 2003 Employee Stock Purchase Plan.

**Securities Authorized for Issuance under 2002 Stock Option Plan at April 13, 2007**

As of April 13, 2007, there were 398,250 shares subject to issuance upon exercise of outstanding stock options under our 2002 Stock Plan referred to in the table above, at a weighted average exercise price of \$5.06 per share, and with a weighted average remaining life of 7.67 years. As of April 13, 2007, there were 9,200 shares available for future issuance under this plan.

**Purpose 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. If approved, 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	May 23, 2007 to May 22, 2014
Eligible Participants	<ul style="list-style-type: none"> <li>• employees in key management and technical positions of the Company and any subsidiary as determined by the Board</li> <li>• non-employee members of the Board of Directors</li> <li>• key service providers of the Company or any subsidiary</li> </ul>
Total Shares Authorized	<ul style="list-style-type: none"> <li>• 600,000 shares of common stock for all types of stock incentive awards</li> </ul>
Individual Share Limits	<ul style="list-style-type: none"> <li>• up to 600,000 shares for all incentive stock options</li> <li>• Up to 200,000 shares for restricted stock awards</li> <li>• up to 200,000 shares for all stock incentive awards to non-employee Directors</li> <li>• up to 100,000 shares per person per year under all stock incentives</li> <li>• up to an additional 50,000 shares for stock incentives to a newly-hired key employee</li> </ul>
Type of Stock Incentive Awards	<ul style="list-style-type: none"> <li>• incentive and non-qualified stock options with an exercise period no longer than ten years</li> <li>• restricted stock and restricted stock units</li> <li>• stock appreciation rights</li> <li>• performance stock and performance units</li> <li>• other awards in stock or cash</li> </ul>
Vesting and exercise	<ul style="list-style-type: none"> <li>• determined by Board or Committee based on service (time vesting) or upon achievement of performance targets (performance vesting) or both</li> <li>• all non-performance awards vest upon a change in control</li> </ul>



Key Plan Features	Description
	<ul style="list-style-type: none"> <li>objective performance criteria in the 2007 Plan, if approved by shareholders, will permit deductibility of executive officer awards as performance based compensation under Code Section 162(m)</li> </ul>
Permissible features	<ul style="list-style-type: none"> <li>forfeiture and recoupment of prior award values for financial mismanagement or other breaches of responsibilities to the Company</li> <li>possession of restricted stock and restricted stock units by the Company until restrictions lapse</li> <li>dividend and dividend equivalents on awards may be paid currently or deferred</li> <li>options may be exercised with previously acquired shares</li> </ul>
Features not permitted without Shareholder approval	<ul style="list-style-type: none"> <li>increase the number of shares reserved or any of the limits stated in the 2007 Plan</li> <li>extend the term of the 2007 Plan</li> <li>re-price stock options or stock appreciation rights</li> <li>re-grant shares tendered for stock option exercise or payment of taxes</li> </ul>

**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 five 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 Committee has not finalized any annual equity awards to be granted under the 2007 Plan.

The types of awards that may be made under the 2007 Plan are similar to those under the Prior Plan and 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 that are intended to qualify for favorable tax treatment as incentive stock options under Code Section 422 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. Options that do not qualify as incentive stock options may be granted at an exercise price less than fair market value on the date of grant. 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, 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.

The Board has made no grants of options to directors in 2007 because there were not sufficient options available under the 2002 Plan. The Board has not finalized the equity available to be granted under the 2007 Plan. See Proposal 2, Approval of the Angeion Corporation 2007 Stock Incentive Plan - Grants to non-employee directors.

#### **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 except that any amendment in one or more of the following categories will not be permitted without the approval of the shareowners to:

- 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.

### **Required Vote and Board of Directors Recommendation**

The affirmative vote of the holders of a majority of the shares of common stock present and entitled to vote on this matter at the meeting is required for the adoption and approval of the 2007 Plan.

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

**Adopt and Approve the Angeion Corporation 2007 Stock Incentive Plan.**

**Proposal 3:**

**Appointment of Independent Registered Public Accounting Firm**

**Introduction and Proposed Amendment**

At the Annual Meeting, a resolution will be presented to ratify the appointment by the Company's Board of Directors of KPMG LLP, as the Company's independent registered public accounting firm, to audit the consolidated financial statements of the Company for the fiscal year ending October 31, 2007 and to perform other accounting services as determined by the Company's Audit Committee.

**Independent Accountants**

KPMG LLP has served as independent registered public accounting firm for the Company for a number of years, including the years ended October 31, 2006 and 2005. The Company's Audit Committee has selected KPMG LLP to serve as independent registered public accounting firm for fiscal year 2007.

KPMG LLP has provided to the Audit Committee the written disclosures regarding its independence as required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. Representatives of KPMG LLP are expected to be present at the Annual Meeting. They will have the opportunity to make a statement, if they so desire, and will be available to respond to questions of the shareholders.

**Audit Fees**

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of the Company's consolidated financial statements for the years ended October 31, 2006 and 2005, and fees billed for other services rendered by KPMG LLP:

	Year Ended October 31, 2006	Year Ended October 31, 2005
Audit fees	\$ 144,000	\$ 120,900
All other fees	5,500	
	\$ 149,500	\$ 120,900

(1) Audit fees consist of fees for the annual audit of the Company's consolidated financial statements, reviews of financial statements included in quarterly reports on Form 10-QSB.

(2) All other fees for 2006 consist of fees for services related to the Company's filing of a Form S-8 Registration Statement and fees for services related to the Company's responses to comment letters received from the Securities and Exchange Commission.

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors on a case-by-case basis. In connection with the approval of the annual Audit Services and related fees, the Audit Committee also pre-approves certain Audit-Related fees relating to the independent auditor responding to and researching technical accounting questions and other matters related to the financial statements under audit. All of the services provided by the independent auditor during 2006 and 2005 have been approved by the Audit Committee under its pre-approval process. The Audit Committee has considered whether the provision of *All Other Fees* was compatible with

maintaining the independence of KPMG LLP and determined that such services did not adversely affect the independence of KPMG LLP.

**Audit Committee Pre-Approval Procedures**

The Company has adopted pre-approval policies and procedures for the Audit Committee that require the Audit Committee to pre-approve all audit and all permitted non-audit engagements and services (including the fees and terms thereof) by the independent auditors, except that the Audit Committee may delegate the authority to pre-approve any engagement or service less than \$10,000 to one of its members, but requires that the member report such pre-approval at the next full Audit Committee meeting. The Audit Committee may not delegate its pre-approval authority for any services rendered by the Company's independent registered public accounting firm relating to internal controls. These pre-approval policies and procedures prohibit delegation of the Audit Committee's responsibilities to Company management. Under the policies and procedures, the Audit Committee may pre-approve specifically described categories of services which are expected to be conducted over the subsequent twelve months on its own volition, or upon application by management or the independent auditor.

**The Board of Directors of the Company Recommends a Vote For  
the Proposal to Ratify the Appointment of KPMG LLP.**

## Corporate Governance and Board Matters

### 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](http://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, 2006, the Board of Directors held ten meetings. Each of the directors attended at least 75% of the meetings of the Board and committees on which he served. All of our directors then serving and all persons then nominated for election as a director attended our 2006 Annual Meeting of Shareholders. 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
Arnold A. Angeloni	X	X	X
John R. Baudhuin (1)	X		X
K. James Ehlen, M.D.	X	X	* X
John C. Penn	X	* X	X
Philip I. Smith		X	X
Rodney A. Young			

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\* Committee Chair

(1) Mr. Baudhuin joined the Board in March 2007 and is expected to join these committees.

**Audit Committee.** The Audit Committee operates under a written charter adopted effective June 1, 2000, as amended through June 2, 2003. A copy of the Charter of the Audit Committee is attached as Exhibit B to this Proxy Statement. 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 four meetings during fiscal 2006. The report of the Audit Committee is set forth below.

**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 one meeting during fiscal 2006. In addition, the Board of Directors held one special Board meeting for the purpose of addressing executive compensation matters. 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 2006. The Charter of the Governance/Nominating Committee and the Angeion Corporation Governance Guidelines are posted on the Company's website at [www.angeion.com](http://www.angeion.com).

#### **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 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.

During fiscal 2006, the Nominating Committee reviewed the composition of the existing board of directors and recommended that, given their medical technology background and experience in health and wellness, that the Board adds John R. Baudhuin and Philip I. Smith to the Board. Mr. Smith was elected to the Board in December 2006 and Mr. Baudhuin was elected to the Board in March 2007.

### **Compensation of Directors**

During 2005, the Board of Directors adopted a new policy for cash and equity compensation to be paid to members of the Board of Directors and committees of the Board of Directors effective as of September 15, 2005. On May 25, 2006, the Board amended that policy and established annual retainers for persons serving as chairs of the Board or Committee. This compensation policy is in line with compensation paid to directors of comparable companies, recognizes the workload and responsibilities of the board and committee members and will enable Angeion to attract qualified directors when needed. The board compensation plan in effect during fiscal 2006 is detailed as follows:

1. Each non-employee director will receive a quarterly retainer of \$3,000 and \$1,000 for each meeting attended in person or telephonically.
2. Each non-employee member of each standing committee will receive an additional fee of \$500 for each meeting attended in person or telephonically.
3. Each non-employee director will receive an annual stock option grant for 15,000 shares.

4. Upon appointment, each new non-employee director will receive a one-time stock option grant for 10,000 shares.
5. Each non-employee director is reimbursed for out-of-pocket expenses incurred on behalf of the Company
6. Annual retainers for persons serving as chairs are as follows: Chairman of the Board, \$6,000; Audit Committee Chair, \$4,500; and Other Committee Chairs, \$2,500.

The Board has made no grants of options to directors in 2007 because there were not sufficient options available under the 2002 Plan. The Board has not determined the equity awards to be granted under the 2007 Plan, but expects to do this on an annual basis.

**Stock Options.** On May 25, 2006, upon their reelection to the Board of Directors, the Company granted ten-year stock options to the following non-employee directors.

Name	Date of Grant	Number of Securities Underlying Options	Exercise Price Per Share (\$)
Arnold A. Angeloni	5/25/06	15,000	5.08
K. James Ehlen, M.D.	5/25/06	15,000	5.08
John C. Penn	5/25/06	15,000	5.08

The exercise price of each option granted to the non-employee directors is equal to or greater than the fair market value of the common stock on the date of grant. Each option is fully exercisable as of the date of grant. All options granted under the Plan to non-employee directors are non-qualified stock options.

#### Report of Audit Committee

The members of the Audit Committee during fiscal 2006 were Messrs. Penn (Chair), Angeloni and Ehlen.

Among its other functions, the Audit Committee selects the Company's independent registered public accounting firm, reviews the internal and external financial reporting of the Company, reviews the scope of the independent audit, reviews all non-audit services provided by the auditors, approves auditor fees and determines auditor independence. The Audit Committee of the Board of Directors is responsible for providing independent, objective oversight of the Company's financial reporting system by overseeing and monitoring management's and the independent auditors' participation in the financial reporting process.

In accordance with its charter, the Committee reviewed and discussed the audited consolidated financial statements with management and KPMG LLP. The discussions with KPMG LLP also included the matters required by Statement on Auditing Standards No. 61, *Communication with Audit Committees*.

