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Zacks Equity Research

Brian Marckx, CFA
bmarckx@zacks.com
Ph. (312) 265-9474

www.zacks.com

111 North Canal Street, Chicago, IL 60606

Angeion Corp (ANGN-NASDAQ)

ANGN: Q2 Revenue and EPS Beat Forecast Again. First Profitable Quarter Since Q4 2008.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	03/09/2010
Current Price (08/27/10)	$4.20
Target Price	**$6.00**

OUTLOOK

We are maintaining our Outperform rating on Angeion and near-term price target of $6.00. The company has struggled to post positive earnings over the last two years as a result of hospital capex freezing up due to the global economic weakness. We believe Angeion is on the front-end of a significant recovery in revenue growth and expect annual positive earnings to rematerialize in 2011. Asthma/COPD diagnosis and further international penetration offer opportunities for above market growth. This will be supported by additional investments in products and personnel in 2010. Financial position remains very healthy.

SUMMARY DATA

52-Week High	**$5.15**
52-Week Low	**$3.00**
One-Year Return (%)	**78.78**
Beta	**1.41**
Average Daily Volume (sh)	**5,681**
Shares Outstanding (mil)	**4**
Market Capitalization ($mil)	**$17**
Short Interest Ratio (days)	**2.03**
Institutional Ownership (%)	**14**
Insider Ownership (%)	**17**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**2.0**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2010 Estimate	**N/A**
P/E using 2011 Estimate	**52.5**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Small-Value**
Industry	**Med Instruments**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in 000's)

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2008	$7,509 A	$7,317 A	$7,598 A	$7,587 A	$30,011 A
2009	$6,431 A	$6,207 A	$6,232 A	$6,609 A	$25,479 A
2010	$6,615 A	$6,854 A	$7,120 A	$7,339 E	$27,928 E
2011					$32,485 E

Earnings per Share

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2008	-$0.17 A	-$0.09 A	$0.06 A	$0.02 A	-$0.17 A
2009	-$0.15 A	-$0.05 A	-$0.04 A	-$0.14 A	-$0.39 A
2010	-$0.20 A	-$0.13 A	$0.03 A	$0.03 E	-$0.27 E
2011					$0.08 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

Third Quarter Financial Results…

On August 25, 2010 Angeion reported financial results for the third quarter ending July 31, 2010. This was the first quarter since Q4 2008 that the company generated positive earnings and EPS. In addition, this was the second consecutive quarter that Angeion beat both our top-line and EPS estimates. As a result, we have again adjusted our full-year revenue and EPS estimates upwards. We have also raised our longer range EPS forecast for Angeion, mostly as a result of significantly improving gross margins. We are cautiously optimistic that Angeion will continue to benefit from some manufacturing leverage gained from higher production volumes. EPS is very sensitive to only a very slight movement in the gross margin so this will be something to keep an eye on going forward.

Revenue
Revenue in the third quarter of $7.120 million increased by 14.2% y-o-y and consisted of $6.207 million (up14.6%) in equipment and supplies and $913k (up 11.9%) in services revenue. International sales were $1.666 million, an increase of 28% and accounted for 23.4% of total revenue, compared to 20.8% of total sales in Q3 2009.

Total revenue came in 1.6% ahead of our $7.008 million estimate with both equipment and supplies as well as services revenue beating our estimates by $1.6%. Revenue growth in the quarter benefitted from continued international penetration (especially in Europe +66% and Latin America +57%), ongoing strong demand for the recently launched Ultima CardiO2 machine as well as the company's MedGraphics Certified products (refurbished products used sparingly in clinical research studies or demonstrations), and the introduction of Angeion's TRUcal system which debuted during the quarter. Management noted that they have seen some very slight improvement in hospital capital expenditures which also contributed to sales growth.

Gross Margin
Gross margin came in at 57.8% in the quarter with product margin at 54.1% and service margin at 82.9%. Gross margin was significantly better than our 51.5% forecast and compared very favorably to the 54.4% posted in Q3 2009 as well as the 52% in the second quarter 2010. Management attributed the improvement to increased manufacturing efficiencies from higher product volumes, higher margins on the MedGraphics Certified products and reduced provisions for obsolete inventory. Management noted that at least 50% of the y-o-y improvement was attributable to manufacturing efficiencies. As the Certified products business will not likely generate much in the way of sales going forward, this portion of the improvement in the gross margin may not be sustainable. The same may be the case for inventory provisions. We do, however expect sales to continue to grow and for Angeion to continue to benefit from some manufacturing leverage. Expectations for greater manufacturing leverage relative to prior years is our basis for increasing our EPS estimates for both the remainder of 2010 as for later periods (2011 – 2013).

Operating Expenses
Operating expenses of $3.877 million were about 2.7% lower than our $3.983 million forecast and were up 14.8% compared to the third quarter 2009. Sequentially, operating expenses fell 3.4%. The company capitalized $101k worth of R&D during the quarter relating to the development of certain software that will be used on the MedGraphics products – related costs had been expensed in prior periods but as the software is now functional, much of these costs will be brought over to the balance sheet and amortized. This contributed to R&D expense falling by 28% from Q2 2010 and accounted for a significant portion of the difference between our estimate and actual expense. We expect R&D expense in the fourth quarter to be similar to that in Q3.

Operating expenses came in lower than our forecast despite being negatively impacted by a $245k one-time charge related to the departure of the company's CFO during the quarter. Pro forma for this one-time charge, operating expenses increased only 7.6% y-o-y and fell 9.5% sequentially.

EPS
EPS came in at $0.03 compared to our estimate of ($0.12). Roughly $0.11 of the $0.15 difference between our estimated and actual EPS was a result of the significantly better than forecasted gross margin (57.8% A vs. 51.5% E).

Pro forma for the $245k one-time charge mentioned above, EPS came in at $0.09.

Cash
Angeion exited the quarter with $10.8 million in cash and investments, down slightly from $11.1 million at the end of the second quarter. Operating cash flow was negative $299k during the quarter but ex changes in working capital, CFO was $331k. For the first nine months operating cash flow was $76k (negative $92k ex changes in working capital). The balance sheet remains debt free. The company bought back $163 worth of stock in the most recent quarter. To-date Angeion has repurchased $299k of stock under their recently announced $1 million share repurchase program. We expect operating cash flow to accelerate along with sales in the coming quarters. The current cash balance and operating cash flow will be more than satisfactory to fund the remainder of the share buyback program and a potential small (~$5 million in revenue) acquisition. The company also has a significant amount of borrowing capacity to fund a larger acquisition.

We also believe due to the recent changes being made to the board of directors that, barring a near-term acquisition, that the company may implement a larger share repurchase program.

