FORM 10-K

LANGER INC - GAIT

Exhibit:

Filed: May 19, 2000 (period: February 29, 2000)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended FEBRUARY 29, 2000

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-12991

THE LANGER BIOMECHANICS GROUP, INC.
(Exact name of Registrant as specified in its charter)

NEW YORK	11-2239561
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

450 COMMACK ROAD, DEER PARK, NEW YORK 11729
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (516) 667-1200

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, PAR VALUE $.02 PER SHARE
Title of Class

* * * * * * * * * * *

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES /X/ NO / /

Source: LANGER INC, 10-K, May 19, 2000

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

As of May 12, 2000 the aggregate market value of voting stock held by non-affiliates of the Registrant was $2,519,485, as computed by reference to the average bid and ask prices of the stock (1 11/16) multiplied by the number of shares of voting stock outstanding on May 12, 2000 held by non-affiliates (1,493,028).

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of May 12, 2000.

CLASS OF COMMON STOCK	OUTSTANDING AT MAY 12, 2000
Common Stock, par value $.02 per share	2,539,081 shares

DOCUMENTS INCORPORATED BY REFERENCE

Not applicable.

Source: LANGER INC, 10-K, May 19, 2000

PART I

ITEM 1. BUSINESS

GENERAL

The Langer Biomechanics Group, Inc. ("LBG" or the "Company") is engaged in the design, manufacture and marketing of foot and gait-related biomechanical products. The Company's largest product line, custom-made, prescription orthotic devices, accounted for approximately 84% of revenues for the fiscal year ended February 29, 2000. Foot orthoses are contoured molds made from plastic, graphite, leather or composite materials, which are placed in patients' shoes to (i) correct or mitigate abnormalities in their gait and (ii) relieve symptoms associated with foot or postural malalignment. These devices function by maintaining the proper relationships between a patient's forefoot, rearfoot, leg and horizontal walking surface. To the Company's knowledge, it has the greatest overall unit volume and revenue in the custom foot orthoses industry. The Company's customers are primarily podiatrists, and also include orthopedists, physical therapists and Orthotic & Prosthetic ("O&P") centers. The Company also makes ankle foot orthoses ("AFO"), boot-like devices which assist individuals afflicted with neurological impairments, foot deformities and injuries to achieve a more natural gait.

In addition to its line of orthotics products, the Company has developed and markets a number of other products that help treat biomechanical medical problems related to feet and gait, including:

- A proprietary medical grade soft tissue cushioning material named PPT(R), which the Company believes provides superior protection against forces of pressure, shock and shear. PPT conforms and bonds to a broad array of orthotic and prosthetic devices, braces and assemblies; and

- The Pediatric Counter Rotation System ("CRS"(R)), a device which corrects in-toe/out-toe disorders of infancy, while allowing unrestricted movement of the feet and legs.

BACKGROUND

Since its formation under the laws of the state of New York in 1971, the Company has engaged in activities relating to the application of scientific and quantitative methods for the diagnosis and treatment of foot and gait-related problems. To date, the majority of the Company's revenues have been derived from the sale of prescription biomechanical foot orthotic devices to health care practitioners in the field of podiatric biomechanics. Podiatric biomechanics deals essentially with the structure and function of segments of the feet as they relate to each other and to the function of the legs, hips and spine.

The Company has also endeavored to manufacture and market complementary products relating to locomotor dysfunctions. Building on its experience in treating disorders associated with the biomechanics of the foot and leg, the Company has directed efforts towards producing therapeutic products which can treat and improve patients' motor capabilities, biomechanical alignment and function.

Source: LANGER INC, 10-K, May 19, 2000

Net sales by product category of the Company as derived from its accounting records are set forth below (dollars in thousands):

	FISCAL YEARS ENDED:			
PRODUCT CATEGORY	FEB. 29, 2000	FEB. 28, 1999	FEB. 28, 1998	FEB. 28, 1997
Custom Orthoses	$ 9,305	$ 8,521	$ 8,618	$ 8,994
PPT Products	1,303	1,269	1,281	1,085
Materials and Other	537	517	257	436
Total	$ 11,145	$ 10,307	$ 10,156	$ 10,515

Export and foreign sales constituted approximately 34%, 26% and 26% of revenues for the fiscal years ended February 29, 2000, and February 28, 1999 and February 28, 1998, respectively.

CUSTOM ORTHOTIC DEVICES

The Company is engaged in the design, development, manufacture and sale of custom-made foot orthoses. Biomechanical orthotic devices help provide near normal function by maintaining the angular anatomical relationships between the patient's forefoot, rearfoot, leg and horizontal walking surface. This is achieved by the inherent contours of the neutral position shell of the device and by the angled posts on the front and/or rear ends which cause the orthotic device to move into specific positions at specific times during the gait cycle. Accordingly, muscle action is enhanced and the efficiency and smoothness of weight stress transmission through the feet and legs is improved. The result is a reduction of abnormal motion without total restriction of normal motion and an increase in foot and leg stability. Foot problems may be alleviated or eliminated, as may leg and back fatigue caused by improper muscle use. The formation and further growth of excrescences (e.g., corns or callouses) may be prevented, decreased in size or eliminated. In addition, the future formation of bunions may be prevented.

During the twelve months ended February 29, 2000, sales of orthotic products totaled $9,305,000, compared to $8,521,000 for the twelve months ended February 28, 1999. Increased revenue resulted from increased unit volume in both the Company's domestic operations and the United Kingdom subsidiary.

While sales were primarily made to practitioners within the United States, the Company also sold its orthotic products in approximately thirty-two foreign countries. No single orthotic customer presently accounts for more than 1% of the Company's annual sales. The primary market for custom orthotic devices is podiatrists who prescribe such devices for their patients. There are approximately 11,000 practitioners of podiatry licensed in the United States. Orthotic devices are also sold to other health care professionals, such as orthopedists, engaged in the treatment of the foot. The cost of the device to the patient is typically included by the practitioner as part of his fee for treatment. The Company does not sell the devices directly to the user-patient. Orthotic devices are made in the Company's three facilities in Deer Park, New York; Brea, California; and Stoke-on-Trent, England. The prescribing practitioner furnishes plaster impression casts of the patient's feet and necessary clinical information on an appropriate prescription order form. In addition to its six-month warranty, the Company offers an optional "Protect Program" at an additional cost of $55 per pair of orthoses. Under the program, the Company will repair or replace the orthotics at no charge, or at a reduced charge, during the first 24 months following sale.

Biomechanical orthotic devices can be fabricated with different functional capabilities and from various materials, depending upon the requirements of the patient. The Company has designed orthotic devices to address the needs of particular segments of the market. For example, the general interest in physical fitness has resulted in demand for orthotic devices and it has heightened the awareness of the importance of proper foot function and foot care. To address this segment of the market, the Company manufactures an extensive line of orthotics called Sporthotics(R), designed for the specific needs of runners and other sport-specific athletes, including football, basketball and tennis players. Other specialized products include: Healthflex(R) (designed for the needs of aerobic dance, walking and exercise enthusiasts), DesignLine(R)

(a functional orthotic designed to fit into dress shoes, such as high fashion shoes and loafers which cannot accommodate a full-size orthotic), DressFlex(TM) (a unique proprietary device for use in women's high-heeled shoes), Slimthotics(R) (designed to fit into shoes, such as high heels and ballet slippers), Lyte Fit(R) (ultra-thin and lightweight devices made from LBG's exclusive Superform(R) thermoplastic material), the Golden Series(TM) (designed for the needs of active individuals who are over 50 years of age), Bioflex(R) (devices suitable for younger, more active individuals), BlueLine(TM) (a flexible, durable, accommodative device that provides a moderate level of control), D.S.I.S.(R) (a patented device for the effective treatment of pediatric flat foot), and Diab-A-Thotics(R) (designed to meet the needs of diabetic patients in the growing diabetic population).

An additional product line called "FirstChoice" was introduced in fiscal 1995 in order to address price-sensitive market areas, including managed care organizations. The product offering is limited to several basic products and has flat rate pricing. The manufacturing and service areas are also limited in order to reduce costs.

Superform(R) is a proprietary composite material believed to be superior to other composite materials available for orthotic fabrication. Superform was first introduced in fiscal 1994 in several of the Company's orthotic products due to its strength and mouldability. During fiscal 1995, the Company began to market Superform to other orthotic labs.

Ankle Foot Orthoses ("AFO") are plastic devices which are composed of a foot plate and leg support. They assist individuals afflicted with neurological impairments, previous trauma, ankle and leg instability, and arthritic deformities, to achieve a more natural gait. These products include the Hinged Ankle Foot Orthosis ("HAFO") used for neurological problems, the Supra-Malleoloar Orthosis ("SMO") for instability of the ankle joint, the Solid Ankle Foot Orthoses ("SAFO") to restrict motion at the ankle to treat arthritis and other joint conditions, and the Posterior Leaf Spring ("PLS"), useful in tendon ruptures and flaccid drop foot. AFO devices are prescribed by podiatrists, physical therapists and rehabilitation therapists.

While the Company obtains a number of its fabrication materials from single sources, it has not experienced any significant shortages other than occasional backorders. In most cases, any needed materials can usually be obtained from an alternate distributor.

The Company believes that a relatively small percentage of custom orthotic devices continue to be made by practitioners in their own offices or laboratories. The vast majority of the market is serviced by professional laboratories based on casts and prescriptions furnished by practitioners. There are several other custom orthotic laboratories that are national in scope which the Company believes hold approximately a combined 40% to 45% of the overall custom market. The remainder of the market is fragmented among smaller regional and local facilities.

PPT(R) PRODUCTS

PPT is a medical grade soft tissue cushioning material with a high density, open-celled urethane foam structure. PPT, a registered trademark of the Company, is manufactured, pursuant to an agreement, for the Company by a large industrial manufacturing company. This company manufactures urethane foam materials of which PPT is a derivative. Pursuant to the agreement, the Company has the exclusive worldwide rights to serve footcare, orthopedic and related medical markets with such materials.

The Company has developed and sells a variety of products fabricated from PPT including moulded insoles, components for orthotic devices, laminated sheets, and diabetic products. Some manufacturing operations associated with these products are performed by outside vendors.

Sales of PPT products for the twelve months ended February 29, 2000 were $1,303,000 versus $1,269,000 in the prior fiscal year. The increase is primarily attributable to increased sales in Europe.

In 1993, the Company introduced a new generation of PPT, which independent tests show to have improved properties over competitive materials. The essential function of PPT and other soft tissue supplements is to provide protection against forces of pressure, shock and shear. The Company believes that PPT's characteristics make it a superior product in its field. PPT has a superior "memory" that enables it to return to its original shape faster and more accurately than other materials

Source: LANGER INC, 10-K, May 19, 2000

used for similar purposes. PPT is also odorless and non-sensitizing to the skin, and has a porosity which helps the skin to remain dry, cool and comfortable. These factors are especially important in sports medicine applications.

Besides podiatric use, PPT is suitable for other orthopedic and medical-related uses such as liners for braces and prosthetics, as shock absorbers and generally in devices used in sports and physical therapy.

The Company has awarded exclusive distribution arrangements to certain leading distributors serving selected end-use markets in the United States and other countries. The Company sells direct to practitioners in non-exclusive markets.