KPMG LLP provided to the Committee the written disclosures and a letter regarding its independence as required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. This information was discussed with KPMG LLP.



Based on the review and discussions referred to above, the Committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-KSB for the year ended October 31, 2006 as filed with the Securities and Exchange Commission.

**Arnold A. Angeloni**

**Members of the Audit Committee:**

**K. James Ehlen, M.D.**

**John C. Penn (Chair)**

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### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of April 13, 2006 concerning 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 (iv) all executive officers and directors of the Company, as a group. Unless otherwise indicated, all persons listed below may be reached at the Company's office.

Name of Beneficial Owner	Shares Beneficially Owned	Options Exercisable Within 60 Days	Total (1)	Percent of Class
Healthinvest Partners (2) Arsenalsgatan 4 SE-111 47 Stockholm, Sweden	347,847		347,847	8.6 %
Aberweis Asset Management, Inc.(3) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	199,100		199,100	4.9 %
Arnold A. Angeloni (4)	3,817	39,000	42,817	1.0 %
John R. Baudhuin(4)	600		600	*
K. James Ehlen, M.D. (4)		19,000	19,000	*
Dale H. Johnson (5)		42,300	42,300	1.0 %
John C. Penn (4)	3,105	29,000	32,105	*
Philip I. Smith(4)				
Rodney A. Young(4)(5)	11,402	119,000	130,402	3.1 %
All executive officers and directors as a group (7 persons)	18,924	248,300	267,224	6.2 %

\*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 by Healthinvest Partners on February 12, 2007.
- (3). Based on Form 13G filed by Oberweis Asset Management, Inc. on February 14, 2007.
- (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.

#### 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, 2006, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.



**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 Information About Directors.

Name of Officer	Age	Title
Rodney A. Young	52	President and Chief Executive Officer
Dale H. Johnson	62	Chief Financial Officer

**Dale H. Johnson**, CPA, inactive, was appointed Chief Financial Officer in January 2000. Prior to joining the Company, Mr. Johnson served as the Chief Financial Officer of Medical Graphics from March 1997 to December 1999. From 1995 to 1997, Mr. Johnson served as a consultant to various companies in financial distress. From 1994 to 1995, he served as Chief Financial Officer to Larson Companies, a privately owned group of heavy truck dealerships. From 1991 to 1994, he served as Chief Financial Officer to National Marrow Donor Program. From 1971 to 1986, he served as Chief Financial Officer for the Pepsi subsidiary of MEI Corporation. In 1986, PepsiCo, Inc. acquired MEI Corporation and thereafter Mr. Johnson served as Area Chief Financial Officer to PepsiCo, Inc. During the previous five years, he worked as an accountant with Arthur Andersen & Co. and served as a finance officer in the United States Army. Mr. Johnson holds a B.A. in Economics and Accounting from St. John's University and is a Certified Public Accountant, inactive.

**EXECUTIVE COMPENSATION****Summary of Cash and Certain Other Compensation**

The following table sets forth the cash and non-cash compensation for the years ended October 31, 2006, 2005 and 2004 earned by, or awarded to Mr. Young who served as the Chief Executive Officer of the Company and the only other executive officer of the Company whose total cash compensation exceeds \$100,000 ( Named Executive Officers ) in 2006.

Name and Principal Position	Period/ Year	Annual Compensation		Other Annual Compensation	Long-Term Compensation		All Other Compensation (1)
		Salary (\$)	Bonus (\$)		Restricted Stock Awards (\$)	Securities Underlying Options (#)	
Rodney A. Young <i>President and Chief Executive Officer</i>	2006	263,942	275,000			12,000	7,200
	2005	236,154	34,000			50,000	7,200
	2004	69,885	20,849			81,000	2,188
Dale H. Johnson <i>Chief Financial Officer</i>	2006	144,117	75,077			4,500	
	2005	133,163	9,555			10,000	
	2004	127,498	18,653				

(1) Other compensation amounts represent an automobile allowance paid by the Company.

(2) Mr. Young was appointed as a director, President and CEO of the Company effective November 1, 2004. He served as Executive Vice President from July 6, 2004 to October 31, 2004.



**Grants of Stock Options**

The Company adopted the Angeion Corporation 2002 Stock Option Plan ( 2002 Stock Option Plan ) on October 25, 2002, the effective date of the Plan of Reorganization. During the year ended October 31, 2006, the Company granted 48,000 options to purchase the Company's stock to employees and 45,000 options to directors. The following table provides information concerning grants of options to purchase the Company's common stock made during the year ended October 31, 2006 to the Named Executive Officers.

**Option/SAR Grants in the Year Ended October 31, 2006**

Name	Individual Grants		Exercise Price Per Share (\$/share)	Expiration Date
	Number of Securities Underlying Options Granted (#)	% Of Total Options Granted to Employees in 2006		
Rodney A. Young	12,000	25.0	5.08	5/25/2016
Dale H. Johnson	4,500	9.4	5.08	5/25/2016

**Exercises of Stock Options and Year-End Option Values**

The following table provides information concerning option exercises during 2006 and the value of exercisable and unexercisable options held by Named Executive Officers as of October 31, 2006. The value of unexercised in-the-money options is based on the closing price of Angeion common stock on October 31, 2006 of \$10.69 per share, minus the exercise price, multiplied by the number of shares issuable upon exercise of the options.

**Aggregated Option Exercises in the Year Ended October 31, 2006****And Year End Option Values**

Name	Shares acquired on exercise	Value Realized	Number of Securities Underlying Unexercised Options at October 31, 2006 (#)		Value of Unexercised In-the-money Options at October 31, 2006 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Rodney A. Young			143,000		\$ 887,000	
Dale H. Johnson			42,300		243,000	

**Employment and Change of Control Agreements**

In June 2004, the Company entered into a written employment agreement with Rodney A. Young under which Mr. Young agreed to serve as Executive Vice President of the Company effective July 6, 2004. Mr. Young also agreed to be appointed President and Chief Executive Officer beginning November 1, 2004. In exchange for his service, Mr. Young currently receives an annual salary of \$302,500, and is entitled to earn an annual cash bonus ranging from 22.5% to 100% of his annual salary

and an over-achievement bonus of up to an additional 15% based upon achievement of certain objectives in a bonus plan established by the Board of Directors. Mr. Young was also elected as a member of the Board of Directors on November 1, 2004 and receives no additional compensation for this service. 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.

Each of Mr. Young and Mr. Johnson also has rights under respective change in control agreements with the Company. Under each agreement, if the officer'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 the officer for Good Reason (as these terms are defined in the agreements), then the officer will be entitled to a lump sum payment equal to their annual base salary at the rate in effect immediately prior to the Change of Control, health insurance coverage and out placement assistance. If the officer's employment is terminated prior to the Change of Control, the officer also will be entitled to Change of Control benefits if the termination was a condition of the Change of Control or was at the request or insistence of a person related to the Change of Control. If such a termination had occurred at October 31, 2006, the amount payable to Mr. Young pursuant to his agreement would have been approximately \$324,000 and the amount payable to Mr. Johnson would have been approximately \$192,000.

### **Compensation Committee Report on Executive Compensation**

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 2006, the Compensation Committee consisted of three non-employee directors and held one meeting. 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 2006 were Messrs. Angeloni, Ehlen (Chair) and Penn. The Compensation Committee also administers, with respect to all eligible recipients, the Company's 2002 Stock Option Plan and determines the participants in the Plan and the amount, timing and other terms and conditions of awards under the Plan.

### **Compensation Philosophy and Objectives**

The Compensation Committee is committed to the general principle that overall executive compensation should be commensurate with performance by the Company and the individual executive officers, and the attainment of predetermined individual and corporate goals. The primary objectives of the Company's executive compensation program are to:

- Reward the achievement of desired Company and individual performance goals;
- Provide compensation that enables the Company to attract and retain key executives; and
- Provide compensation opportunities that are linked to performance of the Company and that directly link the interests of executives with the interests of shareholders.

The Company's executive compensation program provides a level of compensation opportunity that is competitive for companies in comparable industries and of comparable development, complexity and size. In determining compensation levels, the Compensation Committee considers a number of factors, including Company performance, both separately and in relation to other companies competing in the Company's markets; the individual performance of each executive officer; historical compensation levels and stock option awards at the Company; and the overall competitive environment for executives

and the level of compensation necessary to attract and retain key executives. Compensation levels may be greater or less than competitive levels in comparable companies based upon factors such as annual and long-term Company performance and individual performance.

During 2006, the Compensation Committee engaged Launch Venture Services to assist the Committee in developing a compensation philosophy and studied the compensation of executive officers. With the assistance of Launch Venture Services, the Company developed a philosophy and took the action below.

#### **Base Salary**

Base Pay is 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. Mr. Young's salary was \$275,000 in fiscal 2006 and was increased by the Board to \$302,500 effective on November 1, 2006.

#### **Annual Incentives**

Annual cash incentives are linked to achievement of key business objectives, primarily earnings before interest, taxes, depreciation and amortization, and revenue growth. Payouts will be available under annual incentive plans if threshold performance goals established by the Board are met. If achievements of all business objectives for a year are achieved, 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. Pursuant to this philosophy, the Company adopted the 2006 Management Incentive Bonus Plan (the 2006 Bonus Plan). The 2006 Bonus Plan provided for the payment of cash compensation to eligible employees, including the Company's executive officers, upon achievement of predetermined objectives. The 2006 Bonus Plan provided that bonuses would be earned during 2006 if the Company achieved

- **Specified levels of earnings before interest, taxes, depreciation and amortization, (50% weighting);**

- Specified levels of earnings before interest, taxes, depreciation and amortization, (50% weighting);



- **Specified levels of revenues from sales of the Company's MedGraphics brand cardiorespiratory diagnostic products, (30% weighting); and**

- **Specified levels of revenues from sales of the Company's New Leaf brand cardiorespiratory diagnostic products, (20% weighting).**

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On January 2, 2007, the Board of Directors authorized payouts under the 2006 Bonus Plan. Although the Company did not maximize one of the elements in the 2006 Bonus Plan, the Company significantly surpassed the 2006 Bonus Plan objectives in other areas, and the Board determined that the Company's overall performance and achievement of record revenues and income before taxes merited the additional bonus consideration. Mr. Young received a bonus payment of \$275,000 and Mr. Johnson received a bonus payment of \$75,077.

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The Company has adopted the 2007 Bonus Plan with a formula similar to the 2006 Bonus Plan. Set forth below are the threshold, target and maximum payouts for the Company's officers under the 2007 Bonus Plan.

Name	Range of Payouts Under the 2007 Bonus Plan if Objectives are met		
	Threshold	Target	Maximum
Rodney A. Young	\$ 68,063	\$ 128,563	\$ 302,500
Dale H. Johnson	27,591	39,415	78,831

**Equity Compensation**

The Company's equity compensation practices are designed to be around median in the industry over time, and provide significant compensation opportunities only in conjunction with substantial shareholder returns on a sustained basis. Stock options are used to enable key executives to participate in a meaningful way in the success of the Company and to link their interests directly with those of the shareholders. The number of stock options granted to executives is based upon a number of factors, including base salary level and the base salary level relative to those of other companies in the Company's industry, the number of options previously granted, and individual and Company performance during the year. The Company granted 48,000 options to purchase the Company's stock to employees during the year ended October 31, 2006. Messrs. Young and Johnson were granted 12,000 and 4,500 options to purchase the Company's stock for 2006, respectively.

