



**First Quarter 2010**  
**May 4, 2010**

## 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 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 objectives and priorities for the remainder of 2010 and beyond, our strategies or future actions, our targets, expectations for our financial condition and the results of, or outlook for, our operations, research and 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 known 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 in the United States, Canada and the other 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 legislation and regulations and changes in, or the failure to comply with, governmental legislation and regulations; availability of financial reimbursement coverage from governmental and third-party payers for products and related treatments; adverse results or unexpected delays in pre-clinical and clinical product development processes; adverse findings related to the safety and/or efficacy of our products or products sold by our partners; 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 manufacturing and commercialization activities; and any other factors that may affect our performance. In addition, our business is subject to certain operating risks that may cause any 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 pre-clinical and clinical development of our products; changes in our 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 availability of capital to finance our activities; our ability to restructure and to service our debt obligations; and any other factors referenced in our other filings with the applicable Canadian securities regulatory authorities or the Securities and Exchange Commission (“SEC”). For a more thorough discussion of the risks associated with our business, see the “Risk Factors” section in our annual report for the year ended December 31, 2009 filed with the SEC on Form 10-K.

**Given these uncertainties, assumptions and risk factors, investors are cautioned not to place undue reliance on such forward-looking statements. Except as required by law, 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 unaudited financial data derived from the audited consolidated financial statements for the three months ended March 31, 2010 and certain prior financial periods. Full audited consolidated financial statements and Management's Discussion and Analysis for the years ended December 31, 2008 and 2009 are filed with the relevant regulatory agencies, as well as posted on our website, and the three months ended March 31, 2010 will be filed with the relevant regulatory agencies, as well as posted on our website at [www.angiotech.com](http://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**

The financial results in this presentation may include the following non-GAAP, or adjusted, financial measures, which we believe provide important supplemental information to management and investors about the Company's financial condition and results of operations: (1) adjusted earnings before interest expense, taxes, depreciation and amortization ("Adjusted EBITDA"), (2) adjusted net income (loss), (3) adjusted net income (loss) per share, (4) adjusted revenue, (5) adjusted cost of goods sold ("adjusted COGS"), (6) adjusted research and development expense ("adjusted R&D expense"), and (7) adjusted selling, general and administrative expense ("adjusted SG&A expense").

Management uses Adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per share, adjusted revenue, adjusted COGS, adjusted R&D expense and adjusted SG&A expense when setting corporate and operational goals, and evaluating operating performance in connection with:

- ❑ Presenting, comparing and assessing the financial results and forecasts reported to the Company's Board of Directors.
- ❑ Evaluating, managing and benchmarking the operating performance of the Company.
- ❑ Analyzing underlying trends in the Company's business.
- ❑ Evaluating market position and performance relative to our competitors, many of which use the same or similar performance measures.
- ❑ Establishing internal operating budgets.
- ❑ Determining compensation under bonus or other incentive programs.
- ❑ Enhancing comparability from period to period.
- ❑ Assessing compliance with credit facility covenants.
- ❑ Providing vital information in assessing cash flows to service our significant debt obligations.
- ❑ Comparing performance with internal forecasts and targeted business models.
- ❑ Evaluating and valuing potential acquisition candidates.

The adjustments used to compute our non-GAAP financial measures are consistent with those excluded from segmented operating results used by the Company's chief operating decision makers to make operating decisions and assess performance. We have provided this information to enable investors to analyze our operating results in the same way that management uses this information to assess our business relative to other periods, our business objectives and similar companies in our industry.

### **Economic Substance of Non-GAAP Financial Measures**

Our non-GAAP adjusted financial measures exclude certain non-cash, non-recurring and non-operating items, which may be unpredictable, volatile and not directly correlated to our operating performance. We believe exclusion of these items from our GAAP financial measures may provide the following advantages: (i) improved understanding of trends underlying our business and performance; (ii) improved consistency across periods when measuring and assessing our operating performance; (iii) improved understanding of the cash flow and cash earnings generated by our business in a given period and as compared to prior periods; and (iv) improved comparability of our operating results to those of similar companies in our industry.

