



Fourth Quarter 2008
March 5, 2009



Financial Review
Tom Bailey, CFO

Forward-Looking Statements

Statements contained in this presentation that are not based on historical fact, including without limitation statements containing the words “believes,” “may,” “plans,” “will,” “estimates,” “continues,” “anticipates,” “intends,” “expects” and similar expressions, constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and constitute “forward-looking information” within the meaning of applicable Canadian securities laws. All such statements are made pursuant to the “safe harbor” provisions of applicable securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our strategies or future actions, our targets, expectations for our financial condition and the results of, or outlook for, our operations, research development and product and drug development. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Many such risks, uncertainties and other factors are taken into account as part of our assumptions underlying these forward-looking statements and include, among others, the following: general economic and business conditions, both nationally and in the regions in which we operate; market demand; technological changes that could impact our existing products or our ability to develop and commercialize future products; competition; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; adverse results or unexpected delays in drug discovery and clinical development processes; decisions, and the timing of decisions, made by health regulatory agencies regarding approval of our technology and products; the requirement for substantial funding to conduct research and development, to expand commercialization activities or consummate acquisitions or to service or repay debt obligations; the accuracy of our estimations of the size of the market, and the potential market, for our products in specific disease areas; sales numbers and future guidance publicly provided by Boston Scientific Corporation regarding sales of their paclitaxel-eluting coronary stent products; and any other factors that may affect performance. In addition, our business is subject to certain operating risks that may cause the actual results expressed or implied by the forward-looking statements in this presentation to differ materially from our actual results. These operating risks include: our ability to attract and retain qualified personnel; our ability to successfully complete preclinical and clinical development of our products; changes in business strategy or development plans; our failure to obtain patent protection for discoveries; loss of patent protection resulting from third-party challenges to our patents; commercialization limitations imposed by patents owned or controlled by third parties; our ability to obtain rights to technology from licensors; liability for patent claims and other claims asserted against us; our ability to obtain and enforce timely patent and other intellectual property protection for our technology and products; the ability to enter into, and to maintain, corporate alliances relating to the development and commercialization of our technology and products; market acceptance of our technology and products; our ability to successfully manufacture, market and sell our products; the ability of Boston Scientific Corporation to successfully manufacture, market and sell their paclitaxel-eluting coronary stent products; the continued availability of capital to finance our activities; our ability to achieve the financial benefits expected as a result of the acquisition of American Medical Instruments Holdings, Inc.; and any other factors referenced in our annual information form and other filings with the applicable Canadian securities regulatory authorities or the Securities and Exchange Commission. **Given these uncertainties, assumptions and risk factors, readers are cautioned not to place undue reliance on such forward-looking statements. We disclaim any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained in this presentation to reflect future results, events or developments.**



Financial Information

This presentation contains financial data derived from the condensed financial statements derived from the unaudited consolidated interim financial statements for the three-month periods ended December 31, 2008, and 2007 and from the audited consolidated financial statements for the years ended December 31, 2008 and 2007. Full audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2008 will be filed with the relevant regulatory agencies, as well as posted on our website at www.angiotech.com.

Amounts, unless specified otherwise, are expressed in U.S. dollars. Financial results are reported under U.S. Generally Accepted Accounting Principles ("GAAP") unless otherwise noted. All per share amounts are stated on a diluted basis unless otherwise noted.