**Members of the Compensation Committee:**

**Arnold A. Angeloni**

**K. James Ehlen, M.D. (Chair)**

**John C. Penn**

## OTHER INFORMATION

### Shareholder Proposals for 2008 Annual Meeting

The Company anticipates holding its 2008 Annual Meeting on or about May 21, 2008 and anticipates mailing its materials on or about April 18, 2008. The Secretary of the Company must receive any shareholder proposal intended for inclusion in the Company's proxy material for the 2008 Annual Meeting of Shareholders no later than the close of business on December 21, 2007.

A shareholder who wishes to make a proposal for consideration at the 2008 Annual Meeting, but does not seek to include the proposal in the Company's proxy material, must notify the Secretary of the Company. The notice must be received no later than March 5, 2008. If the notice is not timely, then the persons named on the Company's proxy card for the 2008 Annual Meeting may use their discretionary voting authority when the proposal is raised at the meeting.

### Annual Report

The Annual Report of the Company for the year ended October 31, 2006, which includes the Company's Annual Report on Form 10-KSB as filed with the Securities and Exchange Commission, accompanies this Notice of Annual Meeting and proxy solicitation material. Shareholders may also without charge obtain a copy of the Annual Report of the Company, which includes the Annual Report on Form 10-KSB, upon written request to the Chief Financial Officer of the Company at the address indicated on this Proxy Statement. Copies of the Annual Report on Form 10-KSB, including exhibits and financial statement schedules, may also be obtained on the Company's website [www.angeion.com](http://www.angeion.com) or the SEC's website [www.sec.gov](http://www.sec.gov).

### Cost and Method of Solicitation

The Company will pay the cost of soliciting proxies and may make arrangements with brokerage firms, custodians, nominees and other fiduciaries to send proxy materials to beneficial owners of common stock. The Company will reimburse them for reasonable out-of-pocket expenses. In addition to solicitation by mail, directors, officers and employees of the Company may solicit by telephone, electronic transmission or in person proxies.

### Other Matters

As of the date of this Proxy Statement, management knows of no other matters that may come before the 2007 Annual Meeting. However, if matters other than those referred to above should properly come before the 2007 Annual Meeting, the individuals named on the enclosed proxy card intend to vote such proxy in accordance with their best judgment.

By Order of the Board of Directors,

Rodney A. Young  
*Director, President and Chief Executive Officer*

ANGEION CORPORATION

2007 STOCK INCENTIVE PLAN

**SECTION 1**  
**PURPOSE**

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The purpose of the Plan is to enable Angeion Corporation (the Company) and its Subsidiaries to attract and retain employees, directors and service providers of the Company by aligning financial interests of these individuals with the other shareholders of the Company.

The Plan provides for the grant of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Restricted Stock Units, Stock Appreciation Rights, Performance Stock, Performance Units, and Other Awards to aid the Company in obtaining these goals, subject to the approval by the shareholders on May 23, 2007.

### **SECTION 2** **DEFINITIONS**

- 2.1 BOARD means the Board of Directors of the Company.
- 2.2 CAUSE means, unless otherwise defined in the Stock Incentive Agreement or in a separate agreement with the Participant that governs Stock Incentives granted under this Plan, a felony conviction of a Participant or a material violation of any Company policy, including, without limitation, any policy contained in the Company's Code of Conduct, or due to embezzlement from or theft of property belonging to the Company, regardless of when facts resulting in a finding of Cause are discovered by the Company.
- 2.3 CODE means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.
- 2.4 COMMITTEE means the Compensation Committee of the Board or any other committee appointed by the Board to administer the Plan. If no Committee is established, then the functions of the Committee will be performed by the full board.
- 2.5 COMPANY means Angeion Corporation, a corporation organized under the laws of the State of Minnesota (or any successor corporation).
- 2.6 DISABILITY means a physical or mental condition resulting from a bodily injury or disease or mental disorder rendering a person incapable of continuing to perform the essential employment duties of the person at the Company as these duties existed immediately prior to the bodily injury, disease or mental disorder.
- 2.7 EXCHANGE ACT means the Securities Exchange Act of 1934, as amended.
- 2.8 EXERCISE PRICE means the price that will be paid to purchase one Share upon the exercise of an Option granted under this Plan.
- 2.9 FAIR MARKET VALUE of one Share of Common Stock on any given date will be determined by the Committee as follows:

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- (a) if the Common Stock is listed for trading on one of more national securities exchanges, or is traded on the Nasdaq Stock Market, the last reported sales price on the principal exchange or the Nasdaq Stock Market on the date in question, or if the Common Stock did not trade on the principal exchange or on the Nasdaq Stock Market on the date, the last reported sales price on the principal exchange or the Nasdaq Stock Market on the first day prior thereto on which the Common Stock was traded; or
- (b) if the Common Stock is not listed for trading on a national securities exchange or the Nasdaq Stock Market, but is traded in the over-the-counter market the OTC Bulletin Board, the closing bid price for the Common Stock on the date in question, or if there is no bid price for the Common Stock on the date, the closing bid price on the first day prior thereto on which the price existed; or
- (c) if neither (a) or (b) is applicable, with respect to any Option intended to qualify as an ISO, by any fair and reasonable determination made in good faith by the Committee, and, with respect to any other Stock Incentive that is intended to be exempt from the requirements of Code Section 409A, a value determined by the reasonable application of a reasonable valuation method as defined in regulations promulgated under Code Section 409A, Inclusion in Gross Income of Deferred Corporation under Nonqualified Deferred Compensation Plan which determination will be final and binding on all parties.

**2.10 INDEPENDENT DIRECTOR means a member of the board who is not otherwise an employee of the Company or any Subsidiary.**

2.11 INSIDER means an individual who is, on the relevant date, an officer, member of the Board or ten percent beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.12 ISO means an Option granted under this Plan to purchase Shares that is intended by the Company to satisfy the requirements of Code Section 422, Incentive Stock Options, as an incentive stock option.

2.13 KEY EMPLOYEE means any employee of the Company or any Subsidiary holding a key management or technical position as determined by the Committee.

2.14 KEY PERSON means a person, other than a Key Employee, who is

(a) if the Common Stock is listed for trading on one of more national securities exchanges, or is traded on the

- (a) **a member of the Board; or**
- (b) **a service provider providing bona fide services to the Company or any Subsidiary who is eligible to receive Shares that are registered on SEC Form S-8.**

2.15 NQSO means an option granted under this Plan to purchase Shares that is not intended by the Company to satisfy the requirements of Code Section 422.

2.16 OPTION means an ISO or a NQSO.

2.17 OUTSIDE DIRECTOR means a member of the Board who is not an employee and who qualifies as

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(a) **a non-employee director under Rule 16b-3(b)(3) under the Exchange Act, as amended from time to time, and**

(b) **an outside director under Code Section 162(m) and the regulations promulgated under Section 162(m).**

2.18 PARTICIPANT means a Key Person or Key Employee who is designated to receive an award under the Plan by the Committee.

2.19 PERFORMANCE-BASED EXCEPTION means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

2.20 PERFORMANCE PERIOD means the period during which a performance goal must be attained with respect to a Stock Incentive that is performance based, as determined by the Committee.

2.21 PERFORMANCE STOCK means an award of Shares granted to a Participant that is subject to the achievement of performance criteria, either as to the delivery of the Shares or the calculation of the amount deliverable as a result of achieving a level of performance over a specified Performance Period, or any combination thereof.

2.22 PERFORMANCE UNITS means a contractual right granted to a Participant to receive a Share (or cash equivalent) upon achievement of performance criteria or a level of performance over a specified Performance Period that are deliverable either at the end of the Performance Period or at a later time.

2.23 PLAN means the Angeion Corporation 2007 Stock Incentive Plan, as it may be amended from time to time.

2.24 QUALIFYING EVENT means, with respect to a Participant, the Participant's death, Disability or Retirement.

2.25 RESTRICTED STOCK AWARD means an award of Shares granted to a Participant under this Plan that is subject to restrictions in accordance with the terms and provisions of this Plan and the applicable Stock Incentive Agreement.

2.26 RESTRICTED STOCK UNIT means a contractual right granted to a Participant under this Plan to receive a Share (or cash equivalent) that is subject to restrictions in accordance with the terms and provisions of this Plan and the applicable Stock Incentive Agreement.

2.27 RETIREMENT means retirement from active employment with the Company and any subsidiary or parent corporation of the Company on or after age 65 or such other age as the Committee may determine.

2.28 SHARE or COMMON STOCK means a share of the common stock of the Company.

2.29 STOCK APPRECIATION RIGHT means a right granted to a Participant pursuant to the terms and provisions of this Plan under which the individual, without payment to the Company (except for any applicable withholding or other taxes), receives Shares, or other consideration as the Committee may determine, in an amount equal to

(b) an outside director under Code Section 162(m) and the regulations promulgated under Section 162(m).

- (a) **the excess of the Fair Market Value per Share on the date on which the Stock Appreciation Right is exercised**
- (b) **over the specified price per Share noted in the Stock Appreciation Right, for each Share subject to the Stock Appreciation Right.**

2.30 STOCK INCENTIVE means an ISO, a NQSO, a Restricted Stock Award, a Restricted Stock Unit, a Stock Appreciation Right, a Performance Stock or Performance Unit or cash.

2.31 STOCK INCENTIVE AGREEMENT means a document issued by the Company or a Subsidiary to a Participant evidencing an award of a Stock Incentive.

2.32 SUBSIDIARY means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.33 TEN PERCENT SHAREHOLDER means a person who owns (after taking into account the attribution rules of Code Section 424(d)) more than ten percent of the total combined voting power of all classes of shares of stock of either the Company or a Subsidiary.

**SECTION 3**  
**SHARES SUBJECT TO STOCK INCENTIVES**

3.1 The aggregate number of Shares that may be issued under the Plan is 600,000 Shares, subject to adjustment as provided in Section 10. Effective immediately upon the approval of this Plan by the shareholders of the Company, the Company's 2002 Stock Option (the Prior Plan) is amended by this Plan to eliminate the authority and discretion of the Board, the Compensation Committee of the Board and any executive officer of the Company to grant any new awards or options (or to amend any previously granted award or option to increase the number of shares) under the Prior Plan, including with respect to any shares that would become available for issuance as a result of the cancellation or forfeiture of shares under any previously granted awards or options. Within the aggregate limit specified above and subject to adjustment as provided in Section 10:

- (a) No more than 600,000 Shares may be used for Incentive Stock Options;
- (b) No more than 200,000 Shares may be used for Stock Incentives for non-employee Directors; and
- (c) No more than 200,000 Shares may be used for Restricted Stock Awards.

All Shares will be reserved, to the extent that the Company deems appropriate, from authorized but unissued Shares, and from Shares that have been reacquired by the Company.