Examples of these certain non-cash, non-recurring and non-operating items include: financing charges, asset write-downs, impairment charges, foreign exchange fluctuations, stock-based compensation expense, acquisition related amortization charges, integration and restructuring expenses, in-process research and development costs, retrospective adjustments driven by accounting policy changes, and certain extraordinary litigation expenses. A detailed discussion of the excluded items is provided in the press release referred to below.

Investors are cautioned that Adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per share, adjusted revenue, adjusted COGS, adjusted R&D expense and adjusted SG&A expense do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other issuers. Our non-GAAP financial measures are supplemental metrics and should not be viewed as a substitute for, or superior to, financial reporting measures prepared in accordance with GAAP. We have prepared a reconciliation of our non-GAAP adjusted financial measures to the comparable GAAP-based financial measures in the tables included in this Appendix. Management compensates for certain material limitations that may be relevant to our use of certain non-GAAP financial measures by reviewing our operating performance in accordance with GAAP concurrent with our review of our operating performance relative to certain adjusted financial measures during each relevant disclosure period.

We have provided a reconciliation of these measures to GAAP in the Press Release issued today (May 4, 2010), which is available on Angiotech's website ([www.angiotech.com](http://www.angiotech.com)).



## Financial Review



## Three Business Units Different Growth and Financial Characteristics



- ❑ \$15.7M
- ❑ +21% vs. Q1:09
- ❑ +18% currency adjusted

- ❑ \$35.3M
- ❑ +6% vs. Q1:09
- ❑ +5% currency adjusted

- ❑ \$12.3M
- ❑ (28%) vs. Q1:09

## Q1:10 Financial Results

Quarter Comparisons (\$M ex per share items)

		Q1:09	Q4:09	Q1:10	
<b>Revenue</b>	Proprietary	\$13.0	<b>\$18.3</b>	<b>\$15.7</b>	<b>21%</b>
	Base	\$33.2	<b>\$31.7</b>	<b>\$35.3</b>	<b>6%</b>
	Royalty	\$17.1	<b>\$13.5</b>	<b>\$12.3</b>	<b>(28%)</b>
<b>GM% (Product)</b>		48.1%	<b>43.2%</b>	<b>51.4%</b>	
<b>Op Expenses</b>	R&D	\$5.7	<b>\$5.6</b>	<b>\$6.8</b>	
	SG&A	\$17.0	<b>\$21.2</b>	<b>\$21.6</b>	
<b>Results</b>	Adjusted EBITDA	\$14.6	<b>\$6.9</b>	<b>\$10.1</b>	
	Net Interest Exp	\$10.1	<b>\$8.4</b>	<b>\$9.0</b>	
	Capital Exp	\$0.7	<b>\$0.9</b>	<b>\$1.4</b>	
	GAAP EPS	\$0.15	<b>(\$0.18)</b>	<b>(\$0.08)</b>	
	Adjusted EPS	\$0.01	<b>(\$0.06)</b>	<b>\$0.02</b>	
	Cash	\$64.5	<b>\$49.5</b>	<b>\$42.8</b>	

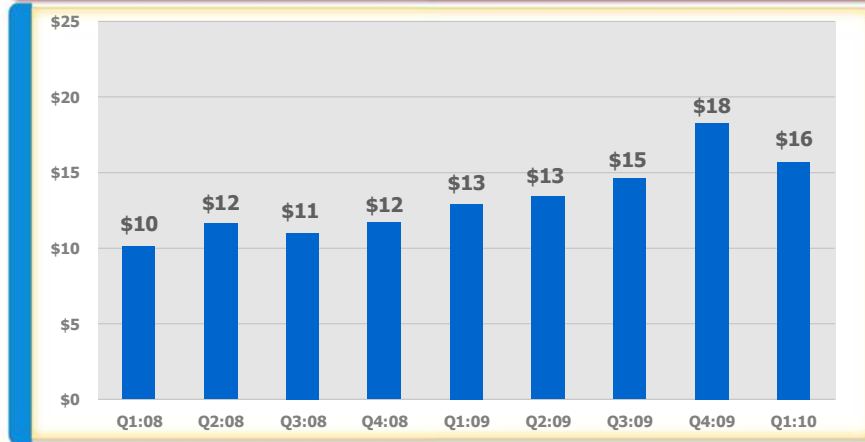
- ❑ Figures presented on an "adjusted basis"
- ❑ Currency adjusted revenue growth rates: 18% Proprietary and 5% Base