Our Forecast
We have slightly increased our revenue forecast for the remainder of 2010 as well as for future years (we model through 2013). As we noted above we have also made slight adjustments to our gross margin forecast for all periods. We model revenue and EPS of $7.3 million and $0.03 for the fourth quarter 2010. This implies full year 2010 revenue and EPS of $27.9 million and ($0.27), growth of 9.6% and 30.7% respectively from the same periods in 2009. Due almost exclusively to our adjustments to gross margin we are also raising our EPS estimates for every year through 2013.

Changes to Board of Directors…
On August 10, 2010 Blue Line Partners, which owns just over 7% of Angeion's outstanding common stock, made a 13D filing asking for additional shareholder support in executing a demand for a special shareholder meeting with the goal of replacing the current board of directors. The filing states Blue Lines' dissatisfaction with the effectiveness of the Board in returning the company to profitability and in meeting the interests of its shareholders. The filing goes on to note Blue Lines' objection to the amount and form (cash versus stock incentives) of compensation the Board members have received in light of Angeion's declining stock price.

In their proposed business plan, Blue Line suggests changing the form of directors' compensation to stock incentives, implementing an additional $5 million stock repurchase program and for the new Board to "cause management to deliver an operating plan that provides for profitable operations absent periodic investments to pursue specific growth opportunities. "

Angeion subsequently came to an agreement with Blue Line whereby the parties agreed to forego a special shareholder meeting in lieu of the removal of three of the seven current Board members. Scott Shuda, a Managing Director of Blue Line, will remain on the Board as will three other current members whom Blue Line deems acceptable. These four members will select three new directors. The reconstituted Board is to be in place by September 1, 2010.

OVERVIEW

BUSINESS:

Angeion Corporation was founded in 1986 and acquired Medical Graphics Corporation in December 1999. The company filed Chapter 11 bankruptcy in June 2002 and emerged from bankruptcy in October 2002. The company is headquartered in Saint Paul, MN and as of January 15, 2010 had 129 employees.

Medical Graphics is a leading designer, manufacturer and marketer of non-invasive cardiorespiratory diagnostic systems that are sold under the **MedGraphics** and **New Leaf** brand and trade names. These cardiorespiratory diagnostic systems have a wide range of applications in healthcare as well as health and fitness. The company's products are sold internationally through a network of distributors and in the United States through a direct sales

force that targets heart and lung specialists as well as health and fitness clubs. In June 2010 Angeion also entered contracts with Amerinet and Broadlane, national healthcare group purchasing organizations which together serve over 3,000 hospitals and 50,000 non-acute facilities.

Medical Graphics designs and assembles all the major system components for its cardiorespiratory diagnostic systems at its St. Paul-based manufacturing facility. The company purchases the majority of the cardiorespiratory diagnostic systems components as well as the related peripheral computer equipment and treadmills and cycle ergometers from outside vendors.

MedGraphics

The vast majority of Angeion's business is currently generated by MedGraphics branded products which are sold primarily to hospitals, physician offices, clinics, pulmonary physicians, cardiologists, critical care physicians, and rehabilitation and physical therapy centers. MedGraphics has a diversified customer base with no single customer accounting for a significant amount of revenue.

The company's pulmonary function and cardiopulmonary gas exchange testing systems allow physicians to diagnose and effectively treat patients with a variety of lung disorders including asthma, emphysema and chronic obstructive pulmonary disease (COPD). The systems are also used to diagnose and treat heart diseases such as heart failure and coronary disease. Additionally, the MedGraphics equipment is used by clinical trial organizations and pharmaceutical companies for use in safety and efficacy studies. The systems are designed to be simple to use while providing the flexibility to address the specific needs of each end-user. MedGraphics' products are typically sold with a personal computer, color monitor, printer and other peripherals. The company sells the products domestically through its direct sales force and uses a network of approximately 63 independent distributors to sell the products internationally throughout 60 countries. A significant part of the company's marketing effort is through on-site product demonstrations and attendance at industry trade-shows and conventions held throughout the world. Conventions allow the company to demonstrate their products to potential customers including pulmonologists, respiratory therapists, allergy physicians, and personal trainers. The company recently exhibited at MEDICA, the world's largest healthcare conference as well as the Arab Health conference in Dubai. In addition the company will be participating in the International Health, Racquet & Sports Club Association in San Diego in March. The company's other marketing channels include print advertising, educational seminars and website traffic.

MedGraphics' cardiorespiratory diagnostic systems fall into two broad categories; pulmonary function systems and cardiopulmonary exercise testing systems.
Pulmonary function systems are used in the early detection of lung disease, to evaluate the effect of medication, monitor patients with chronic disease, diagnose lung diseases (COPD, asthma and emphysema), manage treatment, assess the surgical risk of lung transplant and lung reduction candidates and evaluate the impact of diseases such as neuromuscular disease on breathing. Customers include pulmonary labs in hospitals, clinics, physician offices, occupational medicine clinics, asthma/allergy practices and clinical research centers. MedGraphics' pulmonary function systems fall into three categories; spirometry, complete pulmonary function, and body plethysmography.

Spirometry provides measurements of airflow, lung volume and elastic/mechanical properties. The spirometer can serve as a platform that can be upgraded to either a complete pulmonary function or cardiopulmonary exercise system. Complete pulmonary function systems are a desktop or cart-mounted module that performs rapid, non-invasive assessment of an individual's lung volumes, respiratory pressures and gas diffusion in addition to spirometry measurements. Body plethysmograph systems, or "body-boxes" are enclosed metal and clear acrylic chambers that offer the most sensitive method for measuring chest wall movement. Body-boxes offer maximum accuracy and minimal patient discomfort while allowing for a broad patient testing population including pediatric patients.

MedGraphics' **Cardiopulmonary exercise testing systems** are used to help distinguish between cardiovascular and pulmonary disease, screen for early signs of cardiac and pulmonary dysfunction, establish exercise training programs, evaluate the effect of prescribed therapy and determine appropriate nutritional requirements. This is done by measuring the volume of air and concentrations of oxygen and carbon dioxide as they enter and leave the lungs while a person exercises in a bike or treadmill. The systems can also perform measurements of individuals at rest to determine nutritional requirements of critically-ill patients or individuals wishing to assess the number of calories burned per day. Customers include hospital cardiopulmonary labs, cardiology and pulmonary clinics, critical care units, cardiac rehabilitation units, weight loss clinics, human performance labs and health clubs.

MedGraphics' *Ultima* cardiopulmonary exercise testing systems are sold in six different configurations to suit the requirements of the particular end-user.

MedGraphics products are currently in 37 of the top 40 hospitals in the U.S. The customer base is well diversified and ranges in size from small physicians offices to some of the largest hospitals including Johns Hopkins and Mayo Clinic.