3.2 For purposes of determining the limits described in this Plan, in particular this Section 3, Shares covered by a Stock Incentive will not be counted as used unless and until actually delivered to a Participant. In addition, the following principles will apply in determining the number of Shares under any applicable limit:

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- (a) **Shares tendered in payment of the Exercise Price of an Option will not be added back to the limit;**
- (b) **Shares withheld by the Company to satisfy the tax withholding obligation will not be added back to the limit;**
- (c) **Shares that are repurchased by the Company with the proceeds of exercised Options will not be added back to the limit;**
- (d) **All Shares covered by a Stock Appreciation Right that is settled in Shares will reduce the applicable limits; and**
- (e) **Any Stock Incentive that is settled in cash will not reduce the applicable limits.**

3.3 Subject to adjustment pursuant to Section 10, no Participant may be granted any Stock Incentive covering an aggregate number of Shares in excess of 100,000 in any calendar year. Notwithstanding the foregoing, in connection with his or her initial service, a Participant may be granted Stock Incentives covering not more than 50,000 Shares that will not count against the limit set forth in the preceding sentence.

**SECTION 4**  
**EFFECTIVE DATE**

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The effective date of this Plan is May 23, 2007, which is the date on which the shareholders of the Company originally approved the Plan.

**SECTION 5**  
**ADMINISTRATION**



5.1 **GENERAL ADMINISTRATION.**

The Committee will administer this Plan. The Committee, acting in its absolute discretion, will exercise the powers and take the action expressly called for under this Plan. The Committee will have the power to interpret this Plan and, subject to the terms and provisions of this Plan, to take other action in the administration and operation of the Plan as it deems equitable under the circumstances. The Committee's actions are binding on the Company, on each affected Participant, and on each other person directly or indirectly affected by actions.

5.2 **AUTHORITY OF THE COMMITTEE.**

Except as limited by law or by the Articles of Incorporation or By-laws of the Company, and subject to the provisions herein, the Committee will have full power to select Participants in the Plan, to determine the sizes and types of Stock Incentives in a manner consistent with the Plan, to determine the terms and conditions of Stock Incentives in a manner consistent with the Plan, to construe and interpret the Plan and any agreement or instrument entered into under the Plan, to establish, amend or waive rules and regulations for the Plan's administration, and to amend the terms and conditions of any outstanding Stock Incentives as allowed under the Plan and Stock Incentives.

Further, the Committee may make all other determinations that may be necessary or advisable for the administration of the Plan. The Committee may seek the assistance of any persons as it may see fit in carrying out its routine administrative functions concerning the Plan.

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### 5.3 **DELEGATION OF AUTHORITY.**

The members of the Committee and any other persons to whom authority has been delegated by the Committee will be appointed from time to time by, and serve at the discretion of, the Board. The Committee may appoint one or more separate committees ( Subcommittee ) composed of two or more Outside Directors of the Company (who may but need not be members of the Committee) and may delegate to any Subcommittee or to one or more executive officers of the Company the authority to grant Stock Incentives, or to administer the Plan or any aspect of it. Only the Committee may grant Stock Incentives that may meet the Performance-Based Exception, and only the Committee may grant Stock Incentives to Insiders that may be exempt from Section 16(b) of the Exchange Act. Notwithstanding any provision of this Plan to the contrary, the Board may assume the powers and responsibilities granted to the Committee or other delegatee at any time, in whole or in part.

### 5.4 **DECISIONS BINDING.**

All determinations and decisions made by the Committee pursuant to the provisions of this Plan and all related orders and resolutions of the Committee will be final, conclusive and binding on all persons, including the Company, its shareholders, members of the Board, Participants, and their estates and beneficiaries.

## **SECTION 6** **ELIGIBILITY**

Participants selected by the Committee will be eligible for the grant of Stock Incentives under this Plan, but no Participant will have the right to be granted a Stock Incentive under this Plan merely as a result of his or her status as an Eligible Recipient.

**SECTION 7**  
**TERMS OF STOCK INCENTIVES**

7.1 **TERMS AND CONDITIONS OF ALL STOCK INCENTIVES.**

- (a) **Grants of Stock Incentives. The Committee, in its absolute discretion, may grant Stock Incentives under this Plan from time to time and will have the right to grant new Stock Incentives in exchange for outstanding Stock Incentives. The Committee will not have the right to**
- (i) **lower the Exercise Price of an existing Option,**
  - (ii) **take any action that would be treated as a repricing under generally accepted accounting principles, or**
  - (iii) **cancel an existing Option at a time when its Exercise Price exceeds the fair market value of the underlying stock subject to the Option in exchange for another Option, a Restricted Stock Award, or other equity in the Company (except as provided in Sections 10 and 11).**

Stock Incentives will be granted to Participants selected by the Committee, and the Committee will be under no obligation whatsoever to grant any Stock Incentives, or to grant Stock Incentives to all Participants, or to grant all Stock Incentives subject to the same terms and conditions.

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**(b) Shares Subject to Stock Incentives.** The number of Shares as to which a Stock Incentive will be granted will be determined by the Committee in its sole discretion, subject to the provisions of Section 3 as to the total number of Shares available for grants under the Plan, and to any other restrictions contained in this Plan.

**(c) Stock Incentive Agreements.** Each Stock Incentive will be evidenced by an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the Stock Incentives granted. The Stock Incentive Agreement may be in an electronic medium, may be limited to notation on the books and records of the Company and, with the approval of the Committee, need not be signed by a representative of the Company or a Participant. The Committee will have sole discretion to modify the terms and provisions of Stock Incentive Agreements in accordance with Section 12 of this Plan.

**(d) Date of Grant.** The date a Stock Incentive is granted will be the date on which the Committee

**(i)** has approved the terms and conditions of the Stock Incentive Agreement,

**(ii)** has determined the recipient of the Stock Incentive and the number of Shares covered by the Stock Incentive and

**(iii)** has taken all other action necessary to direct the grant of the Stock Incentive.

**(e) Vesting of Stock Incentives.** Stock Incentives under the Plan may have restrictions on the vesting or delivery of and, in the case of Options, the right to exercise, that lapse based upon the service of a Participant, or based upon other criteria that the Committee may determine appropriate, such as the attainment of performance goals determined by the Committee, including but not limited to one or more of the performance criteria listed in Section 13. If the Award is intended to meet the Performance-Based Exception, the attainment of these performance goals must be certified in writing by the Committee prior to payment thereof. Until the end of the period(s) of time specified in the vesting schedule or the satisfaction of any performance criteria, the Shares subject to the Stock Incentive Award will remain subject to forfeiture.

**(b)** Shares Subject to Stock Incentives. The number of Shares as to which a Stock Incentive will be granted w

(f) **Acceleration of Vesting of Stock Incentives.** The Committee will have the power to permit, in its sole discretion, an acceleration of the expiration of the applicable restrictions or the applicable period of these restrictions with respect to any part or all of the Shares awarded to a Participant. The Committee may, however, grant Stock Incentive Awards precluding accelerated vesting in order to qualify the Stock Incentive Awards for the Performance-Based Exception.

(g) **Dividend Equivalents.** The Committee may grant dividend equivalents to any Participant. The Committee may establish the terms and conditions to which the dividend equivalents are subject. Dividend equivalents may be granted only in connection with a Stock Incentive. Under a dividend equivalent, a Participant will be entitled to receive currently, or in the future, payments equivalent to the amount of dividends paid by the Company to holders of common stock with respect to the number of dividend equivalents held by the Participant. The dividend equivalent may provide for payment in Shares or in cash, or a fixed combination of Shares or cash, or the Committee may reserve the right to determine the manner of payment at the time the dividend

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equivalent is payable. Any dividend equivalent on a Stock Incentive that is intended to be exempt from Code Section 409A must be stated in a separate arrangement.

(h) **Transferability of Stock Incentives.** Except as otherwise provided in a Participant's Stock Incentive Agreement, no Stock Incentive granted under the Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except upon the death of the holder Participant by will or by the laws of descent and distribution. Except as otherwise provided in a Participant's Stock Incentive Agreement, during the Participant's lifetime, only the Participant may exercise any Option or Stock Appreciation Right unless the Participant is incapacitated in which case the Option or Stock Appreciation Right may be exercised by, and any other Stock Incentive may be payable to, the Participant's legal guardian, legal representative, or other representative whom the Committee deems appropriate based on applicable facts and circumstances. The determination of incapacity of a Participant and the identity of an appropriate representative of the Participant to exercise the Option or receive any other benefit under a Stock Incentive if the Participant is incapacitated will be determined by the Committee.

(i) **Deferral Elections.** The Committee may permit or require Participants to elect to defer the issuance of Shares or the settlement of awards in cash under this Plan pursuant to rules, procedures, or programs as it may establish from time to time. The Committee may not, however, in establishing the terms and provisions of any Stock Incentive, or in exercising its powers under this Article:

(i) create any arrangement that would constitute an employee pension benefit plan as defined in ERISA Section 3(3) unless the arrangement provides benefits solely to one or more individuals who constitute members of a select group of management or highly compensated employees; or

(ii) create any arrangement that would constitute a deferred compensation plan as defined in Code Section 409A unless the arrangement complies with Code Section 409A and regulations promulgated thereunder or unless the Committee, at the time of grant, specifically provides that the Stock Incentive is not intended to comply with Section 409A of the Code.

## 7.2 **TERMS AND CONDITIONS OF OPTIONS.**

(a) **Grants of Options.** Each grant of an Option will be evidenced by a Stock Incentive Agreement that specifies whether the Option is an ISO or NQSO, and incorporate other terms as the Committee deems consistent with the terms of this Plan and, in the case of an ISO, necessary or desirable to permit the

**Option to qualify as an ISO. The Committee or the Company may modify the terms and provisions of an Option in accordance with Section 12 of this Plan even though the modification may change the Option from an ISO to a NQSO.**

- (b) Termination of Employment. Except as provided in the Option Agreement or a separate agreement with the Participant that governs Options granted under this Plan, or as otherwise provided by the Committee:**
  - (i) if the Participant's employment (or in the case of a non-employee, the Participant's service) with the Company and a Subsidiary ends before the Options vest, the Participant will forfeit all unvested Options; and**

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(ii) any Option held by the Participant may thereafter be exercised to the extent it was exercisable at the time of termination, but may not be exercised after 90 days after the termination, or the expiration of the stated term of the Options, whichever period is the shorter. In the event a Participant's employment with the Company or any Subsidiary is terminated for Cause, all unexercised Options granted to the Participant will immediately terminate.

(c) **Death, Disability and Retirement.** Except as provided in the Option Agreement or a separate agreement with the Participant that governs Options granted under this Plan, and except as otherwise provided by the Committee:

(i) if a Qualifying Event occurs before the date or dates on which Options vest, the Participant will forfeit all unvested Options; and

(ii) any Option held by the Participant may thereafter be exercised to the extent it was exercisable at the time of the Qualifying Event, but may not be exercised after 180 days after the Qualifying Event, or the expiration of the stated term of the Options, whichever period is the shorter.