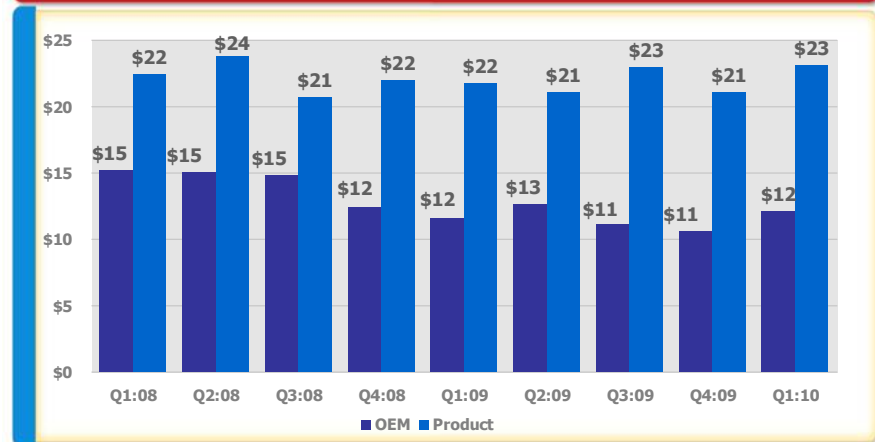
# Q1:10 Financial Results

## Trends from Q1:08 (\$M)

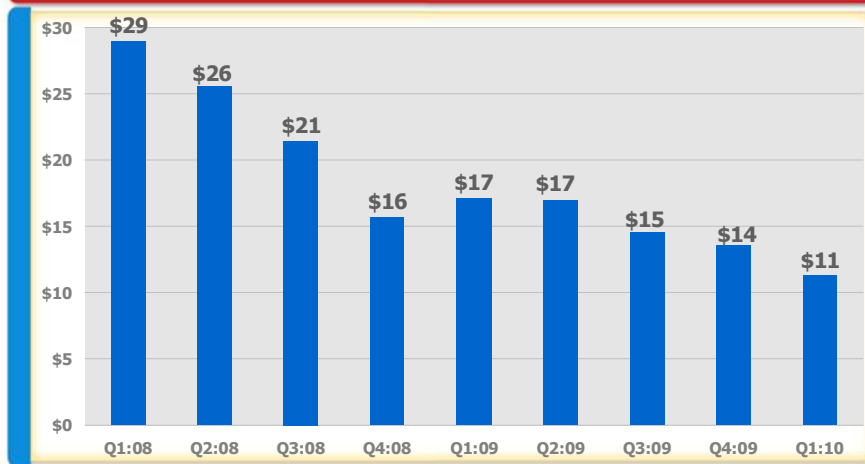
### Proprietary



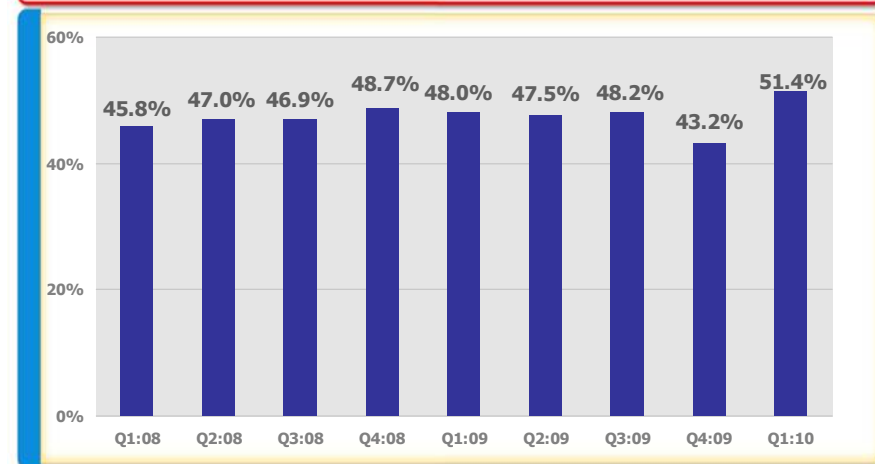
### Base



### Royalty (Primarily TAXUS / BSC)



### GM% (Product Sales)



## Highlights

- ▣ Highest Q1 product sales revenue ever recorded
- ▣ Proprietary revenue growth
- ▣ Base stability / growth
- ▣ Expense management
- ▣ Cash conservation / management
- ▣ Haemacure technology and product candidate acquisition completed