Growth in this segment is expected to come from continuing to service the existing customer base, further market penetration and tapping new market segments including internal medicine physician offices and corporate fitness centers. On a macro level, further international penetration as well as the COPD/asthma markets represent significant growth opportunities for MedGraphics. We expect these will be two areas where MedGraphics will dedicate more resources and place an ever-increasing focus.

International revenues accounted for approximately 23% of total sales in the third quarter 2010 and grew 28% from the same period in 2009.

New Leaf

Angeion sells one of its cardiorespiratory diagnostic systems (VO2000 system) along with related consumable supplies under the New Leaf brand name to health and fitness clubs, personal training studios and weight loss centers. While Angeion does not break out revenue of New Leaf, management has noted that New Leaf's contribution to total revenue is significantly less than is MedGraphics'.

The VO2000 system is a MedGraphics system which is sold under the New Leaf brand name as the VO2PAS system. It is designed to measure fitness levels and nutritional requirements by measuring the volume of air concentrations of oxygen and carbon dioxide as they enter and leave the lungs while an individual exercises on a stationary bike or treadmill. In addition to the VO2PAS system New Leaf sells accessories and consumables including heart rate monitors and watches.

In June 2010 the company launched TRUcal, New Leaf's new resting metabolic rate system designed to calculate an individuals daily caloric intake requirements, thereby aiding the user in achieving weight loss goals.

New Leaf tailors conditioning programs specific to the needs and goals of each individual based on personalized fitness evaluations. New Leaf metabolic assessments help design individualized training and nutritional programs for people interested in losing weight, overall fitness or increasing athletic performance. Metabolic testing measures how efficiently an individual burns calories both at rest and while exercising. The fitness assessment allows trainers to determine how long and how intensely an individual needs to exercise in order to achieve their goals in lieu of the standard "one-size-fits" all training regimens practiced at most fitness facilities. The assessment also includes individualized nutritional recommendations in order to further enhance the benefits of the specific fitness programs. The goal of the assessment-based fitness and nutritional programs is for people to achieve their goals in less time with greater ease compared to standard workout routines.

New Leaf targets individuals interested in increasing their fitness levels and athletic performance and those individuals interested in losing weight. The significant and growing obesity problem in the U.S. should offer substantial opportunity for New Leaf.

Life Time Fitness, a health and fitness organization with 85 locations in 19 states, is New Leaf's largest customer and accounts for a disproportionate of New Leaf's revenue. In an effort to grow and diversify New Leaf's customer base the company will focus on further penetrating the fitness club market and has recently embarked on a new campaign that will market New Leaf's products and services to corporations with on-site fitness facilities.

PRODUCTS/SERVICES:

Angeion reports revenue from equipment, supplies, consumables and clinical trial services under "Equipment and Supplies" revenue on the income statement. While the company does not break out the different components of revenue, the bulk of revenue comes from equipment sales. Equipment and Supplies revenue contributes approximately 85% - 87% of total revenue with gross margins typically running near 45%. We note, however, that Angeion has been able to gain some manufacturing efficiencies lately due to higher production volumes which has benefitted the product margin – pushing it up to near 54% on average through the first nine months of 2010.

Equipment:

The *CPFS/D* is MedGraphics' spirometer which provides portable full-function spirometry and comes with optional bronchial provocation software. The CPFS/D is powered through a USB computer port. The system can be used with adult and pediatric patients and can serve as a platform that can be upgraded to either a complete pulmonary function or cardiopulmonary exercise system. MedGraphics launched a new diagnostic spirometer during the second quarter 2010.



CPFS/D Spirometer (Medl Graphics Corp)

MedGraphics' *Ultima Series* comprises the company's complete pulmonary function and cardiopulmonary exercise testing systems. The system offers flexibility for both pulmonary function as well as gas exchange and can be upgraded for additional functionality. The system runs on the company's proprietary BreezeSuite software and utilizes the company's disposable *preVent* flow sensors. The *Ultima/PF Series* is a complete pulmonary function system and is available in a desktop or cart-mounted configuration. In addition to spirometry functionality, the PF systems perform rapid measurement of lung-volumes, respiratory pressures and gas diffusion.



Ultima PF and Ultima PFX (Medical Graphics Corp)

The *Ultima Series* cardiopulmonary exercise testing systems are sold in six different configurations. The *CPX* system is a basic exercise testing system designed to measure fitness level during exercise. It uses a breath-by-breath gas exchange system and measures functional capacity along with diagnosis of the primary causes of exercise intolerance. The system can be used in concert with third-party electrocardiogram (ECG) systems. The *CardiO2* system adds an integrated ECG option to the *CPX* system. The *CardiO2* system launched in early 2010 and has been a significant contributor to Angeion's sales growth throughout the year. The *CCM* system provides basic metabolic assessment and nutritional requirements of an individual at rest. Specific applications of the CCM system include the assessment of critically ill patients, monitoring patients with eating disorders, diagnosing nutritional needs of trauma patients and management of patients on mechanical ventilation. MedGraphics recently launched smaller, portable and more affordable versions of their CPX and CCM systems. The *CPX/Express,* which launched in October 2009, is a portable, scaled-down version of the *CPX* system. Early indications are that it has been well received by physicians and clinicians. The *CCM/Express* is a portable, scaled-down version of the *CCM* system. It is ideal for use in intensive care and critical units and areas with space constraints. *CCM/Express* was launched in early 2009. Finally, the *VO2000* system is a portable system that has remote data transmission capabilities. The systems can be worn by the subject and are used for the assessment of fitness levels and nutritional requirements. V02000 system is also sold by New Leaf under the VO2PAS brand name.



Ultima Cardi02 (MGC)



CPX/Express (MGC)

MedGraphics' Platinum Elite Series body plethysmographs are available in two configurations, *DL* and *DX*. The *DL* performs spirometry, measures total volume of air in the lungs and resistance to airflow in the airways of the patient. In addition it performs diffusion testing similar to the Ultima/PF complete pulmonary function system. The *DX* adds lung volume measurement functionality to the *DL.* The plethysmographs also run on BreezeSuite software and use *preVent* flow sensors. The boxes can accommodate adult as well as pediatric patients. Angeion has a new international plethysmograph under development which we expect to hit the market during the fourth quarter 2010.

MedGraphics also sells specially designed stationary bicycles (cycle ergometers) and treadmills for use with and controlled by the company's cardiopulmonary exercise testing equipment.



Platinum
Series plethysmograph (MGC)

Supplies/Services:

MedGraphics offers a catalog of supplies and consumables that are configured for use with all of their equipment including mouthpieces, filters, flow sensors and masks. MedGraphics' supplies business affords the company with a steady, predictable and meaningful stream of revenue. During the fiscal first quarter 2010 the company initiated a sales and marketing program which will establish a network of independent sales representatives and distributors to sell MedGraphics' supplies as well as some of the company's lower-cost equipment such as table-top and hand-held spirometers.