(d) **Exercise Price.** Subject to adjustment in accordance with Section 10 and the other provisions of this Section, the Exercise Price must be specified in the applicable Stock Incentive Agreement. With respect to each grant of an ISO to a Participant who is not a Ten Percent Shareholder, the Exercise Price may not be less than the Fair Market Value of a Share on the date the ISO is granted. With respect to each grant of an ISO to a Participant who is a Ten Percent Shareholder, the Exercise Price may not be less than one hundred ten percent of the Fair Market Value of a Share on the date the ISO is granted.

(e) **Option Term.** Each Option granted under this Plan will be exercisable in whole or in part at the time or times as set forth in the related Stock Incentive Agreement, but no Stock Incentive Agreement may:

(i) make an Option exercisable prior to the date the Option is granted or after it has been exercised in full; or

(ii) make an Option exercisable after the date that is

(A) the tenth anniversary of the date the Option is granted, if the Option is a NQSO or an ISO granted to a non-Ten Percent Shareholder, or

(B) the date that is the fifth anniversary of the date the Option is granted, if the Option is an ISO granted to a Ten Percent Shareholder.

Options issued under the Plan may become exercisable based on the service of a Participant, or based upon the attainment (as determined by the Committee) of performance goals, including but not limited to goals established pursuant to one or more of the performance criteria listed in Section 13. Any Option that is intended to qualify for the Performance Based Exception must have its performance goals determined by the Committee based upon one or more of the performance criteria listed in Section 13, and must have the attainment of these performance goals certified in writing by the Committee.

(ii) any Option held by the Participant may thereafter be exercised to the extent it was exercisable at the time



**(f) Payment. The Exercise Price of Shares acquired pursuant to an Option must be paid, to the extent permitted by applicable statutes and regulations by delivering to the Company or its designated agent, either:**

**(i) in cash or by check at the time the Option is exercised or**

**(ii) at the discretion of the Committee at the time of the grant of the Option (or subsequently in the case of an NQSO)**

**(A) by delivery (or by attestation) of other Shares,**

**(B) according to a deferred payment or other similar arrangement with the Participant, including use of a promissory note (except for executive officers and Directors of the Company to the extent these loans and similar arrangements are prohibited under Section 402 of the Sarbanes-Oxley Act of 2002),**

**(C) pursuant to a same day sale program exercised through a brokerage transaction as permitted under the provisions of Regulation T applicable to cashless exercises promulgated by the Federal Reserve Board so long as the Company's equity securities are registered under Section 12 of the Exchange Act, unless prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, or**

**(D) by some combination of the foregoing.**

**(g) Unless otherwise specifically provided in the Option, the Exercise Price of Shares acquired pursuant to an Option that is paid by delivery (including by attestation) of other Shares acquired, directly or indirectly from the Company, may be paid only by Shares that have been held for more than six months (or any longer or shorter period of time required to avoid the options being a liability award for financial accounting purposes). Notwithstanding the foregoing, with respect to any Participant who is an Insider, a tender of shares or, if permitted by applicable law, a cashless exercise must**

**(i) have met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or**

**(ii) be a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act. Unless the Stock Incentive Agreement provides otherwise, the foregoing exercise payment methods will be subsequent transactions approved by the original grant of an Option. Except as provided above, payment will be made at the time that the Option or any part thereof is exercised, and no Shares may be issued or delivered upon exercise of an Option until full payment has been made by the Participant. The holder of an Option, as such, will have none of the rights of a shareholder.**

**(h) ISO Tax Treatment Requirements. With respect to any Option that purports to be an ISO, to the extent that the aggregate Fair Market Value (determined as of the date of grant of the Option) of stock with respect to**

**(f) Payment. The Exercise Price of Shares acquired pursuant to an Option must be paid, to the extent permitted by applicable statutes and regulations by delivering to the Company or its designated agent, either:**

**which the Option is exercisable for the first time by any individual during any calendar year exceeds \$100,000, to the extent of the**

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(h) ISO Tax Treatment Requirements. With respect to any Option that purports to be an ISO, to the extent that

excess, the Option will not be treated as an ISO in accordance with Code Section 422(d). The rule of the preceding sentence is applied as set forth in Treas. Reg. Section 1.422-4 and any additional guidance issued by the Treasury thereunder. Also, with respect to any Option that purports to be an ISO, the Option will not be treated as an ISO if the Participant disposes of shares acquired thereunder within two years from the date of the granting of the Option or within one year of the exercise of the Option, or if the Participant has not met the requirements of Code Section 422(a)(2).

### **7.3 TERMS AND CONDITIONS OF RESTRICTED STOCK AWARDS.**

- (a) Grants of Restricted Stock Awards.** Shares awarded pursuant to Restricted Stock Awards will be subject to restrictions as determined by the Committee for periods determined by the Committee. The Committee may require a cash payment from the Participant in exchange for the grant of a Restricted Stock Award or may grant a Restricted Stock Award without the requirement of a cash payment.
- (b) Termination of Employment.** Except as provided in the Restricted Stock Agreement or a separate agreement with the Participant covering the Restricted Stock granted under this Plan, if the Participant's employment (or in the case of a non-employee, the Participant's service) with the Company and a Subsidiary ends for any reason other than a Qualifying Event before any restrictions lapse, the Participant will forfeit all unvested Restricted Stock Awards, unless the Committee determines that the Participant's unvested Restricted Stock Awards vest as of the date of the event.
- (c) Death, Disability and Retirement.** Except as provided in the Restricted Stock Agreement or a separate agreement with the Participant covering Restricted Stock granted under this Plan:

  - (i)** if a Qualifying Event occurs before the date or dates on which restrictions lapse, the Participant will forfeit all unvested Restricted Stock Awards, unless the Committee determines that the Participant's unvested Restricted Stock Awards vest as of the date of the event; and
  - (ii)** in the case of Restricted Stock Awards that are based on performance criteria then, as of the date on which the Qualifying Event occurs, the Participant will be entitled to receive a number of Shares that is determined by measuring the selected performance criteria from the Company's most recent publicly available quarterly results that are available as of the date the Qualifying Event occurs. The Committee may grant Restricted Stock Awards precluding partial awards, however, when a Qualifying Event occurs in order to qualify the Restricted Stock Awards for the Performance-Based Exception.

(d) **Voting, Dividend & Other Rights. Unless the applicable Stock Incentive Agreement provides otherwise, holders of Restricted Stock Awards will be entitled to vote and to receive dividends during the periods of restriction of their Shares to the same extent as these holders would have been entitled if the Shares were unrestricted Shares.**

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(d) Voting, Dividend & Other Rights. Unless the applicable Stock Incentive Agreement provides otherwise, ho

## 7.4 **TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS.**

- (a) **Grants of Restricted Stock Units.** A Restricted Stock Unit will entitle the Participant to receive one Share at a future time and upon such terms as specified by the Committee in the Stock Incentive Agreement evidencing the award. The Committee may require a cash payment from the Participant in exchange for the grant of Restricted Stock Units or may grant Restricted Stock Units without the requirement of a cash payment.
- (b) **Termination of Employment.** Except as provided in the Restricted Stock Unit Agreement or a separate agreement with the Participant covering the Restricted Stock Unit granted under this Plan, if the Participant's employment with the Company and a Subsidiary ends before the Restricted Stock Units vest, the Participant will forfeit all unvested Restricted Stock Units, unless the Committee determines that the Participant's unvested Restricted Stock Units vest as of the date of the event.
- (c) **Death, Disability and Retirement.** Except as provided in the Restricted Stock Unit Agreement or a separate agreement with the Participant covering the Restricted Stock Unit granted under this Plan:
- (i) if a Qualifying Event occurs before the date or dates on which restrictions lapse, the Participant will forfeit all unvested Restricted Stock Units, unless the Committee determines that the Participant's unvested Restricted Stock Units vest as of the date of the event; and
- (ii) in the case of Restricted Stock Units that are based on performance criteria, then as of the date on which the Qualifying Event occurs, the Participant will be entitled to receive a number of Shares that is determined by measuring the selected performance criteria from the Company's most recent publicly available quarterly results that are available as of the date the Qualifying Event occurs. The Committee may, however, grant Restricted Stock Units precluding such partial awards when a Qualifying Event occurs in order to qualify the Restricted Stock Units for the Performance-Based Exception.
- (d) **Voting, Dividend & Other Rights.** Holders of Restricted Stock Units will not be entitled to vote or to receive dividends until they become owners of the Shares pursuant to their Restricted Stock Units, and, unless the applicable Stock Incentive Agreement provides otherwise, the holder of a Restricted Stock Unit will not be entitled to any dividend equivalents (as described in Section 7.1(g)).

## **7.5 TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS.**

(a) **Grants of Stock Appreciation Rights.** A Stock Appreciation Right will entitle the Participant to receive upon exercise or payment the excess of the Fair Market Value of a specified number of Shares at the time of exercise, over a specified price. The specified price for a Stock Appreciation Right granted in connection with a previously or contemporaneously granted Option, will not be less than the Exercise Price for Shares that are the subject of the Option. In the case of any other Stock Appreciation Right, the specified price will not be less than 100% of the Fair Market Value of the Shares at the time the Stock Appreciation Right was granted. If related to an Option, the exercise of a Stock Appreciation Right will result in a pro rata surrender of the related Option to the extent the Stock Appreciation Right has been exercised.

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**(b) Payment.** Upon exercise of a Stock Appreciation Right, the Company will pay to the Participant the appreciation with Shares (computed using the aggregate Fair Market Value of Shares on the date of payment or exercise) or in cash, or in any combination thereof as specified in the Stock Incentive Agreement or, if not specified, as the Committee determines. To the extent that a Stock Appreciation Right is exercised, the specified price will be treated as paid in Shares for purposes of Section 3.

**(c) Termination of Employment.** Except as provided in the Stock Appreciation Rights Agreement or a separate agreement with the Participant that governs Stock Incentives granted under this Plan, or as otherwise provided by the Committee:

**(i)** if the Participant's employment (or in the case of a non-employee, the Participant's service) with the Company and Subsidiary ends before the Options vest, the Participant will forfeit all unvested Stock Appreciation Rights; and

**(ii)** any Stock Appreciation Rights held by the Participant may thereafter be exercised to the extent it was exercisable at the time of the termination, but may not be exercised after 90 days after the termination, or the expiration of the stated term of the Stock Appreciation Rights, whichever period is the shorter. In the event a Participant's employment with the Company or any Subsidiary is terminated for Cause, all unexercised Stock Appreciation Rights granted to the Participant will immediately terminate.

**(d) Death, Disability and Retirement.** Except as provided in the Stock Appreciation Rights Agreement or a separate agreement with the Participant that governs Stock Incentives granted under this Plan, and except as otherwise provided by the Committee:

**(i)** if a Qualifying Event occurs before the date or dates on which Stock Appreciation Rights vest, the Participant will forfeit all unvested Stock Appreciation Rights; and

**(ii)** any Stock Appreciation Rights held by the Participant may thereafter be exercised to the extent it was exercisable at the time of the Qualifying Event, but may not be exercised after 180 days after the Qualifying Event, or the expiration of the stated term of the Stock Appreciation Rights, whichever period is the shorter.