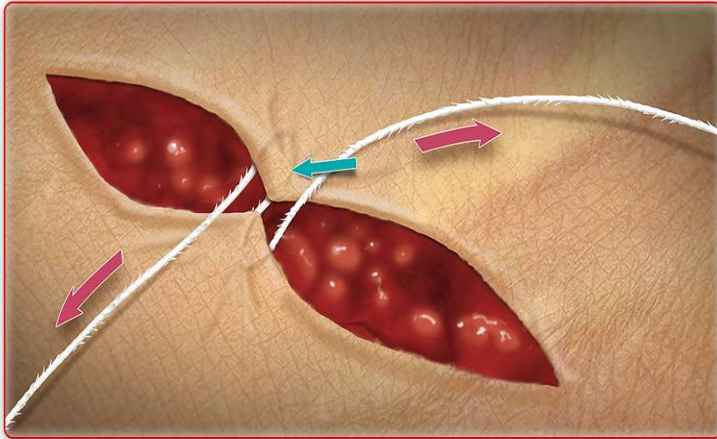
## Challenges

- ▣ TAXUS
- ▣ Balance sheet: capital constraints, risks

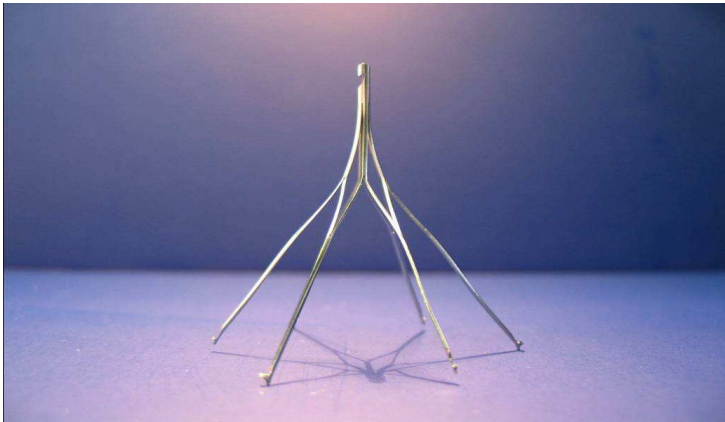


## Business Review

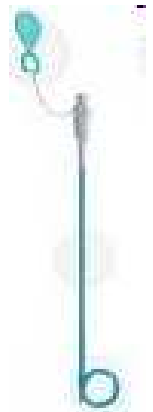
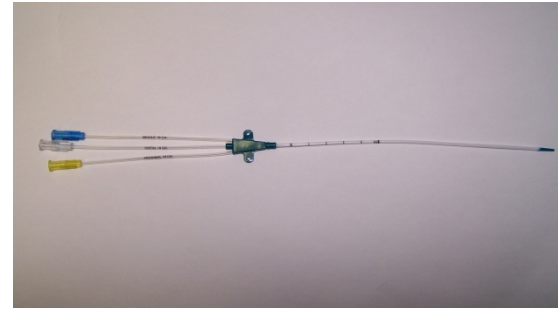
## Quill™ SRS