Use of Certain Non-GAAP Financial Measures

Certain financial results presented in this press release include non-GAAP measures that exclude certain items. Adjusted net loss from continuing operations, adjusted net loss per share from continuing operations and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") exclude certain non-cash and non-recurring items such as goodwill and financing cost write downs, acquisition related amortization charges, acquired in-process research and development relating to license agreements and acquisitions, stock-based compensation expense, foreign exchange gains or losses relating to translation of foreign currency cash and investment balances and other non-recurring items. Adjusted net loss from continuing operations, adjusted net loss per share from continuing operations and Adjusted EBITDA also exclude litigation expenses related to defending intellectual property claims. Revenue, as adjusted, excludes non-recurring, non-operating revenue derived from license agreements and other license revenue, net of license fees due to licensors and excludes amounts accrued for costs incurred. Adjusted net loss from continuing operations, adjusted net loss per share from continuing operations, revenue, as adjusted, and Adjusted EBITDA do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. Management uses these non-GAAP or adjusted operating measures to establish operational goals, and believes that these measures may assist investors in analyzing the underlying trends in our business over time. Investors should consider these non-GAAP measures in addition to, not as a substitute for, or as superior to, financial reporting measures prepared in accordance with GAAP. We have provided a reconciliation of these measures to GAAP in the tables attached to the press release issued today (March 5, 2009), which is available on Angiotech's website (www.angiotech.com).

Q4:08 Financial Results Summary

■ Total revenue (adjusted): **\$61.7M**

- vs. \$70.7M in Q4:07
- vs. \$67.9M in Q3:08

■ Product revenues (adjusted): **\$46.1M**

- vs. \$43.5M in Q4:07
- vs. \$46.5M in Q3:08

■ Royalty revenues: **\$15.7M**

- vs. \$27.2M in Q4:07
- vs. \$21.4M in Q3:08



Q4:08 Financial Results Summary

■ COGS (adjusted): **\$23.6M**

- vs. \$23.5M in Q4:07
- vs. \$24.7M in Q3:08

■ R & D (adjusted): **\$6.9M**

- vs. \$13.4M in Q4:07
- vs. \$8.8M in Q3:08
- vs. \$17.2M in Q2:08

■ SG & A (adjusted): **\$19.0M**

- vs. \$23.5M in Q4:07
- vs. \$20.5M in Q3:08
- vs. \$23.6M in Q2:08



▣ Adjusted EBITDA: **\$10.3M**

- vs. \$6.8M in Q4:07
- vs. **\$11.5M in Q3:08**
- vs. **\$5.9M in Q2:08**
- 1.0x absolute EBITDA / net interest

▣ GAAP EPS: **(\$0.90)**

▣ Adjusted EPS: **(\$0.03)**

▣ Cash and short-term investments:
\$39.8M

- vs. \$65.9M in Q3:08
- vs. \$74.5M in Q2:08
- vs. \$109.2M in Q4:07



Q4:08 Financial Results Other Items

▣ Additional goodwill write down

- Goodwill balance as of year-end 2007: \$659.5M
- Write down in Q3:08: \$599.4M
- Write down in Q4:08: \$50.3M
- Goodwill balance as of Q4:08: \$0.0M

▣ Impairment assessment rules

- Rule driven in large part by market value, other various factors
- Recent growth in medical products business outweighed by share price issues
 - Impairment test is not specific to the business acquired where goodwill was actually generated / recorded
- Factors most significantly impacting analysis:
 - ANPI share price and quoted value of debt
 - Credit market environment

▣ Transaction costs expensed

- Expensed / wrote off additional \$3M

Note: Write downs represent non-cash items



Q4:08 Financial Results Senior Secured Financing

❖ Wells Fargo Foothill, LLC

- Sole arranger, administrative agent and lender
- Experienced lender in complex capital structure situations

❖ Selected key terms and conditions

- Minimum Adjusted EBITDA, fixed charge coverage (monthly LTM)
- No revolver draws unless cash forecasted below \$30M
- Both facilities are secured by all assets including inventory, equipment, intellectual property and real estate, except for certain excluded items
- Proceeds may be used for working capital or capital expenditure purposes

❖ \$10M delayed draw term loan facility

- Draws may occur in stages, depending on meeting certain conditions and our capital needs
- Quarterly amortization of principal (\$500K) starting in H2:09

❖ Revolving credit facility

- Availability of up to \$22.5M
- Amounts available to be drawn are derived from a borrowing base comprised of certain accounts receivable and finished goods inventory