**(e) Special Provisions for Tandem Stock Appreciation Rights.** A Stock Appreciation Right granted in connection with an Option may only be exercised to the extent that the related Option has not been exercised. A Stock Appreciation Right granted in connection with an ISO

**(b)** Payment. Upon exercise of a Stock Appreciation Right, the Company will pay to the Participant the appreciation

- (i) **will expire no later than the expiration of the underlying ISO,**
- (ii) **may be for no more than the difference between the exercise price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Stock Appreciation Right is exercised,**
- (iii) **may be transferable only when, and under the same conditions as, the underlying ISO is transferable, and**

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(iv) may be exercised only

A. when the underlying ISO could be exercised and

B. when the Fair Market Value of the Shares subject to the ISO exceeds the exercise price of the ISO.

## **7.6 TERMS AND CONDITIONS OF PERFORMANCE STOCK AND PERFORMANCE UNITS.**

(a) **Awards of Performance Stock and Performance Units.** Performance Stock and Performance Units will become payable to a Participant upon achievement of performance criteria as determined by the Committee. Each award will specify the number of Performance Stock or Performance Units to which it pertains, which number may be subject to adjustment to reflect changes in compensation or other factors. No adjustment will be made in the case of a grant that is intended to qualify for the Performance-Based Exception, however, other than as provided in Section 13. Any grant of Performance Stock or Units may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee at the date of grant.

(b) **Payment.** Each grant will specify the time and manner of payment of Performance Stock or Performance Units that have been earned. Any Performance Stock award will be payable in Shares. Any Performance Unit award may specify that the amount payable with respect thereto may be paid by the Company in cash, in Shares or in any combination thereof and may either grant to the Participant or retain in the Committee the right to elect among cash or Shares.

## **7.7 OTHER AWARDS.**

(a) **Other awards** may, subject to limitations under applicable law, be granted to any Participant denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of the Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof, or any other factors designated by the Committee. The Committee will determine the terms and

(iv) may be exercised only

**conditions of these awards.**

- (b) Cash awards, as an element of or supplement to any other Stock Incentives granted under this Plan, may also be granted to Participants on terms and conditions as determined by the Committee pursuant to Plan.**
- (c) Shares may be granted to a Participant as a bonus, or in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to terms as the Committee may determine.**
- (d) Participants designated by the Committee may be permitted to reduce compensation otherwise payable in cash in exchange for Shares or other Stock Incentives under the Plan.**

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(a) Other awards may, subject to limitations under applicable law, be granted to any Participant designated

## 7.8 **INDEPENDENT DIRECTOR GRANTS.**

(a) **Notwithstanding any other provisions of this Plan, a grant of Restricted Stock or NQSO, or any combination of the same, will be made to each Independent Director on the date of each regular annual meeting of shareholders of the Company at which such Independent Director is elected or re-elected to the Board. Except as provided in (a), (b), (c), (d), (e), (f), and (g) below, the number of Shares subject to this Restricted Stock Award or NQSO and other terms governing the Restricted Stock Award or NQSO will be determined by the Committee in its sole discretion prior to such annual meeting of shareholders. No Independent Director may be granted Restricted Stock Awards or NQSOs covering an aggregate number of Shares in excess of 20,000 at any regular annual shareholders meeting pursuant to the terms of this Section 7.8. The following terms will be applied to the grants to Independent Directors under this Section 7.8:**

(b) **Subject to Section 7.8(c) and Section 7.8(f), each Restricted Stock Award to an Independent Director will vest as to all Shares one year from the date of grant (subject to such shorter or longer vesting period as determined by the Committee prior to the annual meeting of shareholders).**

(c) **Except as provided in the Restricted Stock Award or a separate agreement with the Independent Director, if an Independent Director granted a Restricted Stock Award under this Section ceases to be a director of the Company for any reason other than Cause, the Independent Director will forfeit all unvested Restricted Stock Awards, unless the Committee determines that the Independent Director's unvested Restricted Stock Awards will vest as of the date of the event.**

(d) **Subject to Sections 7.8(e) and Section 7.8(f), NQSOs granted to Independent Directors will be exercisable in full six months after the date of grant of the NQSO and will expire seven years from the date of grant of the NQSO (subject to such shorter or longer expiration period as determined by the Committee prior to the annual meeting). The Exercise Price per Share will be the Fair Market Value of one Share on the date of grant.**

(e) **In the event that an Independent Director granted a NQSO under this Section ceases to be a director of the Company for any reason other than Cause, the Independent Director, or in the case of death or Disability, the Independent Director's guardians, administrators or personal**

**representatives, will have the right to exercise the NQSO granted under this Section at any time for the remainder of the term of the NQSO to the extent of the number of shares the Independent Director was entitled to purchase under the Option on the date of such termination, subject to the condition that no NQSO will be exercisable after the expiration of the term of the NQSO.**

**(f) In the event an Independent Director ceases to be a director for any reason constituting Cause, any NQSO granted under this Section will terminate as of the date of the action constituting Cause and any Restricted Stock Award will be forfeited to the Company without payment of any consideration therefor as of the date of such action constituting Cause.**

**(g) The Committee, in its discretion, may, in addition to the Restricted Stock Award and NQSOs provided above, grant any additional Stock Incentive to all Independent Directors or to any individual Independent Director, (including a grant at the time the person joins**

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**(e) In the event that an Independent Director granted a NQSO under this Section ceases to be a director of the**

the Board) if the grant is solely for substantial services performed or to be performed by the Independent Director as determined in good faith by the Committee.

**SECTION 8**  
**SECURITIES REGULATION**

## 8.1 LEGALITY OF ISSUANCE.

No Share may be issued under this Plan unless and until the Committee has determined that all required actions have been taken to register the Share under the Securities Act of 1933 or the Company has determined that an exemption therefrom is available, any applicable listing requirement of any stock exchange on which the Share is listed has been satisfied, and any other applicable provision of state, federal or foreign law, including foreign securities laws where applicable, has been satisfied.

## 8.2 RESTRICTIONS ON TRANSFER; REPRESENTATIONS; LEGENDS.

Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act of 1933 or have been registered or qualified under the securities laws of any state, the Company may impose restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company and its counsel, the restrictions are necessary or desirable to achieve compliance with the provisions of the Securities Act of 1933, the securities laws of any state, the United States or any other applicable foreign law. If the offering and sale of Shares under the Plan is not registered under the Securities Act of 1933 and the Company determines that the registration requirements of the Securities Act of 1933 apply but an exemption is available that requires an investment representation or other representation, the Participant will be required, as a condition to acquiring Shares, to represent that the Shares are being acquired for investment, and not with a view to the sale or distribution thereof, except in compliance with the Securities Act of 1933, and to make such other representations as are deemed necessary or appropriate by the Company and its counsel. All Stock Incentive Agreements must contain a provision stating that any restrictions under any applicable securities laws will apply.

## 8.3 REGISTRATION OF SHARES.

The Company may, and intends to, but is not obligated to, register or qualify the offering or sale of Shares under the Securities Act of 1933 or any other applicable state, federal or foreign law.

### **SECTION 9** **LIFE OF PLAN**



No Stock Incentive may be granted under this Plan on or after the earlier of:

- (a) **the tenth anniversary of the effective date of this Plan (as determined under Section 4 of this Plan), or**
- (b) **the date on which all of the Shares reserved under Section 3 of this Plan have (as a result of the exercise of Stock Incentives granted under this Plan or lapse of all restrictions under a Restricted Stock Award or Restricted Stock Unit) been issued or are no longer available for use under this Plan.**

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This Plan will continue in effect until all outstanding Stock Incentives have been exercised in full or are no longer exercisable and all Restricted Stock Awards or Restricted Stock Units have vested or been forfeited.

**SECTION 10**  
**ADJUSTMENT**

Notwithstanding anything in Section 12 to the contrary, in the event of a stock dividend, stock split, spin-off, rights offering, recapitalization through a large, nonrecurring cash dividend, or a similar equity restructuring of the Company, the Committee will adjust:

- (a) **the number of Shares reserved under Section 3 of this Plan,**
- (b) **the limit on the number of Shares that may be granted subject to Stock Incentives during a calendar year to any individual under Section 3 of this Plan,**
- (c) **the number of Shares subject to certain Stock Incentives granted subject to Section 3 of the Plan,**
- (d) **the Exercise Price of any Options and the specified price of any Stock Appreciation Rights, or**
- (e) **any combination thereof,**

in an equitable manner that will equalize the fair value of the previously granted Stock Incentives before and after the equity restructuring.

Furthermore, in the event of any corporate transaction described in Code Section 424(a) that provides for the substitution or assumption of Stock Incentives, the Committee will adjust such Stock Incentives in a manner that satisfies the requirements of Code Section 424(a) as to

- (a) **the number of Shares reserved under Section 3,**
- (b) **the limit on the number of Shares that may be granted subject to certain Stock Incentives during a calendar year to any individual under Plan;**
- (c) **the number of Shares subject to such Stock Incentives, and**
- (d) **the Exercise Price of any Options and the specified exercise price of any Stock Appreciation Rights in the event of any corporate transaction described in Code Section 424(a) that provides for the substitution or assumption of such Stock Incentives.**

If any adjustment under this Section creates a fractional Share or a right to acquire a fractional Share, the fractional Share will be disregarded, and the number of Shares reserved under this Plan and the number subject to any Stock Incentives granted under this Plan will be the next lower number of Shares, rounding all fractions downward. An adjustment made under this Section by the Committee will be conclusive and binding on all affected persons and, further, will not constitute an increase in the number of Shares reserved under Section 3 or an increase in any limitation imposed by the Plan.

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**SECTION 11**  
**CHANGE OF CONTROL OF THE COMPANY**

## 11.1 CHANGE IN CONTROL.

Change in Control of the Company means a change in control that would be required to be reported in response to Item 6(e) on Schedule 14A of Regulation 14A promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement, including, without limitation, if:

- (a) **Any person (as the term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, becomes a beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities; or**
- (b) **During any period of two consecutive years (not including any period ending prior to the effective date of this Plan), the Incumbent Directors cease for any reason to constitute at least a majority of the Board. The term Incumbent Directors means those individuals who are members of the Board of Directors on the effective date of this Plan and any individual who subsequently becomes a member of the Board (other than a director designated by a person who has entered into agreement with the Company to effect a transaction contemplated by Section 11.1(c)) whose election or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the then Incumbent Directors; or**
- (c) **In the event:**
  - (i) **the Company consummates a merger, consolidation, share exchange, division or other reorganization of the Company with any corporation or entity, other than an entity owned at least 80% by the Company, unless immediately after the transaction, the shareholders of the Company immediately prior to the transaction beneficially own, directly or indirectly 51% or more of the combined voting power of the resulting entity's outstanding voting securities as well as 51% or more of the Total Market Value of the resulting entity, or in the case of a division, 51% or more of the combined voting power of the outstanding voting securities of each entity resulting from the division as well as 51% or more of the Total Market Value of each entity, in each case in substantially the same proportion as the shareholders owned shares of the Company prior to the transaction;**
  - (ii) **the Company consummates an agreement for the sale or disposition (in one transaction or a series of transactions) of assets of the Company, the total consideration of which is greater than 51% of the Total Market Value of the Company; or**
  - (iii) **the Company adopts a plan of complete liquidation or winding up of the Company.**

(d) **Total Market Value** means the aggregate market value of the Company's or the resulting entity's outstanding common stock (on a fully diluted basis) plus the aggregate

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(d) Total Market Value means the aggregate market value of the Company's or the resulting entity's outst

market value of the Company's or the resulting entity's other outstanding equity securities as measured by the exchange rate of the transaction or by any other method as the Committee determines where there is not a readily ascertainable exchange rate.