The market for soft tissue supplements is highly competitive. Brand products as well as commodity type foam rubber are all widely used. Brand name products include Spenco, Sorbothane, medical-grade Poron, and DCS. The remainder of the market is fragmented. The Company competes directly with one other manufacturer of cellular urethane foam.

MATERIALS AND OTHER SALES - (MOS)

This category includes all other revenue sources for the Company, including Superform(R) and the Pediatric Counter Rotation System ("CRS" (R)).

Superform(R)

Superform thermoplastic composite is the Company's proprietary material used for orthotic shell fabrication. Superform is lightweight and has superior impact resistance, making it a suitable material for orthotics that are used by athletes.

CRS(R)

The Company introduced the CRS device in fiscal 1987 for the correction and management of a variety of in-toe and out-toe disorders of infancy. The disorders manifest themselves in an excessive angle, either inward or outward, from that which is normal in the relationship of the foot to the direction of movement. The CRS is designed to replace rigid bars or splints which have traditionally been used (since 1934) and which not only inhibit normal leg movement and are cumbersome and inconvenient, but can also lead to permanent knee and hip damage. Unlike rigid bars or splints, the CRS requires no specific measurement for sizing and may be used with almost any type of children's shoes. Also, unlike other devices, it will allow the infant unrestricted movement of the feet and legs while maintaining the abnormal foot or feet in the corrected position. The CRS is also designed to compensate automatically for the rapid growth of an infant's legs and hips, thus avoiding the possibility of damage to the hips and knees. The potential for permanent knee and hip joint damage is a significant drawback of rigid bar therapy.

The CRS is prescribed by pediatricians, orthopedists and podiatrists and is sold by the Company directly to practitioners as well as through selected distributors. The level of reimbursement from third-party insurers for the CRS varies from one state to another.

The CRS was developed by BioResearch Ithaca, Inc. of Ithaca, New York, which has obtained patents on the device in the United States and certain other countries. In accordance with a license agreement entered into in 1986 between the Company and BioResearch Ithaca, Inc., the Company has been granted an exclusive license, with the right to grant sublicenses, to make, use and sell the CRS. Food and Drug Administration acceptance to market the CRS has been obtained by the Company. See "Governmental Regulation".

Sales for MOS totaled $537,000 during the twelve months ended February 29, 2000 compared to sales of $517,000 in the prior twelve-month period. The increase in revenues resulted principally from an increase in miscellaneous revenues at the Company's United Kingdom operation.

Source: LANGER INC, 10-K, May 19, 2000

MARKETING

The Company vitalized its field sales effort, targeting multi-practitioner facilities, in addition to trade shows, advertising, educational sponsorships, public relations and maintenance marketing. The Company continues to emphasize customer service by maintaining a staff of customer service representatives at each of its facilities.

The Company continues its focus on providing the education and training for healthcare practitioners who treat biomechanical problems of the lower extremity through seminar and in-service programs. A comprehensive program is offered in biomechanics, gait analysis and the cost-effectiveness of orthotic therapy.

Management promotes awareness of orthotics through marketing and operational initiatives. A Volume Incentive Program ("VIP") along with practice building assistance is oriented toward helping practitioners expand the orthotic components of their practices.

RESEARCH AND DEVELOPMENT

As of March 1, 1999, the Company established a Product Development department to explore new applications for existing products and ensure that the Company remains on the cutting edge of orthotic therapy. Costs incurred during the twelve months ended February 29, 2000 were approximately $149,000.

PATENTS AND TRADEMARKS

The Company believes that patent and trademark protection are beneficial. The Company holds 13 patents, 94 trademarks and 9 copyrights. These patents and trademarks are held in 12 countries, including the United States. The Company has exclusive licenses to three types of orthotic devices which are patented in the United States and several foreign countries. In addition, patents have also been granted to a third party in the United States and numerous foreign countries with respect to the CRS (as to which the Company has exclusive marketing rights).

Although a patent would have a statutory presumption of validity in the United States, in the event that any patent awarded to the Company or a third party is later tested in litigation, the issuance of a patent is not conclusive as to such validity or as to the enforceable scope of the claims therein. The validity and enforceability of a patent can be attacked after its issuance. If the outcome of such litigation is adverse to the owner or licensor of the patent, third parties may use the invention or technology pertaining to the patent without restriction. Accordingly, any patents granted to the Company or to third parties from whom the Company obtained licenses may not afford any protection against competitors with similar products. Loss of patent protection could have an adverse effect on the Company's business by permitting competitors to utilize techniques developed by the Company.

GOVERNMENTAL REGULATION

Rules of the Food and Drug Administration ("FDA") may require the submission of a 510(k) notification of intent to market certain products. Upon submission of a 510(k), the FDA may determine the product to be substantially equivalent to products previously marketed in interstate commerce. Such submissions have been made and determined to be substantially equivalent for the CRS.

EMPLOYEES

At March 1, 1999, the Company had 148 employees, of which 82 were located in Deer Park, New York, 37 in Brea, California, and 29 in Stoke-on-Trent, England. The employees are not represented by a union. During Fiscal 2000, the Stoke-on-Trent facility was a 75% owned subsidiary of the Company. Subsequent to February 29, 2000, the Company acquired the remaining 25% interest in this subsidiary. See Notes to Consolidated Financial Statements.

Source: LANGER INC, 10-K, May 19, 2000

CONSULTANTS AND FIELD EVALUATION FORCE

The Company has oral or written agreements with four medical specialists with respect to their providing professional consultative services to the Company in their areas of specialization. Two of the consultants are on the faculties of podiatric medicine colleges in the United States.

The consultants test and evaluate the Company's products, act as speakers for the Company at symposiums and professional meetings, generally participate in the development of the Company's products and services and disseminate information about them. The Company also relies on practitioners in various parts of the country to act as field evaluators of the Company's products.

SEASONALITY

Revenue derived from the Company's sale of orthotic devices, a substantial portion of the Company's operations, has historically been significantly higher in the warmer months of the year.

ITEM 2. PROPERTIES

The Company's executive offices, and its primary manufacturing facilities, are located in Deer Park, New York. The Deer Park facility is leased through July 31, 2005, with a four year extension option, and with monthly lease payments averaging $25,181. The Company also leases space in Brea, California (manufacturing facility) which expires on December 31, 2000, and with aggregate monthly lease payments of $7,576. The Company's United Kingdom subsidiary (see notes to consolidated financial statements) occupied new premises in fiscal 2000. The facility in Stoke-on-Trent, England is leased through August 2004 ,with a five year extension, with quarterly lease payments of $10,500 (at the current exchange rate). The Company believes that its manufacturing facilities are suitable and adequate and provide the productive capacity necessary for its current and reasonably foreseeable future needs. The Company believes that while these manufacturing facilities are being adequately utilized, they could be more fully utilized (e.g. with extended night shift operations) should this become necessary.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

The Registrant's common stock, par value $.02 per share ("Common Stock"), is traded on the over-the-counter market with quotations reported on the National Association of Securities Dealers Automated Quotation System (NASDAQ) under the symbol GAIT. The following table sets forth the high and low closing bid prices for the Common Stock for the fiscal years ended February 28, 1999 and February 29, 2000. The NASDAQ quotations represent prices between dealers, do not include retail markups, markdowns or commissions, and may not represent actual transactions.

TWELVE MONTHS ENDED FEBRUARY 28, 1999	HIGH	LOW
1st quarter	1-9/16	1-5/16
2nd quarter	1-7/16	1-5/16
3rd quarter	1-3/8	1-1/16
4th quarter	1 7/8	1-1/4

TWELVE MONTHS ENDED FEBRUARY 29, 2000	HIGH	LOW
1st quarter	2	1-1/4
2nd quarter	1-13/16	1-3/8
3rd quarter	2	1-5/8
4th quarter	1-15/16	1-11/16

On February 29, 2000, there were approximately 300 holders of record of the Common Stock. However, this figure is exclusive of all owners whose stock is held beneficially or in "street" name. Based on information supplied by various securities dealers, the Company believes that there are in excess of 650 shareholders in total, including holders of record as well as those whose shares are beneficially held.

DIVIDEND HISTORY AND POLICY

The Registrant has never paid cash dividends on its Common Stock and anticipates that, for the foreseeable future, it will follow a policy of retaining earnings to finance the expansion and development of its business. Under the Company's current revolving credit facility with a bank, under which there are currently no borrowings, restrictions are applicable to the payment of dividends. In any event, future dividend policy will depend upon the Company's earnings, financial condition, working capital requirements and other factors.

Source: LANGER INC, 10-K, May 19, 2000

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share data.)

	Fiscal Year Ended:				
	Feb. 29, 2000	Feb. 28, 1999	Feb. 28, 1998	Feb. 28, 1997	Feb. 29, 1996
Consolidated Statement of Operations:					
Net sales	$11,145	$10,307	$ 10,156	$ 10,515	$10,113
Income (loss) before non-recurring charges and income taxes	(337)	329	370	331	113
Non-recurring changes:					
Discontinuance of CAD-CAM project	-	-	-	-	(499)
Lab closings, write down of selected assets and legal fees	-	-	-	-	(49)
Income (loss) before income taxes	(337)	329	370	331	(435)
Provision for (benefit from) income taxes	(2)	25	5	28	(2)
Net income (loss)	(335)	304	365	303	(433)
Earnings per share:					
Income (loss) before non-recurring charges and income taxes	(0.13)	0.12	0.14	0.12	0.04
Non-recurring changes:					
Discontinuance of CAD-CAM project	-	-	-	-	(0.19)
Lab closings, write down of selected assets and legal fees	-	-	-	-	(0.02)
Net income (loss) per common share:					
Basic	(0.13)	0.12	0.14	0.12	(0.17)
Diluted	(0.13)	0.12	0.14	0.11	(0.17)
Weighted average number of common shares:					
Basic	2,571	2,584	2,585	2,583	2,568
Diluted	2,571	2,607	2,658	2,666	2,568
Cash dividends per share	-	-	-	-	-

Consolidated Balance Sheets:	Feb. 29, 2000	Feb. 28, 1999	Feb. 28, 1998	Feb. 28, 1997	Feb. 29, 1996
Working Capital	1,715	2,423	2,090	2,050	1,576
Total Assets	4,738	5,125	4,848	4,445	4,035
Long-term Liabilities (excluding current maturities)	277	305	375	444	430
Stockholders' Equity	2,536	2,934	2,663	2,291	1,978

Source: LANGER INC, 10-K, May 19, 2000

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

STATEMENTS OF OPERATIONS:

The Company's net sales of $11,145,000 for the twelve months ended February 29, 2000 were 8.1 percent above net sales of $10,307,000 for the twelve months ended February 28, 1999. Net sales in fiscal 1999 were 1.5 percent above net sales of $10,156,000 for the twelve months ended February 28, 1998.

Sales of orthotic products, which accounted for 84 percent of the Company's fiscal 2000 sales, increased by approximately $784,000 or 9.2 percent to approximately $9,305,000 in the most recent twelve-month period. The increased sales of orthotci products is principally due to increased unit volume resulting from increased marketing activities in both the Company's domestic operations as well as its United Kingdom operations. Sales of orthotic products in fiscal 1999 decreased by $97,000 or 1.1 percent to $8,521,000 from fiscal 1998. Decreased revenue resulted from decreased unit volume in the Company's United Kingdom subsidiary. The United Kingdom's volume decline in custom orthotics was largely offset by a volume increase in the Company's North America operations.