❖ Interest

- LIBOR + 325 to LIBOR + 375
- LIBOR floor of 2.25%



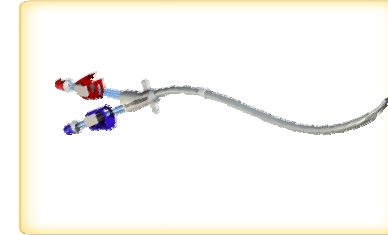


Business Review
Dr. Bill Hunter, President and CEO



Business Highlights Medical Products

- ❑ Promoted brands: ~40% growth in 2008
- ❑ Quill™ SRS
 - 596 hospitals as of December 2008
 - MONODERM™ U.S. FDA approval
 - MONODERM™ CE Mark approval
 - 3-0 Polydioxanone (PDO) U.S. FDA approval
 - PDO U.S. FDA approval
 - PDO CE Mark approval
- ❑ HemoStream™ chronic dialysis catheter
 - U.S. FDA approval
 - CE Mark approval
- ❑ 2009: anti-infective strategy
 - 5-FU dialysis
 - Other 5-FU product opportunities on the way
 - 5-FU clinical trial: valuable asset
 - Zero blood stream infections observed in 5-FU group
 - Exceptional clinical data: efficacy, safety
 - U.S. FDA approval





Business Highlights

BSC and Cook

- TAXUS® (Boston Scientific) – challenging 2008, but appears to be stabilizing at a lower level heading into 2009
 - Liberté® approved for sale in United States
 - Atom™ approved for sale in United States
 - Element™ clinical trial enrollment completed
 - Petal™ bifurcation stent clinical trial enrollment commenced
 - Express2™ approved for sale in Japan
 - Liberté® approved for sale in Canada
- Zilver® PTX™ (Cook Medical) – progress in 2008, EMEA launch in 2009?
 - Enrollment completed in pivotal human clinical trial
 - CE Mark application submitted
 - Positive interim clinical results announced
 - First ever significant reduction in restenosis observed in peripheral stenting