## Option™ IVC Filter



## Anti-Infective (5-FU)

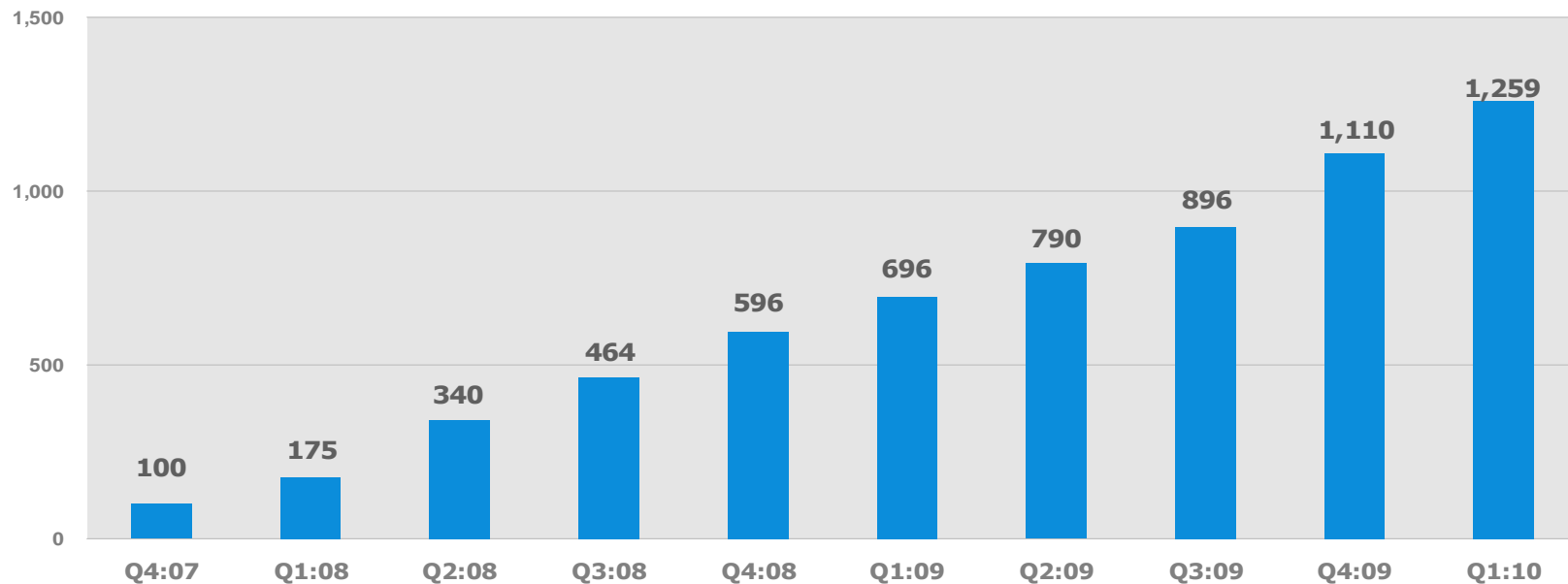




## Business Review Quill SRS

- ❑ In 1,259 hospital accounts as of March 31, 2010
- ❑ Largest customers ~\$150K+ in sales
- ❑ Majority of key target orthopedic centers are now customers
- ❑ Successful launch of specialized product codes for laparoscopic OB/GYN
- ❑ New specialty codes, designs in development
- ❑ Sales force and marketing expansion commenced for 2010