Sales of PPT (the Company's soft tissue supplement material) for the recent twelve months were $1,303,000, which increased by $34,000 or 2.7 percent from sales in the prior fiscal year. For the year ended February 28, 1999, sales were $1,269,000, representing a .9 percent decrease of $12,000 from the prior year. The decrease in PPT sales over the prior fiscal year was due to supply chain problems that resulted in cancelled orders from larger direct accounts and distributors.

Sales of material and other revenues increased by 3.9 percent to approximately $537,000 for the most recent twelve-month period. This increase is principally due to an increase in miscellaneous revenues at the Company's United Kingdom operation. For the year ended February 28, 1999, sales of materials and other revenues increased approximately $260,000 to $517,000 from sales in the prior fiscal year. This increase in revenues resulted from the use of Superform in non-Company products sold throughout the United Kingdom and sold to distributors.

Gross profit (net sales less cost of sales) as a percentage of sales decreased from 36.4 percent for the twelve months ended February 28, 1999 to 35.5 percent for the recent twelve-month period. The decrease in the gross profit percentage was primarily the result of increased overhead costs and production inefficiencies. Subsequent to February 29, 2000, management implemented a new productivity incentive plan to increase production efficiency and tightened controls over overhead spending. Gross profit as a percentage of sales decreased from 40.0 percent for the twelve months ended February 28, 1998 to 36.4 percent for the year-end February 28, 1999. The decreased gross profit percentage largely resulted from increased labor and freight costs associated with unusual customer support efforts that revolved around operational issues caused by the installation of a new company-wide computer system. Increased material costs also accounted for some of the decrease in gross margin.

For the current fiscal year, selling expenses increased by $308,000 (or 22.0 percent), and general and administrative expenses increased by $214,000 (or 9.5 percent), compared to the prior twelve-month period. The increase in selling expenses is primarily due to increased salary and travel expenses and increased commissions associated with the increased sales and increased promotional activities focused on increasing market share and future sales. The increase in general and administrative expenses is principally due to increased professional fees and travel expenses. For the twelve-month period ended February 28, 1999, selling expenses decreased by $97,000, and general and administrative expenses decreased by $3,000, compared to the prior twelve-month period. The decrease in selling expenses was driven by reductions in salaries, direct mail and advertising. The decrease in general and administrative expenses was due to net reductions in salaries and fringe benefits.

Source: LANGER INC, 10-K, May 19, 2000

As of March 1, 1999, the Company established a Product Development department to explore new applications for existing products and ensure that the Company remains on the cutting edge of orthotic therapy. Costs incurred during the twelve months ended February 29, 2000 were $149,000. The Company incurred no research and development expenses in fiscal 1999 or 1998.

Interest income for the recent twelve-month period of $31,000 decreased $13,000 from the prior twelve-month period. The decrease is principally due to the reduction in cash balances from the prior year. Interest income of $44,000 for fiscal 1999 was below fiscal 1998 by $9,000 due to a reduction in interest charged on past due receivables.

Other income for fiscal year 2000 was $(11,000) as compared to $208,000 in the prior fiscal year. The significant decrease is due to an insurance claim settlement received in 1999 for a fire at the main production facility several years ago. For the twelve months ended February 28, 1998, other income was $13,000.

LIQUIDITY AND CAPITAL RESOURCES

Working capital as of February 29, 2000 decreased $691,000 to $1,715,000 from $2,406,000 at February 28, 1999 and cash balances at February 29, 2000 of $918,000 were $782,000 below the prior year-end balance of $1,700,000. During the past year, the Company made significant investments in the long-term assets necessary to grow the business. Fixed asset additions were approximately $577,000 for the year and included the construction of a new leased facility at the Company's subsidiary in the United Kingdom, a new telecommunications system at the Company's Deer Park headquarters, a CNC router and various other pieces of production machinery and equipment. Management anticipates that it will invest in additional fixed assets in fiscal 2002 with additions concentrated on process improvement and automation. Additionally, the Company purchased approximately $97,000 of its common stock in the open market. The Company's net loss in fiscal 2000 also contributed to the reduction in working capital and cash.

The Company has a one year agreement for a revolving credit facility of $1,500,000, which expires November 30, 2000. The facility provides borrowings at an interest rate of prime plus 1/2 percent, from a bank, but to date the Company has not found it necessary to use this credit line. The agreement contains, among other items, restrictions relating to incurrence of additional indebtedness and the payment of dividends. Additionally, the Company is required to maintain certain minimum financial ratios. Borrowings under this agreement are collateralized by substantially all of the assets of the Company. The Company also has a $500,000 equipment credit line with a bank to finance the long-term capital equipment needed to grow the Company's business. In December 1999, the Company borrowed $115,000 on this line to finance the acquisition of certain machinery and equipment. The loan bears interest at 9.5% per annum and requires 48 monthly payments of $2,396. At February 29, 2000, $110,000 was outstanding under this line.

Repurchases of the Company's common stock are contemplated to be made from time to time in the open market at prevailing prices and may be made in privately negotiated transactions, subject to available resources. The Company may also finance acquisitions of other companies or product lines in the future from existing cash balances and its revolving credit facility, from borrowings from institutional lenders, and/or the public or private offerings of debt or equity securities. The Company has never borrowed on the revolving credit facility and management believes that its existing cash balances, funds generated from operations and the revolver will be adequate to meet cash needs

Source: LANGER INC, 10-K, May 19, 2000

SEASONALITY

Revenue derived from the Company's sale of orthotic devices, a substantial portion of the Company's operations, has historically been significantly higher in the warmer months of the year.

INFLATION

The Company has in the past been able to increase the prices of its products or reduce overhead costs sufficiently to offset the effects of inflation on wages, materials and other expenses, and anticipates that it will be able to continue to do so in the future.

RECENT PRONOUNCEMENTS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which requires that derivative instruments be measured at fair value and recognized as assets or liabilities in the Company's balance sheet. SFAS No.133(as amended by SFAS No. 137) is effective for all quarters of all fiscal years beginning after June 15, 2000. The Company is currently evaluating the effect that SFAS No. 133 will have on the Company's consolidated financial statements.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS

Information contained or incorporated by reference in the annual report on Form 10-K and in other SEC filings by the Company contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof, other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that future results covered by the forward-looking statements will be achieved, and other factors could also cause actual results to vary materially from the future results covered in such forward-looking statements. Factors which might cause such a difference include, but are not limited to, product demand, the impact of competitive products and pricing and general business and economic conditions.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Begins on the next page.

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE
FEBRUARY 29, 2000, FEBRUARY 28, 1999 AND FEBRUARY 28, 1998

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All other schedules have been omitted because they are not applicable, not required or the information is disclosed in the consolidated financial statements, including the notes thereto.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
The Langer Biomechanics Group, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of The Langer Biomechanics Group, Inc. and subsidiaries (the "Company") as of February 29, 2000 and February 28, 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended February 29, 2000. Our audits also included the consolidated financial statement schedule listed in the foregoing index for the three years in the period ended February 29, 2000. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 29, 2000 and February 28, 1999, and the results of its operations and its cash flows for each of the three years in the period ended February 29, 2000 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Jericho, New York
May 3, 2000

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FEBRUARY 29, 2000 AND FEBRUARY 28, 1999

	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 918,115	$ 1,700,156
Accounts receivables, net of allowance for doubtful accounts of approximately $63,000 in 2000 and $36,000 in 1999	1,316,530	1,396,878
Inventories, net (Note 2)	1,189,384	1,034,001
Prepaid expenses and other current receivables	215,580	160,723
Total current assets	3,639,609	4,291,758
Property and equipment, net (Note 3)	945,270	673,152
Other Assets (Note 7)	153,312	159,670
Total Assets (Note 11)	$ 4,738,191	$ 5,124,580
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 580,057	$ 700,590
Accrued liabilities:		
Accrued payroll and related payroll taxes	303,452	285,540
Other current liabilities (Note 4)	592,473	542,250
Current portion of long-term debt (Note 11)	28,750	-
Unearned revenue (Note 1)	420,221	356,887
Total current liabilities	1,924,953	1,885,267
		-
Accrued pension expense (Note 7)	82,910	195,254
Unearned revenue (Note 1)	104,380	104,420
Long-term debt (Note 11)	81,458	
Deferred income taxes (Note 5)	8,167	5,288
Total liabilities	2,201,868	2,190,229
Commitments and Contingencies (Note 6)		
Stockholders' equity (Note 8):		
Common stock, $.02 par value. Authorized 10,000,000 shares; issued 2,640,281 shares in 2000 and 2,598,281 shares in 1999	52,806	51,966
Additional paid-in capital	6,325,880	6,291,564
Accumulated deficit	(3,405,904)	(3,070,630)
Accumulated other comprehensive loss (Note 7)	(300,266)	(299,199)
	2,672,516	2,973,701
Less treasury stock at cost, 81,500 shares in 2000 and 25,000 in 1999	(136,193)	(39,350)
Total stockholders' equity	2,536,323	2,934,351
Total Liabilities and Stockholders' Equity	$ 4,738,191	$ 5,124,580

See accompanying notes to consolidated financial statements.

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED FEBRUARY 29, 2000, FEBRUARY 28, 1999 AND FEBRUARY 28, 1998

	2000	1999	1998
Net sales (Note 9)	$ 11,145,054	$ 10,307,114	$ 10,156,085
Cost of sales	7,186,446	6,557,200	6,095,412
Gross profit	3,958,608	3,749,914	4,060,673
Selling expenses	1,706,879	1,399,339	1,496,148
Research and development expenses	148,710	-	-
General and administrative expenses	2,459,079	2,245,467	2,248,365
Operating profit (loss)	(356,060)	105,108	316,160
Other income (expense):			
Interest income	31,032	43,958	52,592
Interest expense	(6,711)	(11,303)	(11,980)
Minority interest	5,240	(16,030)	-
Other (Note 9)	(10,499)	208,070	13,453
Other income, net	19,062	224,695	54,065
Income (loss) before income taxes	(336,998)	329,803	370,225
(Benefit from) provision for income taxes (Note 5)	(1,724)	25,313	4,943
Net income (loss)	$ (335,274)	$ 304,490	$ 365,282
Weighted average number of common shares used in computation of net income (loss) per share:			
Basic	2,571,004	2,584,336	2,584,780
Diluted	2,571,004	2,607,285	2,658,378
Net income per common share:			
Basic	$ (0.13)	$ 0.12	$ 0.14
Diluted	$ (0.13)	$ 0.12	$ 0.14

See accompanying notes to consolidated financial statements.