Face Mask (MGC)

The company's proprietary BreezeSuite software provides diverse interfacing capabilities and network connectivity between several cardiorespiratory systems. The software is compatible with most commercial information systems and allows for electronic medical records sharing from any of the institution's networked systems. The software is designed to make for a seamless integration of MedGraphics' equipment with each customer's existing information systems platform. BreezeSuite is Microsoft Windows based and can be connected through Microsoft SQL server.

In addition to catering to health care providers and fitness facilities, Angeion also sells equipment and provides services to clinical research organizations and pharmaceutical companies engaged in running clinical trials. The company has provided equipment and clinical trials services to companies such as Novartis, Mannkind and Boston Scientific. Through MedGraphics Angeion provides consultation services to clinical research providers including protocol advisement, data management and reporting, and site training. MedGraphics also supplies research organizations with cardiorespiratory equipment, supplies and software. The clinical trials portion of MedGraphics business is highly unpredictable which has resulted in somewhat of an erratic revenue stream from this portion of the business over the last few years. As an example, the clinical trials business contributed over $7 million in revenue in fiscal 2007, while the contribution to fiscal 2009 was less than $1 million. While we expect Angeion to continue to focus on growing the clinical trials portion of the business, due to the highly variable nature of clinical trial demand, we do not believe it will ever become a significant and predictable portion of overall company revenue. During the first quarter 2010 the company initiated a clinical research trial which will generate $1 million in revenue over six quarters (including Q1 2010).

Angeion also provides service and maintenance work for all of their equipment. Equipment purchases typically include warranty coverage for a period of twelve-months and customers are given the option of entering into extended warranty contracts beyond the initial coverage period. Customers have the option of renewing extended warranties as they expire. The company also provides non-warranty work. Revenues from extended warranties are recognized over the term of the warranty while non-warranty work is recognized as revenue when the services are provided. While service and maintenance revenue (captured under "services" on the income statement) contributes approximately only 13% - 15% of total sales, it is a highly profitable segment, consistently posting profit margins near 90%.

COMPETITION:

The non-invasive cardiorespiratory space is competitive and highly diversified. The industry includes a significant number of small players with only a few companies likely to claim more than a few percentage points in market share. The largest, Viasys, generated revenue of $610 million including $406 million from its respiratory business in 2006 before being acquired by CareFusion (CFN) in June 2007. CareFusion (2009 revenue of $4.5B) was part of Cardinal Health until being spun off in August 2009. Along with a formidable respiratory business, CFN also markets products in the areas of intravenous, medication dispensing, infection prevention and surgical instruments. CFN sells its cardiorespiratory and pulmonary testing equipment under the Jaeger and SensorMedics brand names. Angeion Corp. ranks second largest in terms of revenue among the pure-play cardiorespiratory manufacturer and distributors.

Privately held nSpire Health, formed in 2006 through a management buyout of Ferraris Group plc, is considered the third largest player in the industry. The Colorado-based company sells a variety of pulmonary function diagnostic

equipment and supplies including spirometers, complete pulmonary function devices and body plethysmographs. NSpire Health sells pulmonary function equipment and supplies under the KoKo, HDpft, ZAN, Collins and Piko brand names. nSpire Health also provides equipment and services for clinical research trials and was recently awarded a $9 million clinical research contract.

Italian-based COSMED is another privately-held cardiopulmonary diagnostic equipment manufacturer. The company was founded in 1980 and sells its products through specialist distributors in over 90 countries including the United States.

Viasys, nSpire and COSMED all offer products, supplies and services that compete directly with Angeion's pulmonary function and cardiopulmonary exercise offerings.

Competition to the New Leaf business is much less defined and includes companies that offer metabolic measurement devices, nutritional education and weight loss programs. New Leaf remains unique to most competing products and services, however, in the respect that the company caters to a more diverse demographic (i.e. overweight individuals and top-level athletes) and provides equipment, assessments and training programs which is typically a more robust range of offerings relative to competing products or services.

FINANCIAL HIGHLIGHTS:

Angeion Corp earned $1.06 million ($0.24/share) on revenue of $38.6 million in fiscal 2007, aided by $7.4 million in clinical research revenue. Sales then fell to $30.0 million in 2008 with net income plummeting to a loss of $686k (-$0.17/share) as the large clinical trial concluded during Q3 2008 and the initial affect of the deteriorating economy took hold resulting in a significant reduction in capital expenditures by hospitals. Revenue then fell another 15% to $25.5 million in 2009 with the net loss growing to $1.59 million (-$0.39/share). International sales which were $6.18 million (20.6% of total) in 2008 fell to $5.45 million (21.4% of total) in 2009. Roughly $1.2 million or 27% of the decrease in total sales from 2008 to 2009 was a result of the conclusion of the large clinical trial in 2008. The remainder of the drop in sales was attributed to continued deterioration in capital spending by hospitals and clinics. Despite the significant slide in revenue from 2007 through 2009 the company was able to grow gross margins from 50.5% in 2007 to 51.5% in 2008 to 52.1% in 2009. The company was able to grow gross margins by maintaining and even raising prices over that period and through headcount and vendor management programs which resulted in some reduction in costs. Gross margins have also shown significant sequential improvement through the first three quarters of 2010, growing from 50.9% in Q1 to 52% in Q2 to 57.8% in Q3. The company appears to be gaining from manufacturing efficiencies due to higher production volumes. This has prompted us to raise our longer term EPS forecasts.

The company breaks out operating expenses into selling and marketing, general and administrative, research and development and intangibles amortization. Total operating expenses as a percent of revenue increased from 46% in 2007 (4.1% op margin) to 54% in 2008 (-2.5% op margin) to 58% in 2009 (-6.2% op margin).

The drop in operating margin from 2007 to 2008 was largely a consequence of the $8.6 million fall in revenue and increase in G&A expense in 2008 due to severance charges and an increase in the allowance for doubtful accounts in 2008 which was slightly offset by the stronger gross margin. 2008 operating margin was also slightly negatively impacted by higher S&M and R&D expenses as a percent of revenue although these expenses fell on an absolute basis by $1.46 million and $383k, respectively from 2007 to 2008. In response to the dramatic drop in revenue from 2007 to 2008, the company successfully trimmed S&M expenses related to support personnel, travel and customer service. This was partially offset by a $113k increase related to headcount additions at the company's Milan, Italy office to support the company's international business. The fall in R&D expenses from 2007 to 2008 was mostly a result of headcount reductions as well as a reduction in expenses associated with development of the Platinum Elite plethysmograph which launched during Q2 2008.