### Hospital Customer Data

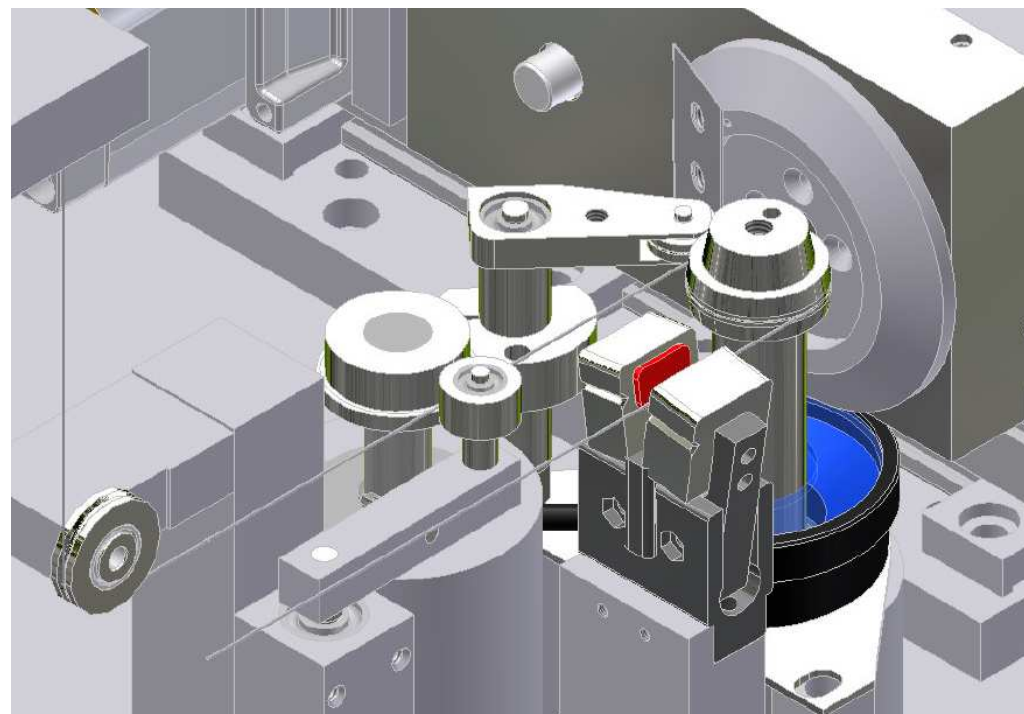


## ▣ Quill SRS Highlights

- Successful introduction of orthopedic codes into the arthroplasty market
- New product codes for laparoscopic, gynecology and robotic urology market to be launched in 2010
- Recent presentations in both robotic gynecology and robotic urology at the World Robotic Conference in Orlando
- Benefits of Quill SRS:
  - Hemostatic closure
  - Water tight closures
  - Facilitates the manipulation of tissue
  - Very versatile technique: allows the surgeon to start anywhere they wish

## Ensuring the Future of Quill

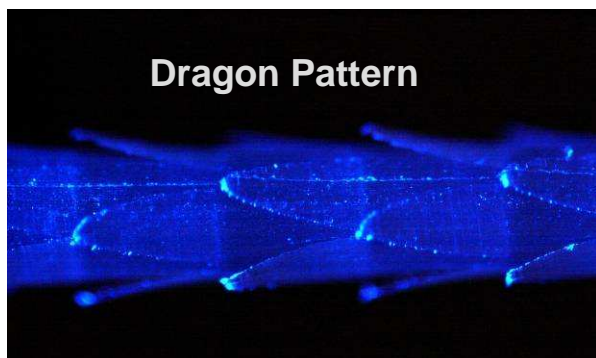
- Implemented 5x High Speed Cutting Machine
- Proprietary
- ▣ Entrance into New Markets
  - Orthopaedic Codes
  - Gynecology Codes
  - Launched Quill Monoderm