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS'
EQUITY FOR THE YEARS ENDED FEBRUARY 29, 2000, FEBRUARY 28, 1999
AND FEBRUARY 28, 1998

	Common Stock					Accumulated Other Comprehensive Income (Loss)	
	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Foreign Currency Translation	Minimum Pension Liability
Balance at March 1, 1997	2,584,281	$51,686		$6,276,782	($3,740,402)	($48,509)	($248,248)
Comprehensive income:							
Net income for 1998					365,282		
Foreign currency adjustment						(1,062)	
Minimum pension liability adjustment							6,420
Total comprehensive income							
Exercise of stock options	1,000	20		761			
Balance at February 28, 1998	2,585,281	51,706		6,277,543	(3,375,120)	(49,571)	(241,828)
Comprehensive income:							
Net income for 1999					304,490		
Foreign currency adjustment						2,676	
Minimum pension liability adjustment							(10,476)
Total comprehensive income							
Treasury stock acquired			($39,350)				
Issuance of stock	12,000	240		13,260			
Exercise of stock options	1,000	20		761			
Balance at February 28, 1999	2,598,281	51,966	(39,350)	6,291,564	(3,070,630)	(46,895)	(252,304)
Comprehensive income:							
Net loss for 2000					(335,274)		
Foreign currency adjustment						(612)	
Minimum pension liability adjustment							(455)
Total comprehensive income							
Treasury stock acquired			(96,843)				
Exercise of stock options	42,000	840		34,316			
Balance at February 29, 2000	2,640,281	$ 52,806	($136,193)	$6,325,880	($3,405,904)	($47,507)	($252,759)

	Comprehensive Income	Total Stockholders' Equity
Balance at March 1, 1997		$2,291,309
Comprehensive income:		
Net income for 1998	$365,282	
Foreign currency adjustment	(1,062)	
Minimum pension liability adjustment	6,420	
Total comprehensive income	$370,640	370,640
Exercise of stock options		781
Balance at February 28, 1998		2,662,730
Comprehensive income:		
Net income for 1999	$304,490	
Foreign currency adjustment	2,676	
Minimum pension liability		

Source: LANGER INC, 10-K, May 19, 2000

adjustment	(10,476)	
Total comprehensive income	$296,690	296,690
Treasury stock acquired		(39,350)
Issuance of stock		13,500
Exercise of stock options		781
Balance at February 28, 1999		2,934,351
Comprehensive income:		
Net loss for 2000	$(335,274)	
Foreign currency adjustment	(612)	
Minimum pension liability adjustment	(455)	
Total comprehensive income	($336,341)	(336,341)
Treasury stock acquired		(96,843)
Exercise of stock options		35,156
Balance at February 29, 2000		$2,536,323

See accompanying notes to consolidated financial statements.

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2000, FEBRUARY 28, 1999 AND FEBRUARY 28, 1998

	2000	1999	1998
Cash Flows From Operating Activities:			
Net income (loss)	$ (335,274)	$ 304,490	$ 365,282
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Deferred foreign tax provision (benefit)	3,028	(135)	47
Depreciation and amortization	301,469	213,536	207,233
Provision for doubtful accounts receivable	31,167	59,788	17,525
Changes in operating assets and liabilities:			
Accounts receivable	44,089	(91,260)	52,540
Inventories	(158,572)	9,294	(118,199)
Prepaid expenses and other assets	(48,806)	152,831	(30,219)
Accounts payable and accrued liabilities	(43,490)	102,290	101,891
Net pension liability	(112,344)	(28,041)	(52,495)
Unearned revenue	65,195	(79,468)	(2,154)
Net cash (used in) provided by operating activites	(253,538)	643,325	541,451
Cash Flows From Investing Activities -			
Capital expenditures	(577,024)	(107,146)	(478,474)
Net cash used in investing activities	(577,024)	(107,146)	(478,474)
Cash Flows From Financing Activities:			
Common stock options exercised	35,156	781	781
Issuance of common stock	-	13,500	-
Treasury stock acquired	(96,843)	(39,350)	-
Proceeds from issuance of long-term debt	115,000		
Payments on long-term debt	(4,792)		
Principal payments of note payable	-	-	(301)
Net cash provided by (used in) financing activites	48,521	(25,069)	480
Net (decrease) increase in cash and cash equivalents	(782,041)	511,110	63,457
Cash and cash equivalents at beginning of year	1,700,156	1,189,046	1,125,589
Cash and cash equivalents at end of year	$ 918,115	$ 1,700,156	$ 1,189,046
Supplemental Disclosures of Cash Flow Information- Cash paid during the year for:			
Interest	$ 6,711	$ 11,303	$ 11,980
Income taxes	$ 8,500	$ 5,600	$ 1,500

See accompanying notes to consolidated financial statements.

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2000, FEBRUARY 28, 1999 AND FEBRUARY 28, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of The Langer Biomechanics Group, Inc. and its subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

(b) REVENUE RECOGNITION

Revenue from the sale of the Company's products is recognized at shipment. Revenues derived from extended warranty contracts relating to sales of orthotics are recorded as deferred revenue and recognized over the lives of the contracts (24 months) on a straight-line basis.

(c) CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents (money market funds and short-term commercial paper).

(d) INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

(e) PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method. The lives on which depreciation and amortization are computed are as follows:

Leasehold improvements	Lesser of 5 years or life of lease
Machinery and equipment	5 - 10 years
Office equipment	4 - 10 years
Automobiles	3 - 5 years

The Company reviews long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of expected future cash flows (undiscounted and without interest charges) is less than the carrying value of the asset, an impairment loss is recognized. Otherwise, an impairment loss is not recognized.

Source: LANGER INC, 10-K, May 19, 2000

(f) INCOME TAXES

The Company accounts for income taxes using an asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income tax expense (benefit) is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

(g) NET INCOME (LOSS) PER SHARE

Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share are based on the weighted average number of shares of common stock and common stock equivalents (options and warrants) outstanding during the period, except where the effect would be antidilutive, computed in accordance with the treasury stock method.

(h) FOREIGN CURRENCY TRANSLATION

Assets and liabilities of the foreign subsidiary have been translated at year-end exchange rates, while revenues and expenses have been translated at average exchange rates in effect during the year. Resulting cumulative translation adjustments have been recorded as a separate component of accumulated other comprehensive loss.

(i) RECLASSIFICATIONS

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) FAIR VALUE OF FINANCIAL INSTRUMENTS

At February 29, 2000 and February 28, 1999, the carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximated fair value because of their short-term maturity. The carrying value of long-term debt at February 29, 2000 also approximated fair value based on borrowing rates currently available to the Company for debt with similar terms.

(l) INTERNAL USE SOFTWARE

In accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", the Company capitalizes internal-use software costs upon the completion of the preliminary project stage and ceases capitalization when the software project is substantially complete and ready for its intended use. Capitalized costs are amortized on a straight-line basis over the estimated useful life of the software, but in no event more than four years.

(m) RECENT PRONOUNCEMENTS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which requires that derivative instruments be measured at fair value and recognized as assets or liabilities in the Company's balance sheet. SFAS No. 133 (as amended by SFAS No. 137) is effective for all quarters of all fiscal years beginning after June 15, 2000. The Company is currently evaluating the effect that SFAS No. 133 will have on the Company's consolidated financial statements.

Source: LANGER INC, 10-K, May 19, 2000

(2) INVENTORIES

Inventories consist of the following at February 29, 2000 and February 28, 1999:

	2000	1999
Raw materials	$ 762,282	$ 744,874
Work-in-process	88,359	84,448
Finished goods	394,473	272,206
Total inventories	1,245,114	1,101,528
Less allowance for obsolescence	55,730	67,527
Net inventories	$ 1,189,384	$ 1,034,001

(3) PROPERTY AND EQUIPMENT

Property and equipment, at cost, is comprised of the following at February 29, 2000 and February 28, 1999:

	2000	1999
Leasehold improvements	$ 592,570	$ 464,189
Machinery and equipment	949,091	851,781
Office equipment	2,168,645	1,897,086
Automobiles	34,712	34,838
	3,745,018	3,247,894
Less accumulated depreciation and amortization	2,799,748	2,574,742
Property and equipment, net	$ 945,270	$ 673,152

(4) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following at February 29, 2000 and February 28, 1999:

	2000	1999
Sales credits payable	$ 104,134	$ 110,175
Accrued professional fees	83,081	77,785
Management bonuses	25,000	34,000
Health insurance	60,000	59,251
Warranty reserve	46,797	46,797
Accrued severance	29,106	-
Corporate tax	32,323	18,185
Accrued commissions	29,907	19,499
Other accrued liabilities	182,125	176,558
Total other accrued liabilities	$ 592,473	$ 542,250

Source: LANGER INC, 10-K, May 19, 2000

(5) INCOME TAXES

The provision for (benefit from) income taxes is comprised of the following for the years ended February 29, 2000, February 28, 1999 and February 28, 1998:

	2000	1999	1998
Current:			
Federal	$ 1,500	$ (2,500)	$ 502
State	(7,200)	9,000	4,439
Foreign	948	18,948	(45)
	(4,752)	25,448	4,896
Deferred - Foreign	3,028	(135)	47
	$ (1,724)	$ 25,313	$ 4,943

As of February 29, 2000, the Company has net Federal tax operating loss carryforwards of approximately $3,089,000, which may be applied against future taxable income and expire from 2001 through 2012. The Company also has available tax credit carryforwards of approximately $141,000.

The following is a summary of deferred tax assets and liabilities as of February 29, 2000 and February 28, 1999:

	2000	1999
Current deferred tax assets	$ 148,458	$ 199,443
Non-current:		
Deferred tax assets	1,094,201	909,343
Deferred tax liability	(8,167)	(5,288)
Non-current deferred tax assets, net	1,086,034	904,055
Total deferred tax assets, net	1,234,492	1,103,498
Valuation allowance	(1,242,659)	(1,108,786)
Net	$ (8,167)	$ (5,288)

The current deferred tax assets are primarily composed of deferred revenue, inventory and accounts receivable reserves, accrued pension and accrued vacation. The non-current deferred tax assets are primarily composed of deferred revenue and Federal net operating loss carryforwards. The non-current deferred tax liability is primarily composed of excess tax depreciation over book depreciation. The increase in the valuation allowance during fiscal 2000 resulted from the creation of additional net operating loss carryforwards not recognized for financial statement purposes.

The Company's effective provision for income taxes differs from the Federal statutory rate. The reasons for such differences are as follows:

	FEBRUARY 29, 2000	FEBRUARY 28, 1999	FEBRUARY 28, 1998

	AMOUNT	%	AMOUNT	%	AMOUNT	%
Provision at Federal statutory rate	$ (114,579)	(34.0)%	$ 112,133	34.0%	$ 125,877	34.0%
Increase (decrease) in taxes resulting from:						
State income taxes, net of Federal benefit	(4,752)	(1.4)	9,000	2.7	4,439	1.2
Foreign taxes	7,969	2.3	18,813	5.7	2	-
(Use) creation of net operating loss carryforwards	109,638	32.6	(114,633)	(34.7)	(125,375)	(33.9)
Effective tax rate	$ (1,724)	(0.5)%	$ 25,313	7.7%	$ 4,943	1.3%

Source: LANGER INC, 10-K, May 19, 2000

(6) COMMITMENTS AND CONTINGENCIES

(a) LEASES

Certain of the Company's facilities and equipment are leased under noncancellable lease agreements and certain operating leases contain minimum annual escalations in base rent. Rental expense amounted to $449,754, $430,345 and $445,088 for the years ended February 29, 2000, February 28, 1999 and February 28, 1998, respectively.

The following is a schedule, by fiscal year, of future minimum rental payments required under operating leases as of February 29, 2000:

FISCAL YEAR ENDING FEBRUARY:	AMOUNT
2001	$ 376,441
2002	371,874
2003	363,150
2004	322,633
2005	213,717
Total	$ 1,647,815

(b) ROYALTIES

The Company has entered into a number of agreements with licensors, consultants and suppliers, including:

1. The Company has an agreement with a licensor, which provides for the Company to pay royalties of 15 percent, with a minimum annual royalty of $25,000, on the net sales of a product named the Pediatric Counter Rotation System.