The fall in operating margin from 2008 to 2009 is mostly attributable to the 15% drop in revenues, G&A expenses declining by only 9% and a 29% jump in R&D expenses. However, the company was effective in cutting S&M expenses both as a percent of revenue and on an absolute basis. G&A expenses in 2009 benefitted from a reduction in severance charges ($201k) and SOX compliance and audit fees ($203k) as well as changes in allowance for doubtful accounts ($247k). This was partially offset by a $166k increase in stock-based compensation expense that hits the G&A line. The increase in R&D expense was a result of headcount additions ($467k) and project expenses ($198k) in support of new product introductions including the CCM Express which launched in early 2009 and other ongoing R&D efforts. The company again successfully trimmed S&M expense in response to falling revenue and was able to gain some leverage on this line, dropping S&M as a percent of revenue

from 28.8% in 2008 to 27.3% in 2009. A reduction in headcount as well as lower commission costs due to lower sales resulted in S&M expenses falling $394k from 2008 to 2009.

Through the third quarter ending July 31, 2010, the company posted revenue of $7.120 million, up by 14.2% year-over-year which consisted of $6.207 million (up 14.6% y-o-y) in equipment and supplies sales and $913k (up 11.9% y-o-y) in services revenue. International sales were $1.666 million in the quarter, an increase of 28% y-o-y and accounted for 23.4% of total revenue, compared to 20.8% in the same period 2009. EPS of $0.03 was up from the ($0.04) posted in the third quarter 2009, largely as a result of the increase in revenue as well as significantly improved gross margins.

Total revenue came in 1.6% ahead of our $7.008 million estimate with both equipment and supplies and services revenue beating our estimates by 1.6%. Revenue growth in the quarter benefitted from continued international penetration (especially in Europe +66% and Latin America +57%), ongoing strong demand for the recently launched Ultima CardiO2 machine as well as the company's MedGraphics Certified products (refurbished products used sparingly in clinical research studies or demonstrations), and the introduction of Angeion's TRUcal system which debuted during the quarter. Management noted that they have seen some very slight improvement in hospital capital expenditures which also contributed to sales growth.

EPS of $0.03 compared favorably to our estimate of ($0.12). Roughly $0.11 of the $0.15 difference between our estimate and actual EPS was a result of the significantly better than forecasted gross margin. Gross margin came in at 57.8% in the quarter with product margin at 54.1% and service margin at 82.9%. Gross margin was significantly better than our 51.5% forecast and compared very favorably to the 54.4% posted in Q3 2009 as well as 52% in the second quarter 2010. Management attributed the improvement to increased manufacturing efficiencies from higher product volumes, higher margins on the MedGraphics Certified products and reduced provisions for obsolete inventory. Management noted that at least 50% of the y-o-y improvement was attributable to manufacturing efficiencies. As the Certified products business will not likely generate much in the way of sales going forward this portion of the improvement in the gross margin may not be sustainable. The same may be the case for inventory provisions. We do, however expect sales to continue to grow and for Angeion to continue to benefit from some manufacturing leverage. Expectations for greater manufacturing leverage relative to prior years is our basis for increasing our EPS estimates for both the remainder of 2010 as for later periods (2011 – 2013).

Operating expenses of $3.877 million were about 2.7% lower than our $3.983 million forecast and were up 14.8% compared to the third quarter 2009. Sequentially, operating expenses fell 3.4%. The company capitalized $101k worth of R&D during the quarter relating to the development of certain software that will be used on the MedGraphics products – related costs had been expensed in prior periods but as the software is now functional, much of these costs will be brought over to the balance sheet and amortized. This contributed to R&D expense falling by 28% from Q2 2010 and accounted for a significant portion of the difference between our estimate and actual expense. We expect R&D expense in the fourth quarter to be similar to that in Q3.

FINANCIAL CONDITION:

Through the end of the fiscal third quarter (7/31/2010) the company had cash and investments of $10.8 million and no debt. Cash balance is down slightly from $11.1 million at the end of the second quarter 2010. Management recently implemented an initiative aimed at squeezing cash out of working capital which has resulted in cash increasing from $9.0 million at October 31, 2008 to the $10.8 million on the balance sheet at the most recent quarter-end. The cash-management initiative has significantly decreased days sales outstanding and increased days payable and inventory turns with no apparent negative impact (i.e. – irate vendors, etc). While there may be some incremental opportunity to further wring cash from working capital, we expect that it would be minimal at this point. Nonetheless, the company remains conservatively capitalized especially given their relatively modest capital expenditure requirements.

While the company has struggled to post positive net income since fiscal 2007, Angeion has consistently generated substantial positive free cash flow since fiscal 2006 including $2.12 million in 2008, $2.1 million in 2009.

Capex has averaged approximately $225k over the last two full fiscal years. We expect this to increase for the full-year 2010 as the company capitalizes technology related to new product development. Capex through the first nine months of the year was $3.7 million. Despite our expectations that capital purchases will remain elevated through the end of 2010, we believe capex will remain easily manageable and the company will continue to carry a significant cash balance. We expect free cash flow to be negative for the full-year 2010 due to a combination of only moderate (~10%) revenue growth, ramping operating expenses, little room to further squeeze cash from working capital and capex materially increasing throughout the year. Through the first nine months of 2010 free

cash flow was negative $3.61 million. Despite this, Angeion's balance sheet will remain very healthy and easily afford the company breathing room until the economy shows sustainable improvement and revenue growth and positive cash flow again materialize. Angeion repurchased $299k of stock through the first nine months of 2010 under the company's recently implemented $1 million stock buyback program. We believe the company may implement an additional stock repurchasing program, potentially up to $5 million. Cash could also be used for a potential acquisition that management has mentioned may be on the horizon in the near future. However, we believe any deal that happens would be relatively small ($5MM in revenue) and that Angeion is not willing to materially leverage up or compromise their balance sheet in order to get a deal done.

OUTLOOK:

Near-term….

Hospitals began significantly cutting back on capital expenditures around the middle of 2008 as a result of the weakness in the global economy. Since that time hospitals have kept a tight rein on budgets and held capex to a minimum. Where MedGraphics could rely on a certain amount business coming from hospitals expanding or upgrading their cardiorespiratory departments prior to economic turmoil, now this revenue source is significantly diminished. Instead MedGraphics has had to rely on sales from hospitals and clinics which need to replace broken equipment that can no longer be repaired. As detailed above, the result has been Angeion's sales falling 15% from $30.0 million in 2008 to $25.5 million in 2009. With the economy starting to show slight signs of revitalization, an increase in hospital capex may soon follow, although there was only little evidence of this through the first nine months of fiscal 2010. We do not expect any acceleration in hospital capex to be a large singular event but instead to be incremental and drawn-out. We note that while capital expenditures are typically dictated by annual budgets, hospitals generally have some flexibility to modify spending throughout the year based on their financial performance and resources. So a significant uptick in business during the year could result in additional capital spending outside of annual budgets. Third quarter revenue grew 14.2% despite the stinginess in hospital capex. International sales increased of 28% y-o-y due to strong growth in Europe (up 66%) and Latin America (up 57%). Domestic sales grew 11% to $5.45 million. Our model reflects our expectations of a more modest level of international sales growth coupled with a resurgence of domestic revenue growth spurred by new product introductions and an incremental increase in hospital capex. We forecast fourth quarter sales of $7.339 million, implying y-o-y and sequential growth of 11.1% and 3.1%, respectively. Services revenue, which is largely a function of equipment sales should continue to track at about 15% of equipment sales.