## 11.2 VESTING UPON A CHANGE IN CONTROL.

Except as otherwise provided in a Stock Incentive Agreement or as provided in the next sentence, if a Change of Control occurs, and if the agreements effectuating the Change of Control do not provide for the assumption or substitution of all Stock Incentives granted under this Plan, with respect to any Stock Incentive granted under this Plan that is not so assumed or substituted (a Non-Assumed Stock Incentive), the Stock Incentives will immediately vest and be exercisable and any restrictions thereon will lapse. Notwithstanding the foregoing, unless the Committee determines at or prior to the Change in Control, no Stock Incentive that is subject to any performance criteria for which the performance period has not expired, will accelerate at the time of a Change in Control.

## 11.3 DISPOSITION OF STOCK INCENTIVES.

Except as otherwise provided in a Stock Incentive Agreement, the Committee, in its sole and absolute discretion, may, with respect to any or all of Non-Assumed Stock Incentives, take any or all of the following actions to be effective as of the date of the Change of Control (or as of any other date fixed by the Committee occurring within the 30 day period immediately preceding the date of the Change of Control, but only if the action remains contingent upon the effectuation of the Change of Control) (such date referred to as the Action Effective Date):

- (a) **Unilaterally cancel the Non-Assumed Stock Incentive in exchange for:**
  - (i) **whole or fractional Shares (or for whole Shares and cash in lieu of any fractional Share) or whole or fractional shares of a successor (or for whole shares of a successor and cash in lieu of any fractional share) that, in the aggregate, are equal in value to the excess of the Fair Market Value of:**
    - (A) **in the case of Options, the Shares that could be purchased subject to the Non-Assumed Stock Incentive less the aggregate Exercise Price for the Options with respect to the Shares;**
    - (B) **in the case of Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Stock, Performance Units and Other Awards, Shares subject to the Stock Incentive determined as of the Action Effective Date (taking into account vesting), less the value of any consideration payable on exercise.**
  - (ii) **cash or other property equal in value to the excess of the Fair Market Value of**
    - (A) **in the case of Options, the Shares that could be purchased subject to the Non-Assumed Stock Incentive less the aggregate Exercise Price for the Options with respect to the Shares or**
    - (B) **in the case of Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Stock, Performance Units and Other Awards, Shares subject to the Stock Incentive determined as of the**

Action Effective Date (taking into account vesting) less the value of any consideration payable on exercise.

**(b) In the case of Options, unilaterally cancel any Non-Assumed Option after providing the holder of the Option with**

**(i) an opportunity to exercise the Non-Assumed Option to the extent vested within a specified period prior to the date of the Change of Control, and**

**(ii) notice of the opportunity to exercise prior to the commencement of the specified period. To the extent that the recipient of a Non-Assumed Stock Incentive is an Insider, however, payment of cash in lieu of whole or fractional Shares or shares of a successor may only be made to the extent that the payment**

**(A) has met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or**

**(B) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act.**

**(c) Unless a Stock Incentive Agreement provides otherwise, the payment of cash in lieu of whole or fractional Shares or in lieu of whole or fractional shares of a successor will be considered a subsequent transaction approved by the original grant of an Option.**

#### **11.4 GENERAL RULE FOR OTHER STOCK INCENTIVES.**

If a Change of Control occurs, then, except to the extent otherwise provided in the Stock Incentive Agreement pertaining to a particular Stock Incentive or as otherwise provided in this Plan, each Stock Incentive will be governed by applicable law and the documents effectuating the Change of Control.

#### **SECTION 12 AMENDMENT OR TERMINATION**



## 12.1 **AMENDMENT OF PLAN.**

This Plan may be amended by the Committee from time to time to the extent that the Committee deems necessary or appropriate. No amendment may be made absent the approval of the shareholders of the Company, however, if the amendment:

- (a) **increases the number of Shares reserved under Section 3, except as set forth in Section 10,**
- (b) **extends the maximum life of the Plan under Section 9 or the maximum exercise period under Section 7,**
- (c) **decreases the minimum Exercise Price under Section 7, or**
- (d) **changes the designation of Participant eligible for Stock Incentives under Section 6. Shareholder approval of other material amendments (such as an expansion of the types of awards available under the Plan, an extension of the term of the Plan, or a change to the**

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method of determining the Exercise Price of Options issued under the Plan) may also be required pursuant to rules promulgated by an established stock exchange or a national market system.

## 12.2 **TERMINATION OF PLAN.**

The Board also may suspend the granting of Stock Incentives under this Plan at any time and may terminate this Plan at any time.

## 12.3 **AMENDMENT OF STOCK INCENTIVES.**

The Committee has the right to modify, amend or cancel any Stock Incentive after it has been granted if

- (a) **the modification, amendment or cancellation does not diminish the rights or benefits of the Participant under the Stock Incentive (provided, however, that a modification, amendment or cancellation that results solely in a change in the tax consequences with respect to a Stock Incentive will not be deemed as a diminishment of rights or benefits of the Stock Incentive),**
- (b) **the Participant consents in writing to the modification, amendment or cancellation,**
- (c) **there is a dissolution or liquidation of the Company,**
- (d) **this Plan or the Stock Incentive Agreement expressly provides for the modification, amendment or cancellation, or**
- (e) **the Company would otherwise have the right to make the modification, amendment or cancellation by applicable law.**

The Committee may, however, reform any provision in a Stock Incentive extended to be exempt from Code Section 409A to maintain to maximum extent practicable the original intent of the applicable provision without violating the provisions of Code Section 409A; If, however, no reasonably practicable reformation would avoid the imposition of any penalty tax or interest under Code Section 409A, no payment or benefit will be provided under the Stock Incentive and the Stock Incentive will be deemed null, void and of no force and effect, and the Company will have no further obligation in connection with the Stock Incentive.

### **SECTION 13 PERFORMANCE CRITERIA**

13.1 **PERFORMANCE GOAL BUSINESS CRITERIA.**

Unless and until the Board proposes for shareholder vote and shareholders approve a change in the general performance measures set forth in this Section, the attainment of which may determine the degree of payout or vesting with respect to Stock Incentives to Key Employees and Key Persons pursuant to this Plan that are designed to qualify for the Performance-Based Exception, the performance measure(s) to be used by the Committee for purposes of grants must be chosen from among the following:

- (a) earnings per share;
- (b) net income (before or after taxes);

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- (c) return measures (including, but not limited to, return on assets, equity or sales);
- (d) **cash flow return on investments which equals net cash flows divided by owners equity;**
- (e) **earnings before or after interest, taxes, depreciation and amortization;**
- (f) **gross revenues;**
- (g) **operating income (before or after taxes);**
- (h) **total shareholder return;**
- (i) **corporate performance indicators (indices based on the level of certain services provided to customers);**
- (j) **cash generation, profit or revenue targets;**
- (k) **growth measures, such as revenue growth;**
- (l) **ratios, such as expenses or market share;**
- (m) **share price (including, but not limited to, growth measures and total shareholder return). In setting performance goals using these performance measures, the Committee may establish absolute goals or goals relative to a peer group performance or other benchmark, and may exclude the effect of changes in accounting standards and non-recurring unusual events specified by the Committee, such as write-offs, capital gains and losses and acquisitions and dispositions of businesses; or**
- (n) **Any combination of any of these factors.**

## 13.2 **DISCRETION IN FORMULATION OF PERFORMANCE GOALS.**

The Committee will have the discretion to adjust the determinations of the degree of attainment of the pre-established performance goals. Stock Incentives that are intended to qualify for the Performance-Based Exception may not be adjusted upward, however, (although the Committee will retain the discretion to adjust the Stock Incentives downward).

## 13.3 **PERFORMANCE PERIODS.**

The Committee will have the discretion to determine the period during which any performance goal must be attained with respect to a Stock Incentive. The period may be of any length, and must be established prior to the start of the period or within the first 90 days of the such period

- (d) cash flow return on investments which equals net cash flows divided by owners equity;

(provided that the performance criteria are not in any event set after 25% or more of the period has elapsed).

#### 13.4 **MODIFICATIONS TO PERFORMANCE GOAL CRITERIA.**

In the event that the applicable tax or securities laws and regulatory rules and regulations change to permit Committee discretion to alter the governing performance measures noted above without obtaining shareholder approval of the changes, the Committee will have sole discretion to make changes without obtaining shareholder approval. In addition, in the event that the Committee determines that it is advisable to grant Stock Incentives that do not qualify for the Performance-Based Exception, the

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Committee may make the grants without satisfying the requirements under Code Section 162(m) to qualify for the Performance-Based Exception.

**SECTION 14**  
**MISCELLANEOUS**

## 14.1 **SHAREHOLDER RIGHTS.**

Except as provided in Section 7.3 with respect to Restricted Stock Awards, or in a Stock Incentive Agreement, no Participant will have any rights as a shareholder of the Company as a result of the grant of a Stock Incentive pending the actual delivery of Shares subject to the Stock Incentive to the Participant.

## 14.2 **NO GUARANTEE OF CONTINUED RELATIONSHIP.**

The grant of a Stock Incentive to a Participant under this Plan will not constitute a contract of employment or other relationship with the Company and will not confer on a Participant any rights upon his or her termination of employment or relationship with the Company in addition to those rights, if any, expressly set forth in the Stock Incentive Agreement that evidences his or her Stock Incentive.

## 14.3 **WITHHOLDING.**

The Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company as a condition precedent for the grant or fulfillment of any Stock Incentive, an amount in Shares or cash sufficient to satisfy federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan or any action taken by a Participant with respect to a Stock Incentive. Whenever Shares are to be issued to a Participant upon exercise of an Option or Stock Appreciation Right, or satisfaction of conditions under a Restricted Stock, Restricted Stock Unit, Performance Stock or Performance Units, the Company will have the right to require the Participant to remit to the Company, as a condition thereof, an amount in cash (or, unless the Stock Incentive Agreement provides otherwise, in Shares) sufficient to satisfy federal, state and local withholding tax requirements at the time of exercise. To the extent that a Participant is an Insider, however, satisfaction of withholding requirements by having the Company withhold Shares may only be made to the extent that the withholding of Shares

(a) has met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or

(b) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act.

Unless the Stock Incentive Agreement provides otherwise, the withholding of shares to satisfy federal, state and local withholding tax requirements will be a subsequent transaction approved by the original grant of a Stock Incentive. In no event will payment of withholding taxes be made by a retention of Shares by the Company unless the Company retains only Shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld.