2. The Company has agreements with certain licensors, which provide for the Company to pay royalties ranging from 2.5 percent to 15 percent on the net sales of certain biomechanical devices.

Royalties under the above-mentioned agreements aggregated $34,285, $34,095 and $34,157 for the years ended February 29, 2000, February 28, 1999 and February 28, 1998, respectively.

(7) PENSION PLAN AND 401(K) PLAN

The Company maintains a non-contributory defined benefit pension plan covering substantially all employees. In 1986, the Company adopted an amendment to the plan under which future benefit accruals to the plan will cease (freezing of the maximum benefits available to employees as of July 30, 1986), other than those required by law. Previously accrued benefits will remain in effect and will continue to vest under the original terms of the plan.

The following table sets forth the Company's defined benefit plan status at February 29, 2000 and February 28, 1999, determined by the plan's actuary in accordance with Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions", as amended by SFAS No. 132:

Source: LANGER INC, 10-K, May 19, 2000

The following tables set forth the plan's benefit obligation and funded status for the years ended February 29, 2000 and February 28, 1999:

	2000	1999
Projected benefit obligation	$ (438,900)	$ (413,708)
Plan assets at fair market value (primarily bond mutual funds)	355,990	257,244
Projected benefit obligation in excess of plan assets	(82,910)	(156,464)
Unrecognized transition liability	143,484	151,275
Unrecognized net loss	252,759	252,304
Minimum additional liability	(396,243)	(403,579)
Accrued pension cost	$ (82,910)	$ (156,464)
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ (413,708)	$ (404,730)
Interest cost	(31,028)	(30,355)
Benefits paid	7,627	27,514
Actuarial loss	(1,791)	(6,137)
Projected benefit obligation, end of year	$ (438,900)	$ (413,708)
Change in plan assets:		
Fair value of plan assets, beginning of year	$ 257,244	$ 184,121
Actual return on plan assets	3,480	9,462
Employer contribution	102,893	91,175
Benefits paid	(7,627)	(27,514)
Fair value of plan assets, end of year	$ 355,990	$ 257,244

Net periodic pension expense is comprised of the following components for the years ended February 29, 2000, February 28, 1999 and February 28, 1998:

	2000	1999	1998
Interest cost on projected benefit obligations	$ 31,028	$ 30,355	$ 27,409
Expected return on plan assets	(22,866)	(17,595)	(12,713)
Amortization of unrecognized transition liability	7,791	7,791	7,791
Recognized actuarial loss	12,680	11,834	11,868
Net periodic pension expense	$ 28,633	$ 32,385	$ 34,355

The discount rate used in determining the actuarial present value of the projected benefit obligation was 7.50% at February 29, 2000 and February 28, 1999. The rate of return on plan assets was assumed to be 7.50% at February 29, 2000 and February 28, 1999. No assumed increase in compensation levels was used since future benefit accruals have ceased (as discussed above). The unrecognized transition liability and unrecognized net loss are being amortized over 30.4 and 20.4 years, respectively.

In fiscal 2000 and 1999, as required by Statement of Financial Accounting Standards No. 87, the Company recorded a pension liability ($82,910 and $156,464, respectively, included in "Accrued pension expense") to reflect the excess of accumulated benefits over the fair value of pension plan assets. Since the required additional pension liability is in excess of the related unrecognized prior service cost (unrecognized transition liability), an amount equal to the unrecognized prior service cost has been recognized as an intangible asset ($143,484 and $151,275 included in "Other

Source: LANGER INC, 10-K, May 19, 2000

assets" as of February 29, 2000 and February 28, 1999, respectively). The remaining liability required to be recognized is reported as a separate component of stockholders' equity.

The Company has a defined contribution retirement and savings plan (the "401(k) Plan") designed to qualify under Section 401(k) of the Internal Revenue Code (the "Code"). Eligible employees include those who are at least twenty-one years old and who have worked at least 1,000 hours during any one year. The Company may make matching contributions in amounts that the Company determines at its discretion at the beginning of each year. In addition, the Company may make further discretionary contributions. Participating employees are immediately vested in amounts attributable to their own salary or wage reduction elections, and are vested in Company matching and discretionary contributions under a vesting schedule that provides for ratable vesting over the second through sixth years of service. The assets of the 401(k) Plan are invested in stock, bond and money market mutual funds. For the years ended February 29, 2000, February 28, 1999 and February 28, 1998, the Company made contributions totaling $32,447, $27,387 and $31,477, respectively, to the 401(k) Plan.

(8) STOCK OPTIONS

On July 27, 1992, the Company adopted a qualified stock option plan for employees, officers, directors, consultants and advisors of the Company covering 125,000 shares of common stock. On January 4, 1995, the Board of Directors increased the number of shares authorized to be issued under the plan to 350,000 shares, which amendment was approved by stockholders at the September 13, 1995 stockholders' meeting. On January 21, 1999, the Board of Directors further increased the number of shares authorized to be issued under the plan to 550,000 shares, which amendment was approved by stockholders at the September 15, 1999 stockholders' meeting. Options granted under the plan are exercisable for a period of either five or ten years at an exercise price at least equal to 100 percent of the fair market value of the Company's common stock at date of grant. Options become exercisable under various cumulative increments over the next nine years. The Board of Directors has the discretion as to the persons to be granted options as well as the number of shares and terms of the option agreements. The expiration date of the plan is July 26, 2002.

The Company has also granted non-incentive stock options. These options are generally exercisable for a period of five or ten years and are issued at a price equal to or higher than the fair market value of the Company's common stock at the date of grant. At February 29, 2000, 186,000 non-incentive and 185,000 incentive stock options were outstanding.

The following is a summary of activity related to the Company's incentive and non-incentive stock options:

	NUMBER OF SHARES	EXERCISE PRICE RANGE PER SHARE	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Outstanding at February 28, 1997	209,250	$ .56 - $2.19	$1.25
Granted	43,000	1.63 - 1.88	1.81
Exercised	(1,000)	.78	.78
Outstanding at February 28, 1998	251,250	.56 - 2.19	1.35
Granted	175,000	1.13	1.13
Exercised	(1,000)	.78	.78
Cancelled	(50,000)	.75	.75
Outstanding at February 28, 1999	375,250	.56 - 2.19	1.36
Granted	105,000	1.5 - 2.00	1.66
Exercised	(42,000)	.78 - .88	.84
Cancelled	(67,250)	.56 - 2.19	1.64
Outstanding at February 29, 2000	371,000	$1.13 -$2.19	$ 1.36

At February 29, 2000, 202,000 options were exercisable, 169,000 options were unexercisable and 101,500 options were available for issuance. The options outstanding at February 29, 2000 had remaining lives of between less than one year and more than nine years, with a weighted average life of 7.02 years. At February 29, 2000, there were 472,500 shares of common stock reserved for issuance under the Company's stock option plan.

ADDITIONAL STOCK PLAN INFORMATION

The Company continues to account for its stock-based awards using the intrinsic value method in accordance with APB 25, "Accounting for Stock Issued to Employees", and its related interpretations. Accordingly, no compensation expense has been recognized in the financial statements for employee stock arrangements.

SFAS No. 123, "Accounting for Stock-Based Compensation", requires the disclosure of pro forma net income and net income per share had the Company adopted the fair value method as of the beginning of fiscal 1997. Under SFAS No. 123, the fair value of stock-based awards to employees is calculated through the use of option pricing models, even though such models were developed to estimate the fair value of freely tradeable, fully transferable options without vesting restrictions, which significantly differ from the Company's stock option awards. These models also require subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions: expected life, 60 months following vesting; stock volatility of 38.1%, 39.08% and 42.82%, and risk free interest rates of 5.9 %, 5.4% and 7.5% in fiscal 2000, 1999 and 1998, respectively, and no dividends during the expected term. The Company's calculations are on a multiple option valuation approach and forfeitures are recognized as they occur. If the computed fair values of the award had been amortized to expense over the vesting period of the awards, the pro forma net income and net income per share for the years ended February 29, 2000, February 28, 1999 and February 28, 1998 would have been net income (loss) of $(346,973), or $(.13) per share, $170,020, or $.07 per share, and $311,532, or $.12 per share, respectively, on both a primary and fully diluted basis.

(9) EXPORT SALES AND OTHER INCOME

The Company had export sales from its United States operations of approximately 22 , 15 and 16 percent of net sales for each of the years ended February 29, 2000, February 28, 1999 and February 28, 1998, respectively.

Included in Other Income for the year ended February 28, 1999 is $150,000 related to the settlement of an insurance claim.

(10) SEGMENT INFORMATION

The Company operates in two segments (North America and United Kingdom) principally in the design, development, manufacture and sale of foot and gait-related products. Intersegment net sales are recorded at cost. Segment information for the years ended February 29, 2000, February 28, 1999 and February 28, 1998 are summarized as follows:

2000	NORTH AMERICA	UNITED KINGDOM	CONSOLIDATED TOTAL
Net sales from external customers	$ 9,598,346	$ 1,546,708	$ 11,145,054
Intersegment net sales	237,439	-	237,439
Gross margins	3,353,581	605,027	3,958,608
Operating (loss) profit	(451,267)	95,207	(356,060)
Depreciation and amortization	267,994	33,475	301,469
Total assets	4,027,369	710,822	4,738,191
Capital expenditures	395,075	181,949	577,024
1999			
Net sales from external customers	$ 8,948,500	$ 1,358,814	$ 10,307,114
Intersegment net sales	176,277	-	176,277
Gross margins	3,207,393	542,521	3,749,914
Operating (loss) profit	(68,615)	173,723	105,108
Depreciation and amortization	196,509	17,027	213,536
Total assets	4,633,039	491,541	5,124,580

Source: LANGER INC, 10-K, May 19, 2000

Capital expenditures	100,351	6,795	107,146
1998			
Net sales from external customers	$ 9,024,360	$ 1,131,725	$ 10,156,085
Intersegment net sales	142,814	-	142,814
Gross margins	3,648,092	412,581	4,060,673
Operating profit	240,644	75,516	316,160
Depreciation and amortization	182,191	25,042	207,233
Total assets	4,392,538	455,298	4,847,836
Capital expenditures	435,716	42,758	478,474

(11) CREDIT FACILITIES

The Company has a revolving credit facility with a bank. The agreement, which expires November 30, 2000, provides for a revolving credit line not to exceed $1,500,000. Interest on the outstanding balance is payable at prime (8.75 percent at February 29, 2000) plus 1/2 percent per annum. The agreement contains, among other items, restrictions relating to the incurrence of additional indebtedness and the payment of dividends. Additionally, the Company is required to maintain certain minimum financial ratios. Borrowings under this agreement are collateralized by substantially all of the assets of the Company. At February 29, 2000 and February 28, 1999, there were no borrowings outstanding under this credit facility.

In December 1999, the Company borrowed $115,000 on an installment note to finance the acquisition of certain machinery and equipment. The loan bears interest at 9.5% per annum and requires 48 monthly payments of $2,396. Borrowings under this agreement are collateralized by substantially all of the assets of the Company. At February 29, 2000, $110,208 was outstanding under this note, with $28,750 classified as current. Amounts payable under this installment note are approximately $28,750 for each of the next three fiscal years with $23,958 due in fiscal year 2004.