Business Highlights Financial Milestones

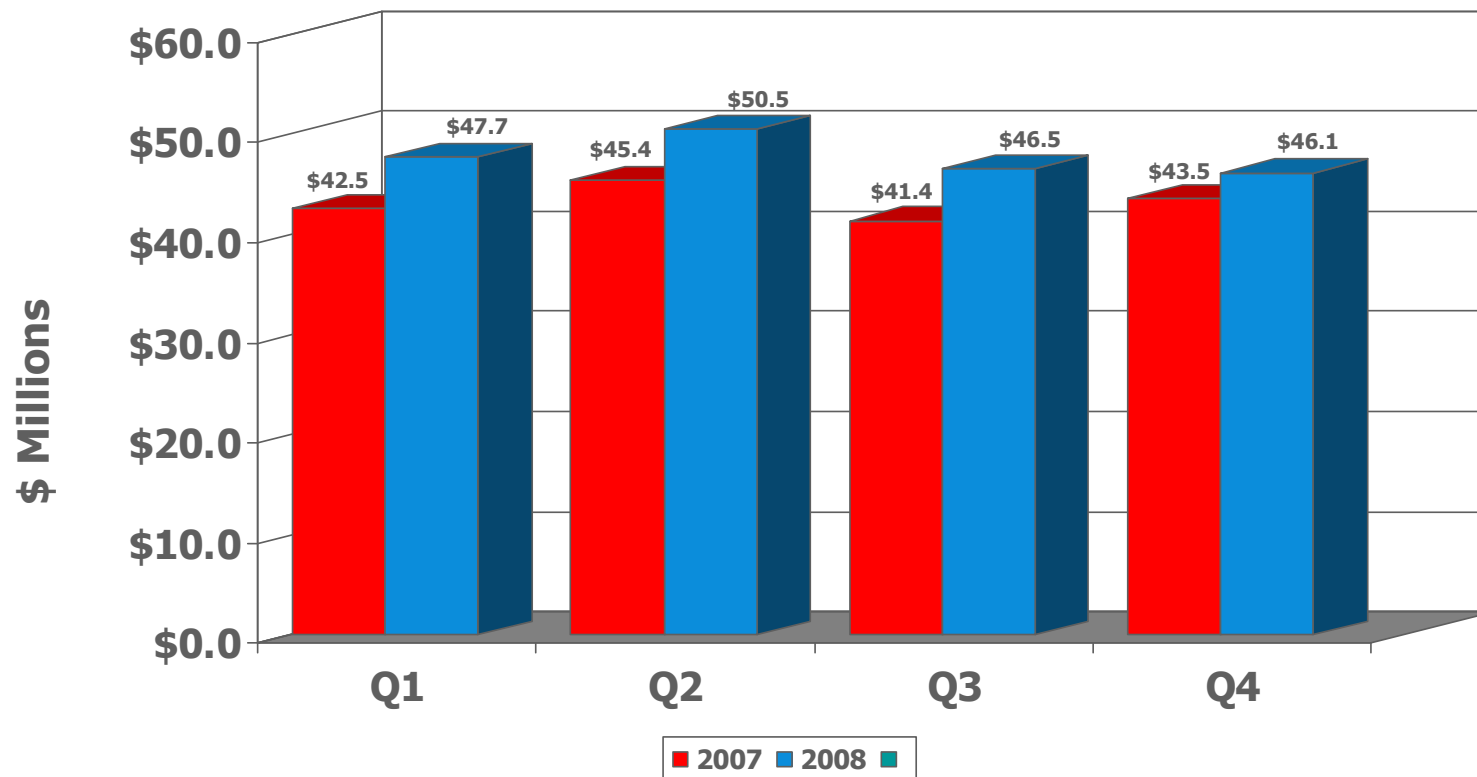
- ❑ Product revenue
 - 2007: essentially flat revenue vs. 2006
 - 2008 turn taking hold: **all quarters = revenue growth**
- ❑ COGS
 - **100 bps improvement achieved**, Syracuse closure finishing Q4 vs. Q3
- ❑ Operating Costs
 - Three consecutive years of G & A expense reductions
 - Positive variances in sales / marketing vs. budgets
 - Higher sales achieved on lower absolute costs – “double leverage”
- ❑ R & D
 - R & D expenses in Q4 less than half the amount reported in Q2
 - Significant sacrifices: focus only on most critical programs
 - Our commitment to R & D will endure: incredible resourcefulness shown by our R & D group
- ❑ Royalty revenue - significant declines from peak
 - Peak \$50M per quarter (early 2005)
 - Rapid declines observed starting Q4:06
 - Q4:08: \$15M
- ❑ Balance Sheet / Capital Structure
 - Stabilizing; WFF credit facilities provide near-term “bridge” during difficult economic times