Relative to near-term operating expenses, we expect additional spending on sales and marketing but for research and development as well as general and administrative expenses to fall on a sequential basis in the fourth quarter. The company is rolling out new marketing campaigns, adding headcount and will continue to exhibit at conferences and events which will result in significantly higher S&M expenses in 2010 compared to the previous year. As Angeion is now capitalizing a portion of their R&D spend, we expect R&D expenses running through the income statement to come down from the levels seen earlier in 2010. New products and product extensions should continue to benefit revenue. We look for net loss of $1.12 million and EPS to come in at ($0.27) in 2010, compared to ($1.59) million and ($0.39) in 2009. We expect operating margin to continue to improve throughout 2011 from a combination of robust sales growth, stronger gross margin and leverage from the large R&D and S&M spend during 2010. Gross margin in 2011 should materially benefit from increased manufacturing efficiencies gained from the broader product base and from the company opportunistically taking pricing increases. We look for the net result to be income of $304 million in 2011 and EPS of $0.08.

Long-term….

Longer-term growth will be a function of further market penetration, entering new markets and new product introductions. We expect growth to come from all three of these areas both from both organic means and through acquisitions.

The domestic and international COPD/asthma markets offer enormous opportunity for Angeion to grow its MedGraphics business. COPD is a highly under diagnosed, deadly and costly disease. COPD is the fourth leading cause of death in the U.S. and some estimates show that one-half of all COPD sufferers in the U.S., or about 16 million people, have yet to be diagnosed with the disease. Figures for asthma are similar, with about 35%, or 12 million Americans, suffering from but yet to be diagnosed with the disease. Worldwide statistics are much more dramatic with 300 million people estimated to suffer from asthma and 200 million remaining undiagnosed. The

World Health Organization estimates that 600 million people suffer from COPD worldwide and that it will become the third leading cause of death by 2020. A conservative estimate would mean one-half, or 300 million people remain undiagnosed. This number is expected to grow due to the increasing rate of smoking in some countries. COPD is also burdensome from a cost perspective, especially when it goes undiagnosed. A study done by the Lovelace Clinic Foundation, a non-profit health research organization, found that the average healthcare cost per COPD patient was almost $2,500 more during the twelve months just prior to diagnosis compared to the twelve months following COPD diagnosis. The majority of the difference in costs were from hospital care.
We feel that Angeion is well positioned to capitalize on the growing COPD/asthma epidemic through recently expanding its international reach with new distributors and increasing its product breadth to cater to a wider market segment. As mentioned previously, international growth is a major focus for the company, and we expect COPD/asthma diagnosis to be a central theme to their international growth strategy. The international business also provides higher gross margins relative to domestic sales so as international revenue grows as a percent of total sales, gross margins should benefit.

We also expect the company to benefit from market share gains at the expense of competitors. The company's strong brand and service reputation has resulted in customer loyalty and some market share gains which we expect to continue especially as hospital capital expenditures increase.

MedGraphics is also marketing to new customers, recently targeting not only hospitals and pulminologists, but internal medicine physicians as well. The company's new more affordable and smaller CCM Express and CPX Express products allow MedGraphics to more effectively target critical care units and smaller clinics and physician offices. The Express line is an example of Angeion continuing to deliver on their long-term growth strategy of rolling out a steady stream of new products and product extensions in order to further penetrate their existing markets and tap into new markets.

Opportunity for long-term growth in the New Leaf business lies in addressing the growing U.S. obesity epidemic, a greater desire for a more personalized-treatment approach and expanding into corporate fitness centers. Approximately two-thirds of the U.S. population is considered either overweight or obese and New Leaf is poised to benefit from this. Personalized medicine, or treatment tailored to the specific needs of the individual as opposed to a "one-size-fits-all approach", is a relatively new idea and a huge growth area in health care. New Leaf is on the forefront of tailoring training and nutritional programs based on the needs of the individual. Angeion is also looking to further expand the New Leaf business into additional fitness centers as well as into corporate fitness centers which should offer additional opportunities to grow the business. It's important to note that management has indicated (New Leaf revenue is not broken out) that despite the poor economy, the New Leaf business has been relatively stable. This is in the face of plummeting discretionary spending. We think this bodes well for New Leaf when the economy begins a more sustainable expansion and disposable income levels increase.

Finally, we believe Angeion is interested in expanding through acquisition(s). The company's healthy balance sheet affords it an opportunity to go shopping while equity values remain depressed and management has indicated they may be interested in a small (~ $5MM in revenue) bolt-on acquisition. And while we wouldn't be surprised to see something happen in the near future, we believe management is being very selective in what they will consider. Our model currently does not reflect any contribution from any potential acquisition(s).

RECOMMENDATION

We believe Angeion's revenues bottomed in 2009 and expect sales to continue to grow sequentially through the fourth quarter 2010. Revenue in the third quarter 2010 was up on both a y-o-y (+14.2%) and sequential (+3.9%) basis and for the second consecutive quarter beat our estimate by about 2%. The company is in the midst of tapping new markets and readying for a resurgence in hospital capital spending by investing in headcount, new products and new technologies which is pushing up operating expenses relative to 2009. The net result has been a significant surge in operating expenses but the company turned in its first profitable quarter in Q3 2010 since the fourth quarter of 2008. The company's solid financial position afford it the ability to pump cash into new products and invest in the business for future growth. We expect this to translate into significant revenue, earnings and EPS growth beginning in 2011.

We also note that Angeion's cost base is largely variable and management has done a good job in trimming expenses when revenue plummeted during 2008 and 2009. Angeion was able to grow gross margins, generate significant amounts of cash and keep S&M as a percent of revenue relatively stable as sales dropped. Management's ability to effectively manage costs and their concern over maintaining a healthy balance sheet offers us a certain level of confidence that the company has the skill to effectively navigate a period of prolonged economic weakness if hospital spending does not materialize as soon as expected.

The company is a leader in the markets it serves with a quality brand and service reputation that should serve it well in further penetrating the domestic and international markets especially as hospital spending recovers. We forecast the company to post EPS of $0.08 in 2011 and $0.22 in 2012.

Angeion's stock is well off its high of $18.21 set in January 2007 and currently trades near where it did in 2008 when sales began to suffer as a result of hospital spending beginning to dry up. The current (08/27/2010) stock price of $4.20/share is only slightly higher than book value of $3.66/share with cash per share alone at $2.55 (book and cash figures at July 31, 2010). We believe the stock remains significantly undervalued given our belief that sales have already bottomed and are on the front-end of a rebound and positive net income will rematerialize in mid-to-late 2011.