(12) RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per common share ("EPS") are computed based on the weighted average number of common shares outstanding during each period. Diluted earnings per common share are computed based on the weighted average number of common shares, after giving effect to dilutive common stock equivalents outstanding during each period. The following table provides a reconciliation between basic and diluted earnings per share:

	FOR THE YEAR ENDED								
	FEBRUARY 29, 2000			FEBRUARY 28, 1999			FEBRUARY 28, 1998		
	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE
BASIC EPS									
Income (loss) available to common stockholders	$(335,274)	2,571,004	$(.13)	$304,490	2,584,336	$.12	$ 365,282	2,584,780	$ .14
EFFECT OF DILUTIVE SECURITIES									
Stock options	-	-	-	-	22,949	-	-	73,598	-
DILUTED EPS									
Income available to common stockholders plus assumed exercise of stock options	$(335,274)	2,571,004	$(.13)	$304,490	2,607,285	$.12	$ 365,282	2,658,378	$.14

Source: LANGER INC, 10-K, May 19, 2000

(13) SUBSEQUENT EVENTS

Effective April 5, 2000, the Company purchased the remaining 25% interest which it did not previously own in its Langer Biomechanics Group (UK) Limited subsidiary for $80,000 cash and the issuance of 40,000 shares of common stock from treasury. The transaction is being accounted for as purchase and the excess cost over the fair value of net assets acquired will be amortized on a straight-line basis over a ten-year period. If the acquisition were assumed to have occurred at the beginning of fiscal 2000, the impact on the results of operations would not have been material.

* * * * *

Source: LANGER INC, 10-K, May 19, 2000

THE LANGER BIOMECHANICS GROUP, INC.
AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
SCHEDULE II

FOR THE YEARS ENDED FEBRUARY 29, 2000, FEBRUARY 28, 1999
AND FEBRUARY 28, 1998

	SALES RETURNS AND ALLOWANCES	ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE	WARRANTY RESERVE	INVENTORY RESERVE
At February 28, 1997	$ 32,058	$ 19,775	$ 33,797	$ 59,612
Additions	-	17,525		-
Deletions	-	13,951		601
At February 28, 1998	32,058	23,349	33,797	59,011
Additions	14,000	59,788	13,000	27,000
Deletions	-	46,982	-	18,484
At February 28, 1999	46,058	36,155	46,797	67,527
Additions		31,167	-	
Deletions	-	4,669	-	11,797
At February 29, 2000	$ 46,058	$ 62,653	$ 46,797	$ 55,730

Source: LANGER INC, 10-K, May 19, 2000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

OFFICERS AND DIRECTORS

The executive officers and directors of the Company are as follows:

NAME	AGE	OFFICE
Stephen V. Ardia	58	Chairman of the Board
Kenneth Granat	55	Director
Daniel J. Gorney	56	President and Chief Executive Officer
Dr. Justin Wernick	64	Chief Medical Director, Secretary and Director
Thomas I. Altholz	49	Director
Ronald Spinelli	44	Vice President - Operations
Thomas G. Archbold	40	Vice President - Finance and Chief Financial Officer

Mr. Ardia has been Chairman of the Board of Directors of the Company since January 1999 and has been a Director of the Company since November 1998. From 1969 to 1994, he was employed by Goulds Pumps, Inc., including most recently as President and Chief Executive Officer. Goulds Pumps, Inc. is a Fortune 500 manufacturer of industrial and residential pumps. From 1995 to 1999, Mr. Ardia was President at Environment One Corporation, a maker of advanced, environmentally sensitive sewage collection systems. Mr. Ardia serves on the Board of Directors of the New York College of Chiropractic Medicine.

Mr. Granat has been a Director of the Company since January 1995, including serving as Chairman of the Board from January 1995 to January 1999. Since 1987, he has been President of Active Screw and Fastener Inc., an Elk Grove Village, Illinois company, engaged in full line distribution of fasteners with plants in Chicago, Illinois and Tucson, Arizona. Since 1991, he has also been Vice President and a Director of Trigran Investments Inc., Deerfield, Illinois, the general partner and investment advisor for Trigran Investments, L.P., and a more than 10 percent shareholder of the Company. Mr. Granat holds a J.D. from the University of Illinois as well as a B.B.A. degree in Business from the University of Michigan.

Mr. Gorney has been President and Chief Executive Officer of the Company since November 1998. From 1996 to 1998, he was Chief Executive Officer of LifeVision, LLC, a health care services company. From 1994 to 1996, Mr. Gorney was Chief Operating Officer of Visionics Corporation, a vision care company. He received a Bachelor of Arts degree in History and Business from the University of Buffalo with advanced studies in Organizational Development and Marketing Management.

Dr. Wernick is the co-founder, Secretary and a Director of the Company since its formation. From the formation of the Company until June 30, 1997, Dr. Wernick was Executive Vice President of the Company; commencing July 1, 1997, he became Chief Medical Director of the Company. In addition, since July 1997, Dr. Wernick has been Medical Director of Eneslow Comfort Shoe Centers, a shoe retailer. Dr. Wernick is a Diplomate of the American Board of Podiatric Orthopedics, a Fellow of the American College of Foot Orthopedics and of the Academy of Podiatric Sports Medicine and a member of several other professional societies. In 1975, he was the President of the Nassau County Division, Podiatry Society of the State of New York and was granted the Podiatrist of the Year Award from that Society in that same year. Since 1969, he has held various academic positions at the New York College of Podiatric Medicine and since 1979 has been

Source: LANGER INC, 10-K, May 19, 2000

serving as a professor, and since December 1998 as Chairman, with the Department of Orthopedic Sciences at the New York College of Podiatric Medicine. He has guest lectured and directed educational programs, both nationally and internationally, at many other podiatric colleges and seminars during the past 25 years. He has co-authored a book entitled "A Practical Manual for a Basic Approach to Biomechanics" in 1972 and a report entitled "A Radiologic Study of Motion of the Foot within a Ski Boot" which was published in the Journal of the American Podiatry Association for which he is also a corresponding consultant. Dr. Wernick received his podiatric medical degree from M.J. Lewi College of Podiatry (now known as the New York College of Podiatric Medicine).

Mr. Altholz has been President, owner and Chief Executive Officer of TIA Solutions, Highland Park, Illinois, a business consulting firm, since 1997. From 1995 to 1996, Mr. Altholz was Director of Acquisitions of Unisource Worldwide, Inc. (since acquired by Georgia Pacific), a company engaged in the paper and packaging distribution business. From 1980 to 1995, he was President and owner of Inlander Steindler Paper Company (ISP), a paper distribution company with regional sales and warehousing centers in the Midwest, which company was acquired by Alco Standard in November 1995. He has served on several industry advisory Boards such as Minnesota Mining and Manufacturing (MMM) and Scott Paper, and was Chairman of Affiliated Paper Companies. He is a member of the Board of Directors of Regal Ware, Inc., a company engaged in manufacturing and marketing of housewares products, and Northmoor Country Club and also is a member of the Board of Trustees of Ripon College. Mr. Altholz received his B.A. in Economics from Ripon College in Ripon, Wisconsin.

Mr. Spinelli has been Vice President of Operations since October 1999. From 1998 to 1999, he was Director of Operations for Thompson Industries a manufacturer of industrial bearings. From 1988 to 1998, he was Director of Engineering for Pall Corporation, a manufacturer of biomedical and industrial filtration devices. Mr. Spinelli received a BS in Mechanical Engineering from the University of Wisconsin.

Mr. Archbold has been Vice President of Finance since June 1999. From 1996 to 1999, he was Corporate Controller of United Capital Corporation , a publicly traded company with interests in real estate and manufacturing. From 1994 to 1996, he was Director of Finance of AIL Systems, Inc., a manufacturer of electronic equipment. Prior to that, Mr. Archbold spent nine years with Ernst & Young LLP, including four years as an audit senior manager, and he is a CPA. He received a Bachelor of Sciences in Accounting from C.W. Post College.

All directors are normally elected at the annual meeting of shareholders to hold office until the next annual meeting and until their successors are duly elected and qualified. The Company's By-Laws provide that the annual meeting of shareholders be held each year at a time and place to be designated by the Board of Directors. Directors may be removed at any time for cause by the Board of Directors and with or without cause by a majority of the votes cast at a meeting of shareholders entitled to vote for the election of directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company is not aware of any late filings of, or failures to file, during the fiscal year ended February 29, 2000, the reports required by Section 16(a) of the Securities Exchange Act of 1934.

LIMITATION ON LIABILITY OF DIRECTORS

As permitted by New York law, the Company's Certificate of Incorporation contains an article providing for the elimination of the personal liability of the directors of the Company to the fullest extent permitted by the provisions of paragraph (b) of Section 402 of the New York Business Corporation Law. Accordingly, a director's personal liability would be eliminated for any breach of a director's duty, unless, among other things, the director's actions or omissions were in bad faith, involved intentional misconduct or a knowing violation of the law, or personal gain in fact of a financial profit to which the director was not lawfully entitled. This article is intended to afford directors additional protection, and limit their potential liability, from suits alleging a breach of the duty of care by a director. The Company believes this article enhances the Company's ability to attract and retain qualified persons to serve as directors. As a result of the inclusion of such a provision, shareholders may be unable to recover monetary damages against directors for actions taken by them which constitute negligence or gross negligence or which are in violation of their fiduciary duties, although it may be possible to

Source: LANGER INC, 10-K, May 19, 2000

obtain injunctive or other equitable relief with respect to such actions. If equitable remedies are found not to be available to shareholders for any particular case, shareholders may not have any effective remedy against the challenged conduct.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table shows the cash compensation received by the two executive officers either whose compensation (salary and bonus) exceeded $100,000 during the fiscal year ended February 29, 2000 or was Chief Executive Officer of the Company during such year (the "named executive officers"):

NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION SALARY $	BONUS $	OTHER $	LONG-TERM COMPENSATION OPTIONS (NO. OF SHARES)
Daniel J. Gorney	2000	158,830	-	(3)	25,000
President and	1999	34,663(1)	-	-(3)	15,000
Chief Executive Officer					
Gary L. Grahn	1999	160,000	64,000	26,666(2)	-
Former President and	1998	160,000	53,440	(3)	-
Chief Executive Officer	1997	160,000	28,000	(3)	30,000

(1) Mr. Gorney's employment commenced on November 30, 1998.
(2) Mr. Grahn's employment was terminated in December 1999; other compensation of $26,666 represents severance pay and other minor non-disclosed items that are less than 10% of total annual salary and bonus.
(3) Less than 10% of the total annual salary and bonus.

OPTION GRANTS IN LAST FISCAL YEAR

OPTION GRANTS DURING THE FISCAL YEAR ENDED FEBRUARY 29, 2000 TO THE TWO NAMED EXECUTIVE OFFICERS WERE AS FOLLOWS:

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (1)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE ($/SH)	EXPIRATION DATE	5%($)	10%($)
Daniel J. Gorney	25,000	23.8	$1.50	5/18/09	$23,584	$59,675
Gary L. Grahn	-	-	-	-	-	-

(1) The potential realizable value portion of the foregoing table illustrates value that might be received upon exercise of the options immediately prior to the expiration of their term, assuming the specified compounded rates of appreciation on the Company's common stock over the term of the options. These numbers do not take into account provisions of certain options providing for termination of the option following termination of employment.

FISCAL YEAR-END OPTION VALUES

The table below sets forth information regarding unexercised options held by the Company's named executive officers as of February 29, 2000. No options were exercised by the Company's executive officers during fiscal 2000.