Business Highlights

Product Sales: Last Four Quarters Comparison

- ▣ All lines of business contributing to performance

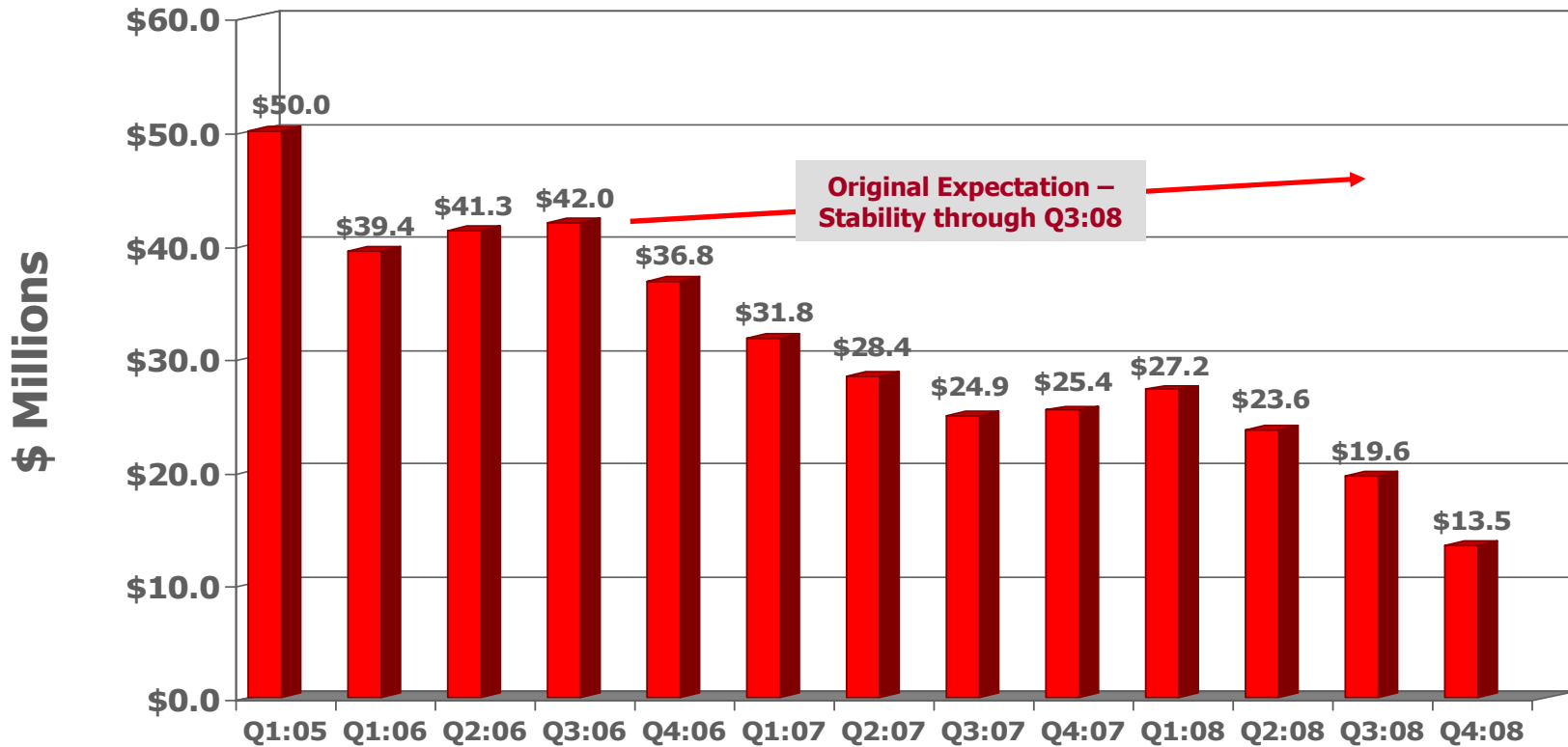




Business Highlights

TAXUS Royalty Revenue – Significant Challenges

- ❑ Effect of safety concerns
- ❑ Increased DES competition impacting Q3:08 and thereafter
 - Q1:09 and Q2:09 potentially stable royalty revenue? TBD
- ❑ Royalty revenue: 85% conversion per dollar to EBITDA



Our Actions

24 months, Many Actions Taken

Costs and efficiencies

- ❑ Corporate reorganization
 - Eliminate “AMI” divisional structure
 - Orient organization to ANPI strategy
- ❑ Sales force reorganization
 - Surgical, Interventional, Specialties Groups
- ❑ General and administrative integration
 - Elimination of redundant resources / positions
- ❑ Facility consolidation
 - Syracuse, NY
 - Costa Rica
 - Gibbon, MN
 - Dartmouth, MA
 - Boulder, CO

Business initiatives

- ❑ Strategic
 - Investments in Quill™ SRS
 - New interventional products
 - HemoStream™
 - Option™
 - Promoted brand, sales compensation strategy
 - Sales force investments and expansion
- ❑ R & D
 - 5-FU
 - Quill™ SRS
 - Vascular Wrap™
 - Bio-Seal™
 - Others



Q & A