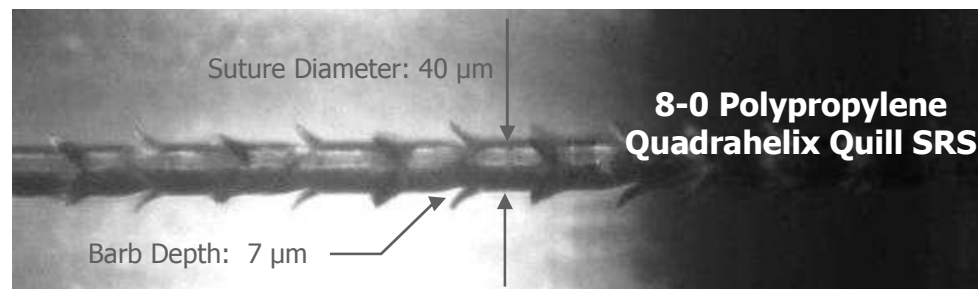
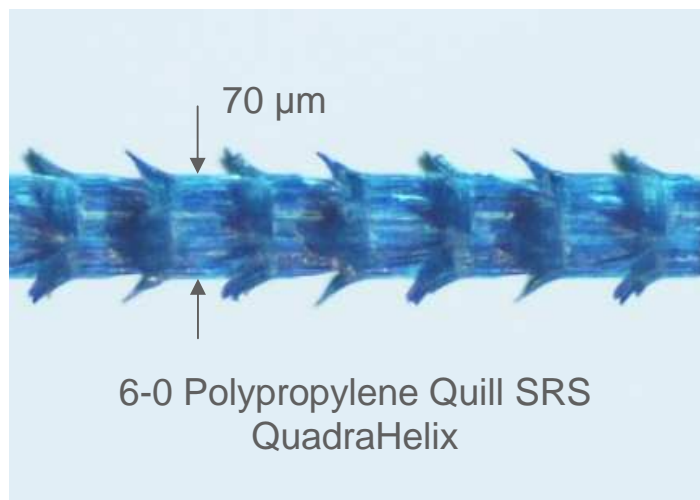
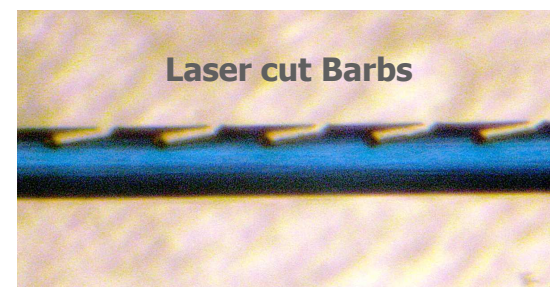
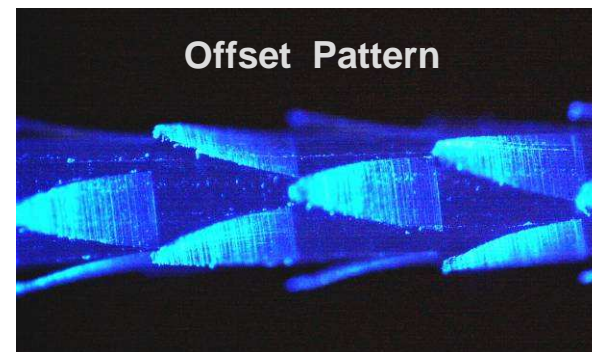
Quill Report Card: 25 New SKUs Launched YTD			
SKUs	Size	Description	Launched
1	2	Quill PDO	Yes
1	1	Quill PDO	Yes
1	2-0	Quill PDO	Yes
8	3-0	Quill PDO	Yes
1	4-0	Quill PDO	Yes
4	0	Quill Monoderm	Yes
5	2-0	Quill Monoderm	Yes
3	3-0	Quill Monoderm	Yes
1	2	Quill Polypropylene	Yes

▣ Quill Technology Innovation

- High Speed Throughput
- New Precision Cutting Technologies
- New Barb Patterns/Shapes & Suture Gauges



3-0 Monoderm  
Single Helix  
Pattern



**B | BRAUN**  
SHARING EXPERTISE

- ❑ World leading health care supplier
  - Over €4 billion in 2009 revenue
  - 39,000 employees worldwide
- ❑ Four Divisions:
  - **Aesculap: surgical instruments and wound closure products**
  - Hospital Care: infusion and disposable medical products
  - Out Patient Market (OPM) Division
  - Avitum: extracorporeal blood treatment
- ❑ **#2 player in EMEA wound closure market**

**Transaction Highlights**

- ❑ Exclusive distribution agreement
  - Through Aesculap Closure Technologies Unit
- ❑ Initial territories: U.K, Ireland, France
- ❑ Term: 5 years
- ❑ Minimum volume commitments
- ❑ Market: ~9 million surgical procedures performed in England and France
  - Orthopedics, OB-GYN, Plastics ~20%+ of total procedures
- ❑ Opportunities to expand relationship to additional territories, product indications



## Business Review Option IVC Filter

### Overview



- ❑ Indication: Prevention of recurrent pulmonary embolism
- ❑ 510(k) clearance June 2009
- ❑ Cleared for permanent and retrievable indications
- ❑ Tracking to #3 market share position for 2010
- ❑ Successful live cases at recent medical meetings