We are maintaining our Outperform rating on Angeion with a near-term price target of $6.00.

As there's few peer comps available, we use an average of Angeion's three year forward price/sales and price/book for our valuation. The shares have traded between .83x and 1.88x book value from 2007 to 2009 with an average of 1.73x over that period. Price/sales value has ranged from .49x to 1.18x with an average of .82x from 2007 to 2009. Using the three year average p/s Angeion's shares are valued at $5.40. The three year average p/b values the shares at $6.34. Our price target of $6.00 is the approximate average of the two.

FINANCIAL STATEMENTS

INCOME STATEMENT **Angeion Corp.**

	2009 A	Q1A	Q2A	Q3A	Q4E	2010 E	2011 E	2012 E	2013 E
Equipment and Supplies	$22,173.0	$5,790.0	$5,961.0	$6,207.0	$6,393.2	$24,351.2	$28,247.4	$31,506.0	$35,440.0
YOY Growth	*-15.2%*	*3.9%*	*10.5%*	*14.6%*	*10.4%*	*9.8%*	*16.0%*	*11.5%*	*12.5%*
Services	$3,306.0	$825.0	$893.0	$913.0	$946.2	$3,577.2	$4,237.1	$4,725.9	$5,316.0
YOY Growth	*-14.3%*	*-4.2%*	*10.0%*	*11.9%*	*15.8%*	*8.2%*	*18.4%*	*11.5%*	*12.5%*
Total Revenues	$25,479.0	$6,615.0	$6,854.0	$7,120.0	$7,339.4	$27,928.4	$32,484.5	$36,231.9	$40,756.0
YOY Growth	*-15.1%*	*2.9%*	*10.4%*	*14.2%*	*11.1%*	*9.6%*	*16.3%*	*11.5%*	*12.5%*
Cost of equip/supplies	$11,832.0	$3,151.0	$3,120.0	$2,848.0	$3,132.7	$12,251.7	$14,632.2	$16,225.6	$18,180.7
Equipment and supplies margin	*46.6%*	*45.6%*	*47.7%*	*54.1%*	*51.0%*	*49.7%*	*48.2%*	*48.5%*	*48.7%*
Cost of service revenue	$385.0	$97.0	$171.0	$156.0	$160.9	$584.9	$508.5	$567.1	$637.9
Service revenue margin	*88.4%*	*88.2%*	*80.9%*	*82.9%*	*83.0%*	*83.7%*	*88.0%*	*88.0%*	*88.0%*
Cost of Revenues	$12,217.0	$3,248.0	$3,291.0	$3,004.0	$3,293.5	$12,836.5	$15,140.6	$16,792.7	$18,818.6
Gross Income	$13,262.0	$3,367.0	$3,563.0	$4,116.0	$4,045.9	$15,091.9	$17,343.9	$19,439.2	$21,937.4
Gross Margin	*52.1%*	*50.9%*	*52.0%*	*57.8%*	*55.1%*	*54.0%*	*53.4%*	*53.7%*	*53.8%*
Selling & Mktg	$6,964.0	$1,942.0	$1,901.0	$1,967.0	$2,030.0	$7,840.0	$8,446.0	$9,239.1	$10,189.0
% Sell&Mktg	*27.3%*	*29.4%*	*27.7%*	*27.6%*	*27.7%*	*28.1%*	*26.0%*	*25.5%*	*25.0%*
G&A	$3,996.0	$1,102.0	$1,051.0	$1,142.0	$950.0	$4,245.0	$4,223.0	$4,637.7	$5,094.5
% G&A	*15.7%*	*16.7%*	*15.3%*	*16.0%*	*12.9%*	*15.2%*	*13.0%*	*12.8%*	*12.5%*
R&D	$3,151.0	$1,039.0	$1,060.0	$768.0	$818.0	$3,685.0	$3,854.0	$4,168.0	$4,295.0
% R&D	*12.4%*	*15.7%*	*15.5%*	*10.8%*	*11.1%*	*13.2%*	*11.9%*	*11.5%*	*10.5%*
Amortization of Intangibles	$728.0	$105.0	$105.0	$105.0	$105.0	$420.0	$500.0	$500.0	$500.0
Operating Income	($1,577.0)	($821.0)	($554.0)	$134.0	$142.9	($1,098.1)	$320.9	$894.4	$1,858.9
Operating Margin	*-6.2%*	*-12.4%*	*-8.1%*	*1.9%*	*1.9%*	*-3.9%*	*1.0%*	*2.5%*	*4.6%*
Interest income, net	$16.0	$3.0	$3.0	0.0	$3.0	$9.0	$25.0	$35.0	$65.0
Pre-Tax Income	($1,561.0)	($818.0)	($551.0)	$134.0	$145.9	($1,089.1)	$345.9	$929.4	$1,923.9
Taxes	$32.0	$8.0	$8.0	$8.0	$8.0	$32.0	$42.0	$41.0	$233.0
Tax Rate	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*4.4%*	*12.1%*
Net Income	($1,593.0)	($826.0)	(559.0)	126.0	137.9	($1,121.1)	$303.9	$888.4	$1,690.9
YOY Growth	*-132.2%*	*-32.8%*	*-148.4%*	*-172.8%*	*-124.1%*	*29.6%*	*-127.1%*	*192.3%*	*90.3%*
Net Margin	*-6.3%*	*-12.5%*	*-8.2%*	*1.8%*	*1.9%*	*-4.0%*	*0.9%*	*2.5%*	*4.1%*
EPS	($0.39)	($0.20)	($0.13)	$0.03	$0.03	($0.27)	$0.08	$0.22	$0.41
YOY Growth	*-130.5%*	*-31.1%*	*-146.6%*	*-170.8%*	*-123.7%*	*30.7%*	*-128.0%*	*188.7%*	*88.0%*
Diluted Shares O/S	4,121	4,153	4,151	4,241	4,205	4,188	4,050	4,100	4,150

Source: Zacks Investment Research *Brian Marckx, CFA*

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BALANCE SHEET **Angeion Corp.**