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#### **14.4 NOTIFICATION OF DISQUALIFYING DISPOSITIONS OF ISO OPTIONS.**

If a Participant sells or otherwise disposes of any of the Shares acquired pursuant to an Option that is an ISO on or before the later of (a) the date two years after the date of grant of the Option, or (b) the date one year after the exercise of such Option, then the Participant will immediately notify the Company in writing of such sale or disposition and cooperate with the Company in providing sufficient information to the Company for the Company to properly report such sale or disposition to the Internal Revenue Service. The Participant acknowledges and agrees that he or she may be subject to federal, state and local tax withholding by the Company on the compensation income recognized by Participant from any such early disposition, and agrees that he or she will include the compensation from such early disposition in his or her gross income for federal tax purposes. Participant also acknowledges that the Company may condition the exercise of any Option that is an ISO on the Participant's express written agreement with these provisions of this Plan.

#### **14.5 TRANSFERS & RESTRUCTURINGS.**

The transfer of a Participant's employment between or among the Company or a Subsidiary (including the merger of a Subsidiary into the Company) will not be treated as a termination of his or her employment under this Plan. Likewise, the continuation of employment by a Participant with a corporation that is a Subsidiary will be deemed to be a termination of employment when the corporation ceases to be a Subsidiary.

#### **14.6 LEAVES OF ABSENCE.**

Unless the Committee provides otherwise, vesting of Stock Incentives granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an employee of the Company in the case of any leave of absence approved by the Company. For purposes of ISOs, no leave may exceed 90 days unless reemployment upon expiration of the leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three months following the 91st day of the leave any ISO held by the Participant will cease to be treated as an ISO and if exercised thereafter will be treated for tax purposes as a NQSO.

#### **14.7 GOVERNING LAW/CONSENT TO JURISDICTION.**

This Plan will be construed under the laws of the State of Minnesota without regard to principles of conflicts of law. Each Participant consents to the exclusive jurisdiction in the Hennepin County District Court for the determination of all disputes arising from this Plan and waives any rights to remove or transfer the case to another court.

#### **14.8 ESCROW OF SHARES.**

To facilitate the Company's rights and obligations under this Plan, the Company reserves the right to appoint an escrow agent, who will hold the Shares owned by a Participant pursuant to this Plan.

#### **14.9 IMPACT OF RESTATEMENT OF FINANCIAL STATEMENTS UPON STOCK INCENTIVES.**

If any of the Company's financial statements are required to be restated resulting from errors, omissions or fraud, the Committee may (in its sole discretion, but acting in good faith) direct that the Company recover all or a portion of any Stock Incentive with respect to any fiscal year of the Company the financial results of which are negatively affected by the restatement. The amount to be recovered from

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the Participant will be the amount by which the Stock Incentive exceeded the amount that would have been payable to the Participant had the financial statements been initially filed as restated, or any greater or lesser amount (including, but not limited to, the entire award) that the Committee may determine. In no event will the amount to be recovered by the Company be less than the amount required to be repaid or recovered as a matter of law. The Committee will determine whether the Company may effect any recovery

- (a) **by seeking repayment from the Participant,**
- (b) **by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the Participant under any compensatory plan, program or arrangement maintained by the Company or any of its affiliates,**
- (c) **by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or**
- (d) **by any combination of the foregoing.**

#### **14.10 FORFEITURE AND RECOUPMENT.**

Without limiting in any way the generality of the Committee's power to specify any terms and conditions of an Award consistent with law, and for greater clarity, the Committee may specify in an Stock Incentive Agreement that the Participant's rights, payments, and benefits with respect to a Stock Incentive under this Plan may be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions. These events may include, but will not be limited to, failure to accept the terms of the Stock Incentive Agreement, termination of employment or services under certain or all circumstances, violation of material Company policies, breach of noncompetition, confidentiality, nonsolicitation, noninterference, corporate property protection, or other agreement that may apply to the Participant, or other conduct by the Participant that the Committee determines is detrimental to the business or reputation of the Company and its Subsidiaries.

#### **14.11 NON-US PROVISIONS.**

The Committee will have the authority to require that any Stock Incentive Agreement relating to a Stock Incentive in a jurisdiction outside of the United States contain terms as are required by local law in order to constitute a valid grant under the laws of the jurisdiction. This authority will continue even if the requirements of the local jurisdiction may be different from or more restrictive than the terms set forth in this Plan. No purchase or delivery of Shares pursuant to a Stock Incentive may occur until applicable restrictions imposed pursuant to this Plan or the applicable Stock Incentive have terminated.

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**Charter of the Audit Committee of the Board of Directors of**

**Angeion Corporation**

**June 2, 2003**

**I. Audit Committee Purpose**

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance.
- Select, engage and monitor the independence and performance of the Company's independent auditors.
- Provide an avenue of communication among the independent auditors, management and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and has direct access to the independent auditors, as well as anyone in the Company. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

This Charter was first adopted by the Board of Directors effective June 1, 2000, and amended on March 27, 2002 and on June 2, 2003.

**II. Audit Committee Composition and Meetings**

Audit Committee members are appointed by the Board. The members of the Audit Committee will annually elect a Chair. If the Audit Committee Chair is not present, the members of the Committee present may designate a Chair by majority vote of the Committee membership.

The composition and function of the Audit Committee will meet the applicable rules and regulations of any exchange on which the Company's securities are listed or any system on which the Company's securities are quoted (the "Market"). Each member of the Audit Committee will be independent as such term is defined by the applicable rules and regulations of the Securities and Exchange Commission (the "Commission") and the Market. The Audit Committee will be comprised of three or more directors as determined by the Board, each of whom shall be free from any relationship that would interfere with the exercise of his or her independent judgment.

All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise. If required by the Commission or the Market, the Board of Directors will designate at least one member of the Audit Committee as an Audit Committee Financial Expert as defined by the then applicable rules and regulations.

The Committee will meet at least four times annually, or more frequently as circumstances dictate. The Chair will prepare an agenda in advance of each meeting. The Committee should

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meet privately in executive session at least annually with management, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed. In addition, the Committee, or at least its Chair, should communicate with management and the independent auditors quarterly to review the Company's financial statements and significant findings based upon the auditors' limited review procedures.

### **III. Audit Committee Responsibilities and Duties**

#### Review Procedures

1. Review and reassess the adequacy of this Charter at least annually. Submit the charter to the Board of Directors for approval and have the document published at least every three years in accordance with Commission regulations.
2. Review the Company's annual audited financial statements prior to filing or distribution and recommend to the Board of Directors the inclusion of the financial statements in the Company's annual report to be filed with the Commission. Review and comment upon the Company's annual report.
3. In consultation with the management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses. Meet with management at least quarterly to review management's disclosure of fraud or deficiencies, if any, in the design or operations of the Company's internal controls.
4. Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and the Company's quarterly financial statements prior to filing or distribution. Review and comment upon the Company's quarterly reports. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with SAS 61 (see paragraph 10).
5. Review with management and the independent auditors, based on reports required from the independent auditors, all critical accounting policies and practices to be used; all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments; and other material written communications between the independent auditor and management.

#### Independent Auditors

6. Select and approve the engagement of the independent auditors and remove the independent auditors, all in the Audit Committee's sole discretion. The Committee has sole authority and responsibility for the appointment, oversight, termination and compensation of the independent auditors. The independent auditors are ultimately accountable to the Audit Committee.
7. Approve all auditing services and permitted non-audit services provided by the independent auditors, and the fees and other significant compensation to be paid to the

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independent auditors.

8. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.
9. Review the independent auditors' audit plan, discuss scope, staffing, locations, reliance upon management and general audit approach.
10. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to audit committees in accordance with AICPA SAS 61.
11. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
12. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
13. Receive reports from the Company's legal counsel regarding any dispute, litigation, regulatory matter or proceeding or any material violation of securities laws or breach of fiduciary duty or similar violation by the Company or any agent of the Company.
14. Resolve any disagreements between management and the independent auditors regarding financial reporting.

Other Audit Committee Responsibilities

15. Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, including allowing for the submission of confidential and anonymous complaints.
16. Prepare reports to shareholders as required by the Commission or the Market.
17. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
18. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.
19. Periodically perform self-assessment of Audit Committee performance.

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**ANGEION CORPORATION**

**350 Oak Grove Parkway**

**Saint Paul, Minnesota 55127-8599**

**ANGEION CORPORATION 2007 ANNUAL MEETING OF SHAREHOLDERS**

**Wednesday, May 23, 2007**

**2:00 p.m. Minnesota time**

**Angeion Corporation**

**350 Oak Grove Parkway**

**Saint Paul, Minnesota 55127-8599**

**proxy**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Rodney A. Young and Arnold A. Angeloni, or any of them, with power of substitution to each, as attorneys and proxies, and hereby authorizes them to represent the undersigned at the Annual Meeting of Shareholders of Angeion Corporation to be held at the Company's offices located at 350 Oak Grove Parkway, Saint Paul, Minnesota, on Wednesday, May 23, 2007 at 2:00 p.m. Minnesota time, and at any adjournment(s) or postponement(s) thereof, and to vote, as designated below, all shares of Common Stock of Angeion Corporation held of record by the undersigned on April 13, 2007 and which the undersigned would be entitled to vote at such Annual Meeting, hereby revoking all former proxies.

*See reverse for voting instructions*

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COMPANY #

**There are three ways to vote your Proxy**

**Your telephone or internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

**VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK \*\*\* EASY \*\*\* IMMEDIATE**

- Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 22, 2007.
- Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.

**VOTE BY INTERNET <http://www.eproxy.com/angn/> QUICK \*\*\* EASY \*\*\* IMMEDIATE**

- Use the Internet to vote your proxy 24 hours a day, 7 days a week until 12:00 p.m. (CT) on May 22, 2007.
- Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to Angeion Corporation, c/o Shareowner Services, P.O. Box 64873, St. Paul, MN 55164-0873.

**If you vote by Phone or by Internet, please do not mail your Proxy Card.**  
*Please detach here*

**The Board of Directors Recommends a Vote FOR Items 1, 2 and 3.**

- |                           |                         |                    |                       |  |                       |                                 |
|---------------------------|-------------------------|--------------------|-----------------------|--|-----------------------|---------------------------------|
| 1. Election of Directors: | 01 Arnold A. Angeloni   | 04 John C. Penn    | <input type="radio"/> | Vote for all nominees (except as marked) | <input type="radio"/> | Vote WITHHELD from all nominees |
|                           | 02 John R. Baudhuin     | 05 Philip I. Smith |                       |  |                       |                                 |
|                           | 03 K. James Ehlen, M.D. | 06 Rodney A. Young |                       |  |                       |                                 |

**(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)**

2. A Proposal to approve the Angeion Corporation 2007 Stock Incentive Plan.
- For  Against  Abstain

3. A Proposal to Ratify the Appointment of KPMG LLP as the Company's independent registered public accounting firm, to audit the financial statements of the Company for the fiscal year ending October 31, 2007 and to perform other accounting services as determined by the Company's Audit Committee.
- For  Against  Abstain

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**THIS PROXY, IF PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR EACH NOMINEE NAMED IN PROPOSAL 1 AND FOR PROPOSALS 2 AND 3. PLEASE SIGN, DATE AND RETURN THIS PROXY FORM USING THE ENCLOSED ENVELOPE.**

I plan to attend the meeting  Address Change? Mark Box   
Indicate changes below:

Date:

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy.  
If held in joint tenancy, all persons must sign.  
Trustees, administrators, etc. should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.