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END EXERCISABLE/UNEXERCISABLE (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR END EXERCISABLE/UNEXERCISABLE $(1)
Daniel J. Gorney	20,000/80,000	9,425/37,700
Gary L. Grahn	-/-	-/-

(1) The closing bid price of the Comany's Common Stock as reported by NASDAQ on February 29, 2000 was $1.69. Value is calculated on the difference between the option exercise price of in-the-money options adn $1.69 multiplied by the number of shares of Common Stock underlying the option.

LONG-TERM INCENTIVE PLAN-AWARDS IN LAST FISCAL YEAR

None.

COMPENSATION OF DIRECTORS

Directors, who are not executive officers of the Company, are expected to be compensated by means of the issuance of shares of Common Stock. There were no issuances of common stock to outside directors in the fiscal year ended February 29, 2000. Directors are reimbursed for their out-of-pocket expenses in connection with the attendance of Board of Directors meetings. On May 12, 2000, the directors were awarded 4,000 shares of common stock.

EMPLOYMENT AGREEMENT

None of the named executive officers has an employment agreement with the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of May 8, 2000, the shares of common stock owned beneficially and of record (unless otherwise indicated) by each person owning more than five percent (5%) of the outstanding shares, each director of the Company, each named executive officer of the Company and all directors and officers of the Company as a group.

NAME (AND ADDRESS OF 5% HOLDERS)	NUMBER OF SHARES OWNED	PERCENT
Kenneth Granat 155 Pfingsten, Suite 360 Deerfield, Illinois 60015	775,353 (1)	29.5%
Donald Cecil 1114 Avenue of the Americas New York, New York 10036	248,553	9.8%
Dr. Justin Wernick 450 Commack Road Deer Park, New York 11729	224,867	8.9%

Source: LANGER INC, 10-K, May 19, 2000

NAME (AND ADDRESS OF 5% HOLDERS)	NUMBER OF SHARES OWNED	PERCENT
Stephen V. Ardia	116,333 (2)	4.5%
Thomas I. Altholz	49,500 (3)	1.9%
Daniel J. Gorney	40,000 (4)	1.6%
Gary Grahn	-	
All Directors and Officers as a Group (7 persons)	1,215,053 (6)	44.9%

(1) INCLUDES 85,000 SHARES ISSUABLE UNDER OUTSTAINDING STOCK OPTIONS EXERCISABLE WITHIN SIXTY DAYS AND 620,953 HELD BY TRIGRAN INVESTMENTS LP. MR. GRANAT IS A DIRECTOR AND VICE PRESIDENT OF THE GENERAL PARTNER OF TRIGRAN INVESTMENTS, LP. AN ADDITIONAL 30,000 SHARES ARE OWNED BY THE GRANAT FAMILY LIMITED PARTNERSHIP OF WHICH MR. GRANAT IS A GENERAL PARTNER AND 10,400 SHARES ARE OWNED BY A TRUST OF WHICH MR. GRANAT IS A BENEFICIARY. MR. GRANAT ALSO OWNS 29,000 SHARES PERSONALLY.

(2) INCLUDES 50,000 SHARES ISSUABLE UNDER OUTSTANDING STOCK OPTIONS EXERCISABLE WITHIN SIXTY DAYS.

(3) INCLUDES 5,000 SHARES ISSUABLE UNDER OUTSTANDING STOCK OPTIONS EXERCISABLE WITHIN SIXTY DAYS.

(4) INCLUDES 20,000 SHARES ISSUABLE UNDER OUTSTANDING STOCK OPTIONS EXERCISABLE WITHIN SIXTY DAYS.

(5) INCLUDES 169,000 SHARES ISSUABLE UNDER OUTSTANDING STOCK OPTIONS.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

Source: LANGER INC, 10-K, May 19, 2000

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS

The following consolidated financial statements are filed as part of this Form 10-K:

Independent Auditors' Report

Consolidated Financial Statements:

Consolidated Balance Sheets as of February 29, 2000 and February 28, 1999

Consolidated Statements of Operations for the years ended February 29, 2000, February 28, 1999 and February 28, 1998

Consolidated Statements of Stockholders' Equity for the years ended February 29, 2000, February 28, 1999 and February 28, 1998

Consolidated Statements of Cash Flows for the years ended February 29, 2000, February 28, 1999 and February 28, 1998

Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES

The following Financial Statement Schedule is filed as part of this Form 10-K:

Schedule II - Valuation and Qualifying Accounts for the years ended February 29, 2000, February 28, 1999 and February 28,1998

All other schedules have been omitted because they are not applicable, not required or the information is disclosed in the consolidated financial statements, including the notes thereto.

3. EXHIBITS

NUMBER		DOCUMENT
(3)	(a)	Copy of Restated Certificate of Incorporation and amendments thereto. (1)(4)
	(b)	Copy of Bylaws, as amended through July 2, 1987. (3)
(4)	(a)	Specimen of Common Stock Certificate. (1)
	(b)	Copy of 1992 Stock Option Plan. (6)
(10)	(a)	Copy of The Langer Biomechanics Group Retirement Plan, restated as of July 30, 1979. (1)
	(b)	Copy of Lease related to the Company's Deer Park facilities.
	(c)	Copy of Agreement, dated July 8, 1986, between BioResearch Ithaca, Inc. and the Company relating the licensing of the Pediatric Counter Rotation System. (2)
	(d)	Copy of Leases relating to the Company's Brea, California facilities.

Source: LANGER INC, 10-K, May 19, 2000

(e) Copy of Agreement, dated March 26, l992 and effective as of March l, l992, relating to the Company's 40l(k) Tax Deferred Savings Plan. (5)

(f) Copy of letter agreement, dated January 27, 1995, between the Company and Tekscan, Incorporated. (7)

(g) Copy of Loan and Security Agreement dated November 30, 1999 between the Company and American National Bank and Trust Company of Chicago

(21) List of subsidiaries (4)

(23) Consent of Independent Auditors

(l) Incorporated by reference to the Company's Registration Statement on Form S-1 (No. 2-87183), which became effective with the Securities and Exchange Commission on January 17, 1984.

(2) Incorporated by reference to the Company's Form 10-K for the fiscal year ended July 31, 1986.

(3) Incorporated by reference to Post-Effective Amendment No. 1 to the Company's Registration Statement on Form S-8.

(4) Incorporated by reference to the Company's Form 10-K for the fiscal year ended February 28, 1989.

(5) Incorporated by reference to the Company's Form 10-K for the fiscal year ended February 29, 1992.

(6) Incorporated by reference to the Company's Form 10-K for the fiscal year ended February 28, 1993.

(7) Incorporated by reference to the Company's Form 10-K for the fiscal year ended February 28, 1995.

(27) Financial Statement Schedule

(b) REPORTS ON FORM 8-K:

None.

Source: LANGER INC, 10-K, May 19, 2000

SIGNATURES

Pursuant to the requirements of Section l3 or l5(d) of the Securities Exchange Act of l934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE LANGER BIOMECHANICS GROUP, INC.

Date: May 12, 2000

By: /s/ Daniel J. Gorney

Daniel J. Gorney, President and Chief Executive Officer (Principal Executive Officer)

By: /s/Thomas G. Archbold

Thomas G. Archbold, Vice President -Finance (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of l934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: May 12, 2000

By: /s/ Kenneth Granat

Kenneth Granat, Director

Date: May 12, 2000

By: /s/ Stephen V. Ardia

Stephen V. Ardia, Director

Date: May 12, 2000

By: /s/ Justin Wernick

Dr. Justin Wernick, Director

Date: May 12, 2000

By: /s/ Thomas I. Altholz

Thomas I. Altholz, Director

Source: LANGER INC, 10-K, May 19, 2000

Exhibit Index

10(d)	Copy of lease related to the Company's Brea, California facility
(g)	Copy of Loan and Security Agreement dated November 30, 1999 between the Company and American National Bank and Trust Company of Chicago
23	Consent of Independent Auditors
27	Financial Data Schedule

</TEXT>
</DOCUMENT>

Source: LANGER INC, 10-K, May 19, 2000

AMENDMENT TO LEASE DATED JANUARY 9, 1990

BETWEEN

HAROLD E. NEIBLING
as successor in interest to 2951 Saturn Partnership
AND
THE LANGER BIOMECHANICS GROUP, INC.

Under and pursuant to the terms of that certain Lease dated January 9, 1990, entered into by and between Harold E. Neibling as successor in interest to 2951 Saturn Partnership, as Lessor and The Langer Biomechanics Group, Inc., as Lessee, and covering an industrial unit known as 2951 Saturn Street, Unit C, Brea, California, Provision 17.15 is amended to extend that certain lease dated January 9, 1990 for one year commencing January 1, 2000 and terminating December 31, 2000. The rent for the premises shall be paid in equal monthly payments of $3,554.85 in advance on the first day of each month of the term during the period January 1, 2000 through December 31, 2000.

EXCEPT AS HEREBY AMENDED, all other provisions of said Lease are confirmed and ratified.

----------------------------	-----------------------------
Harold E. Neibling	The Langer Biomechanics Group, Inc.
____________________________	______________________________
Date	Date

</TEXT>
</DOCUMENT>

Source: LANGER INC, 10-K, May 19, 2000

American National Bank
and Trust Company of Chicago

PROMISSORY NOTE (SECURED)

$1,500,000.00 Chicago, Illinois December 6, 1999

Due: November 30, 2000

FOR VALUE RECEIVED, the undersigned (jointly and severally if more than one) ("Borrower"), promises to pay to the order of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO ("Bank"), at its principal place of business in Chicago, Illinois or such other place as Bank may designate from time to time hereafter, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS, or such lesser principal sum as may then be owed by Borrower to Bank hereunder, which sum shall be due and payable on NOVEMBER 30, 2000.

This Note restates and replaces a PROMISSORY NOTE (SECURED) in the principal amount of $1,500,000.00, dated July 31, 1998 executed by Borrower in favor of Bank (the "Prior Note") and is not a repayment or novation of the Prior Note.

Borrower's obligations and liabilities to Bank under this Note, and all other obligations and liabilities of Borrower to Bank (including without limitation all debts, claims and indebtedness) whether primary, secondary, direct, contingent, fixed or otherwise, including those evidenced in rate hedging agreements designed to protect the Borrower from the fluctuation of interest rates, heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under this Note, any agreement, instrument or document heretofore, now or from time to time hereafter executed and delivered to Bank by or on behalf of Borrower, or by oral agreement or operation of law or otherwise shall be defined and referred to herein as "Borrower's Liabilities".

The unpaid principal balance of Borrower's Liabilities due hereunder shall bear interest from the date of disbursement until paid, computed as follows AT A DAILY RATE EQUAL TO THE DAILY RATE EQUIVALENT OF 0.50% PER ANNUM IN EXCESS OF the rate of interest announced or published publicly from time to time by Bank as its prime or base rate of interest (THE "BASE RATE") (computed on the basis of a 360-day year and actual days elapsed); provided, however, that in the event that any of Borrower's Liabilities are not paid when due, the unpaid amount of Borrower's Liabilities shall bear interest after the due date until paid at a rate equal to the sum of the rate that would otherwise be in effect plus 3%.

The rate of interest to be charged by Bank to Borrower shall fluctuate hereafter from time to time concurrently with, and in an amount equal to, each increase or decrease in the Base Rate, whichever is applicable.