	July 31, 2010	October 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$7,274	$11,219
Short term invesmtents	$2,478	-
Accounts receivable, net	$4,842	$4,510
Inventories, net	$4,061	$4,371
Prepaid expenses and other current assets	$190	$243
Total current assets	**$18,845**	**$20,343**
Noncurrent investments	$961	$0
Property and equipment	$521	$698
Intangible assets, net	$1,255	$1,422
Total Assets	**$21,582**	**$22,463**
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$1,792	$1,771
Employee compensation	$1,421	$1,375
Deferred income	$1,534	$1,579
Warranty reserve	$135	$143
Other current liabilities and accrued expenses	$419	$323
Total current liabilities	$5,301	$5,191
Long-term liabilities:		
Long-term deferred income	$741	$718
Total Liabilities	**$6,042**	**$5,909**
Shareholders' equity:		
Common stock	$414	$415
Additional paid-in capital	$22,064	$21,821
Accumulated deficit	($6,941)	($5,682)
Accumulated other comprehensive income	$3	-
Total shareholders' equity	**$15,540**	**$16,554**
Commitments and contingencies		
Total Liabilities and Shareholders' Equity	**$21,582**	**$22,463**

Source: Angeion Corp. / Zacks Investment Research *Brian Marckx, CFA*

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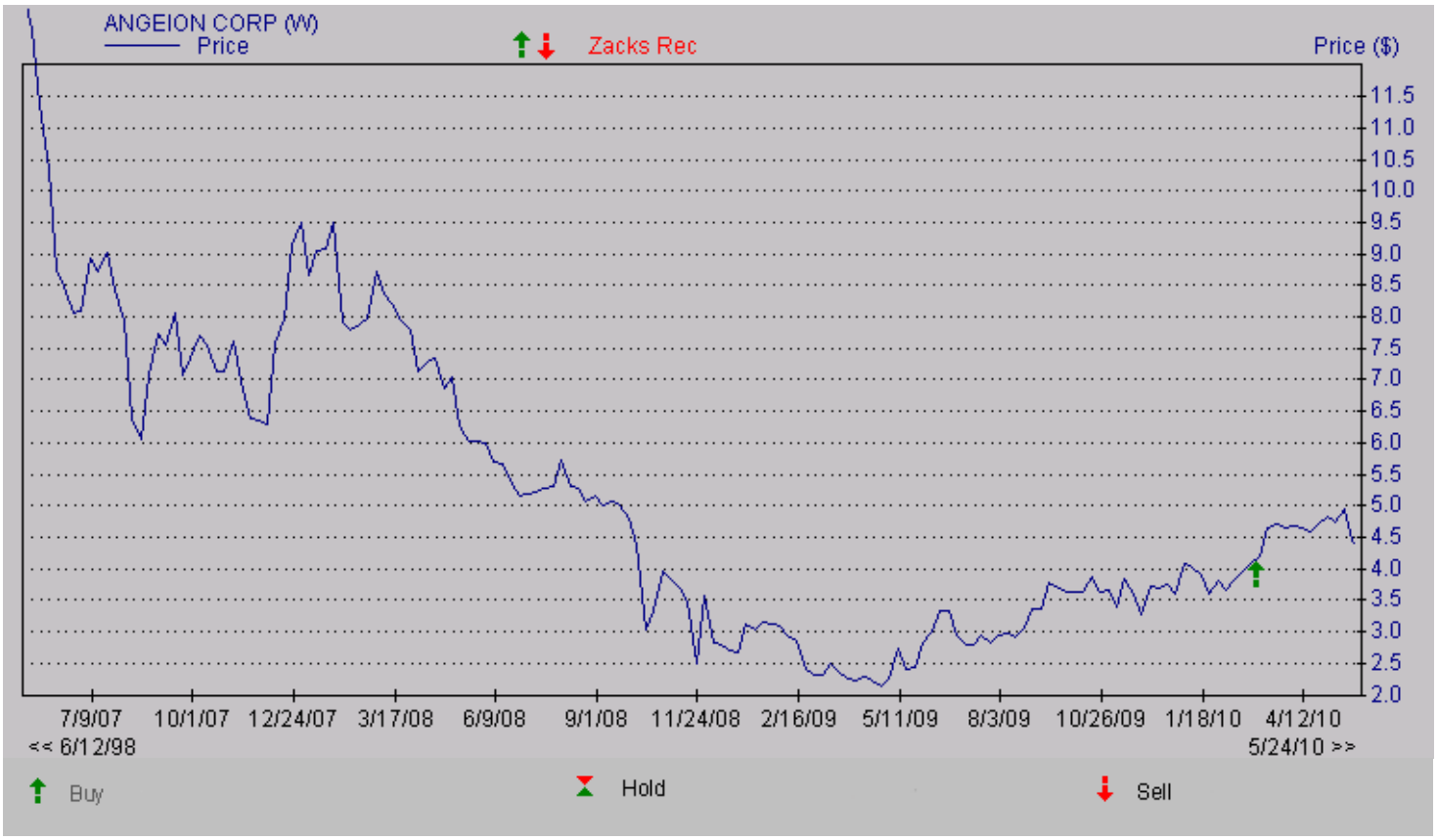
CASH FLOW STATEMENT **Angeion Corp.**

	Nine Months July 31, 2010	Three Months July 31, 2010	Three Months April 30, 2010	Three Months January 31, 2010
Cash Flows From Operating Activities:				
Net loss	($1,259)	$126	($559)	($826)
Depr & Amort	$584	$192	$197	$195
Stock-based compensation	$576	$152	$202	$222
Increase in inventory obsolescence reserve	$20	($104)	$45	$79
Increase/(decrease) in allowance for doubtful accounts	($13)	($35)	$1	$21
Loss on disposal of equipment	$0	$0	$0	$0
Changes in operating assets and liabilities:				
Accounts receivable	($319)	($247)	$73	($145)
Inventories	$327	($54)	$143	$238
Prepaid expenses and other current assets	$53	$29	($87)	$111
Accounts payable	$21	($144)	$168	($3)
Employee compensation	$46	($99)	$449	($304)
Deferred income	($36)	($123)	$298	($211)
Warranty reserve	($8)	($6)	($4)	$2
Other current liabilities and accrued expenses	$84	$14	$93	($23)
Net cash provided by operating activities	$76	($299)	$824	($449)
Cash Flows From Investing Activities:				
Purchases of investments	($3,436)	($1,712)	($1,724)	$0
Purchases of property, equip and intangible assets	($251)	($127)	($36)	($88)
Net cash used in investing activities	($3,687)	($1,839)	($1,760)	($88)
Cash Flows From Financing Activities:				
Proceeds from issuance of common stock under employee stock purchase plan	$18	$8	$0	$10
Proceeds from the exercise of stock options	$7	$0	$0	$7
Retirment of common stock	($299)	($164)	($135)	$0
Repurchase of common stock upon vesting of restricted common shares	($60)	($60)	$0	$0
Net cash provided by financing activities		$118	($135)	$17
Net increase in cash and cash equivalents	($3,945)	($2,354)	($1,071)	($520)
Cash and cash equivalents at beginning of year	$11,219	($10,504)	$10,504	$11,219
Cash and cash equivalents at end of year	**$7,274**	**($13,053)**	**$9,628**	**$10,699**

HISTORICAL ZACKS RECOMMENDATIONS



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