Accrued interest shall be payable by Borrower to Bank on the same day of each month, and at maturity, commencing with the LAST DAY OF DECEMBER, 1999, or as billed by Bank to Borrower, at Bank's principal place of business, or at such other place as Bank may designate from time to time hereafter. After maturity, accrued interest on all of Borrower's Liabilities shall be due and payable on demand.

Borrower warrants and represents to Bank that Borrower shall use the proceeds represented by this Note solely for proper business purposes and consistently with all applicable laws and statutes.

To secure the prompt payment to Bank of Borrower's Liabilities and the prompt, full and faithful performance by Borrower of all of the provisions to be kept, observed or performed by Borrower under this Note and/or any other agreement, instrument or document heretofore, now and/or from time to time hereafter delivered by or on behalf of Borrower to Bank, Borrower grants to Bank a security interest in and to the following property: (a) all of Borrower's now existing and/or owned and hereafter arising or acquired monies, reserves, deposits, deposit accounts and interest or dividends thereon, securities, cash, cash equivalents and other property now or at any time or times hereafter in the possession or under the control of Bank or its bailee for any purpose; (b) ALL BUSINESS ASSETS OF THE LANGER BIOMECHANICS GROUP, INC., A NEW YORK CORPORATION, PURSUANT TO LOAN AND SECURITY AGREEMENT DATED NOVEMBER 30, 1999, AS AMENDED FROM TIME TO TIME, BY AND BETWEEN BORROWER AND BANK; and (c) all substitutions, renewals, improvements, accessions or additions thereto, replacements, offspring, rents, issues, profits, returns, products and proceeds thereof, including without limitation proceeds of insurance policies insuring the foregoing collateral (all of the foregoing property is referred to herein individually and collectively as "Collateral").

Regardless of the adequacy of the Collateral, any deposits or other sums at any time credited by or payable or due from Bank to Borrower, or any monies, cash, cash equivalents, securities, instruments, documents or other assets of Borrower in the possession or control of Bank or its bailee for any purpose, may be reduced to cash and applied by Bank to or setoff by Bank against Borrower's

Liabilities.

Borrower agrees to deliver to Bank immediately upon Bank's demand, such additional collateral as Bank may request from time to time should the value of the Collateral (in Bank's sole and exclusive opinion) decline, deteriorate, depreciate or become impaired, or should Bank deem itself insecure for any reason whatsoever, including without limitation a change in the financial condition of Borrower or any party liable with respect to Borrower's Liabilities, and does hereby grant to Bank a continuing security interest in such other collateral, which shall be deemed to be a part of the Collateral. Borrower shall execute and deliver to Bank, at any time upon Bank's demand, all agreements, instruments, documents and other written matter that Bank may request, in form and substance acceptable to Bank, to perfect and maintain perfected Bank's security interest in the Collateral or any additional collateral. Borrower agrees that a carbon, photographic or photostatic copy, or other reproduction, of this Note or of any financing statement, shall be sufficient as a financing statement.

Bank may take, and Borrower hereby waives notice of, any action from time to time that Bank may deem necessary or appropriate to maintain or protect the Collateral, and Bank's security interest therein, and in particular Bank may at any time (i) transfer the whole or any part of the Collateral into the name of the Bank or its nominee, (ii) collect any amounts due on Collateral directly from persons obligated thereon, (iii) take control of any proceeds and products of Collateral, and/or (iv) sue or make any compromise or settlement with respect to any Collateral. Borrower hereby releases Bank from any and all causes of action or claims which Borrower may now or hereafter have for any asserted loss or damage to Borrower claimed to be caused by or arising from: (a) Bank's taking any action permitted by this paragraph; (b) any failure of Bank to protect, enforce or collect in whole or in part any of the Collateral; and/or (c) any other act or omission to act on the part of Bank, its officers, agents or employees, except for willful misconduct.

The occurrence of any one of the following events shall constitute a default by the Borrower ("Event of Default") under this Note if not cured within seven (7) business days, where applicable: (a) if Borrower fails to pay any of Borrower's Liabilities when due and payable or declared due and payable (whether by scheduled maturity, required payment, acceleration, demand or otherwise); (b) if Borrower or any guarantor of any of Borrower's Liabilities fails or neglects to perform, keep or observe any material term, provision, condition, covenant, warranty or representation contained in this Note; (c) occurrence of a material default or event of default under any agreement, instrument or document heretofore, now or at any time hereafter delivered by or on behalf of Borrower to Bank; (d) occurrence of a material default or an event of default under any agreement, instrument or document heretofore, now or at any time hereafter delivered to Bank by any guarantor of Borrower's Liabilities or by any person or entity which has granted to Bank a security interest or lien in and to some or all of such person's or entity's real or personal property to secure the payment of Borrower's Liabilities; (e) if the Collateral or any other of Borrower's assets are attached, seized, subjected to a writ, or are levied upon or become subject to any lien or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors; (f) if a material notice of lien, levy or assessment is filed of record or given to Borrower with respect to all or any of Borrower's assets by any federal, state or local department or agency; (g) if Borrower or any guarantor of Borrower's Liabilities becomes insolvent or generally fails to pay or admits in writing its inability to pay debts as they become due, if a petition under Title 11 of the United States Code or any similar law or regulation is filed by or against Borrower or any such guarantor, if Borrower or any such guarantor shall make an assignment for the benefit of creditors, if any case or proceeding is filed by or against Borrower or any such guarantor for its dissolution or liquidation, or if Borrower or any such guarantor is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business affairs; (h) the death or incompetency of Borrower or any guarantor of Borrower's Liabilities, or the appointment of a conservator for all or any portion of Borrower's assets or the Collateral; (i) the revocation, termination or cancellation of any guaranty of Borrower's Liabilities without written consent of Bank; (j) if a contribution failure occurs with respect to any pension plan maintained by Borrower or any corporation, trade or business that is, along with Borrower, a member of a controlled group of corporations or a controlled group of trades or businesses (as described in Sections 414(b) and (c) of the Internal Revenue Code of 1986 or Section 4001 of the Employee Retirement Income Security Act of 1974, as amended, "ERISA") sufficient to give rise to a lien under Section 302(f) of ERISA; (k) if Borrower or any guarantor of Borrower's Liabilities is in default in the payment of any obligations, indebtedness or other liabilities to any third party and such default is declared and is not cured within the time, if any, specified therefor in any agreement governing the same; or (l) if any material statement, report or certificate made or delivered by Borrower, any of Borrower's partners, officers, employees or agents or any guarantor of Borrower's Liabilities is not true and correct.

Upon the occurrence of an Event of Default, at Bank's option, without notice by Bank to or demand by Bank of Borrower: (i) all of Borrower's Liabilities shall be immediately due and payable; (ii) Bank may exercise any one or more of the rights and remedies accruing to a secured party under the Uniform Commercial Code of the relevant jurisdiction and any other applicable law upon default by a debtor; (iii) Bank may enter, with or without process of law and without breach of the peace, any premises where the Collateral is or may be

located, and may seize or remove the Collateral from said premises and/or remain upon said premises and use the same for the purpose of collecting, preparing and disposing of the Collateral; and/or (iv) Bank may sell or otherwise dispose of the Collateral at public or private sale for cash or credit, provided, however, that Borrower shall be credited with the net proceeds of any such sale only when the same are actually received by Bank.

Upon an Event of Default, Borrower, immediately upon demand by Bank, shall assemble the Collateral and make it available to Bank at a place or places to be designated by Bank which is reasonably convenient to Bank and Borrower.

Source: LANGER INC, 10-K, May 19, 2000

All of Bank's rights and remedies under this Note are cumulative and non-exclusive. The acceptance by Bank of any partial payment made hereunder after the time when any of Borrower's Liabilities become due and payable will not establish a custom or waive any rights of Bank to enforce prompt payment hereof. Bank's failure to require strict performance by Borrower of any provision of this Note shall not waive, affect or diminish any right of Bank thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. Borrower and every endorser waive presentment, demand and protest and notice of presentment, protest, default, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratify and confirm whatever Bank may do in this regard. Borrower further waives any and all notice or demand to which Borrower might be entitled with respect to this Note by virtue of any applicable statute or law (to the extent permitted by law).

Borrower agrees to pay, immediately upon demand by Bank, any and all costs, fees and expenses (including reasonable attorneys' fees, costs and expenses) incurred by Bank (i) in enforcing any of Bank's rights hereunder, and (ii) in representing Bank in any litigation, contest, suit or dispute, or to commence, defend or intervene or to take any action with respect to any litigation, contest, suit or dispute (whether instituted by Bank, Borrower or any other person) in any way relating to this Note, Borrower's Liabilities or the Collateral, and to the extent not paid the same shall become part of Borrower's Liabilities.

This Note shall be deemed to have been submitted by Borrower to Bank and to have been made at Bank's principal place of business. This Note shall be governed and controlled by the internal laws of the State of Illinois and not the law of conflicts.

Advances under this Note may be made by Bank upon oral or written request of any person authorized to make such requests on behalf of Borrower ("Authorized Person"). Borrower agrees that Bank may act on requests which Bank in good faith believes to be made by an Authorized Person, regardless of whether such requests are in fact made by an Authorized Person. Any such advance shall be conclusively presumed to have been made by Bank to or for the benefit of Borrower. Borrower does hereby irrevocably confirm, ratify and approve all such advances by Bank and agrees to indemnify Bank against any and all losses and expenses (including reasonable attorneys' fees) and shall hold Bank harmless with respect thereto.

TO INDUCE BANK TO ACCEPT THIS NOTE, BORROWER IRREVOCABLY AGREES THAT, SUBJECT TO BANK'S SOLE AND ABSOLUTE ELECTION, ALL ACTIONS OR PROCEEDINGS IN ANY WAY, MANNER OR RESPECT, ARISING OUT OF OR FROM OR RELATED TO THIS NOTE SHALL BE LITIGATED IN COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS. BORROWER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SAID CITY AND STATE. BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST BORROWER BY BANK IN ACCORDANCE WITH THIS PARAGRAPH.

BORROWER IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, COUNTERCLAIM OR PROCEEDING (i) TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR IN CONNECTION WITH THIS NOTE OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH, OR (ii) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS NOTE OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, AND AGREES THAT ANY SUCH ACTION, SUIT, COUNTERCLAIM OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

BORROWER:

Address: 450 COMMACK ROAD
DEER PARK, NEW YORK 11729

THE LANGER BIOMECHANICS GROUP, INC.
a New York corporation

By:

DANIEL J. GORNEY — PRESIDENT/CHIEF EXECUTIVE OFFICER

Printed Name — Title

By:

THOMAS G. ARCHBOLD — CHIEF FINANCIAL OFFICER

Printed Name — Title
Tax I.D. Number: 11-2239561

Scott J. Buechler/8462

Source: LANGER INC, 10-K, May 19, 2000

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INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-89880 and No. 333-94769 of The Langer Biomechanics Group, Inc. on Form S-8 of our report dated May 3, 2000 appearing in this Annual Report on Form 10-K of The Langer Biomechanics Group, Inc. for the year ended February 29, 2000.

Jericho, New York
May 19, 2000

</TEXT>
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Source: LANGER INC, 10-K, May 19, 2000

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM LANGER BIOMECHANICS GROUP, INC.'S FORM 10-K FOR THE YEAR ENDED FEBRUARY 29, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND NOTES, THERETO.

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