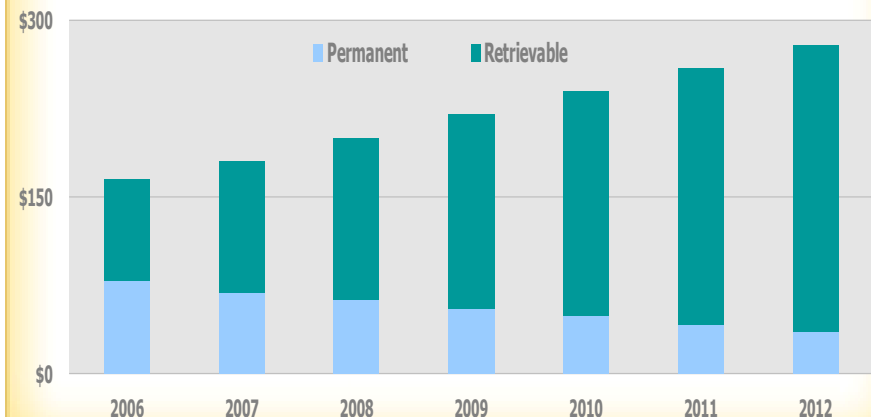
### Clinical

- ❑ 100 patient study
- ❑ Primary investigator: Dr. Matt Johnson (IU)
- ❑ Implant success: 100%; clinical success 88%
- ❑ Retrieval rate: 92.3%
- ❑ Mean retrieval 67 days; latest retrieval 175 day

### Market

- ❑ US market – \$190MM in 2007
- ❑ 167,000 filters implanted
- ❑ Retrievable filters: 60% of market
- ❑ Market growth: \$300MM by 2012
- ❑ Competitors:
  - ❑ Bard, Cordis, Cook (retrievable / permanent)
  - ❑ Boston Scientific (permanent)

U.S. Inferior Vena Cava Filter Market





## Business Review

### Option IVC Filter

#### Option IVCF update

##### ▣ SIR 2009

- Pivotal data presentation

##### ▣ SIR 2010

- First In Man data abstract poster
- Option™ IVCF Blunt trauma poster

##### ▣ 2010 publication

- Pivotal data publication expected this year

## Business Review

### Base Medical Products

#### Ophthalmic



#### Surgical



#### Biopsy



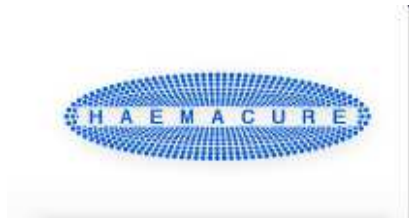
#### Partner Solutions



- ❑ 2010 Goals: 5%+ sales growth / 10% profit growth
- ❑ Q1:10 on track
- ❑ Programs in process to better leverage fixed assets, improve profit generated per % sales growth



## Business Review Haemacure Transaction

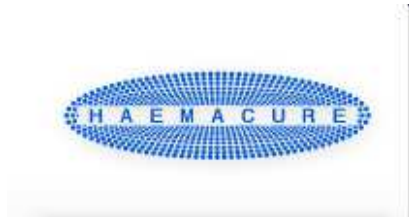


### Drugs for Surgeons

- ❑ Acquisition of technology and product candidates completed in April
  - Thrombin, fibrin sealant (human plasma derived)
  - Proprietary high yield, low cost extraction process
  - Fibrin sealant: positive prior clinical data; Phase III study timing TBD
- ❑ Surgical sealant and hemostat market estimated \$500M+ in the U.S.
- ❑ Potential to leverage materials for drug delivery in surgery
  - Synergies with various other ANPI proprietary biomaterials
- ❑ Expands potential opportunity for Surgical Sales Group



## Business Review Haemacure Transaction



### Drugs for Surgeons

- ❑ Competition
  - Fibrin: JNJ, Baxter
  - Thrombin: JNJ, King, Zymogenetics
- ❑ Advantages of Haemacure Process
  - Significantly higher production yield (++ comparative revenue per liter)
  - Significantly lower capex required
- ❑ Clinical
  - Fibrin Sealant
  - Components: Thrombin & Fibrinogen
  - Next generation programs TBA



## Q1:10 Summary

### Delivering on Our Innovation Plan

- ▣ **Record Q1 product sales**
- ▣ **Quill SRS**
  - Record sales
  - 1,000+ hospital accounts
  - Additional procedure-specific innovations set to launch in 2010
- ▣ **Option IVC Filter**
  - Launch exceeding initial expectations
  - Tracking well toward year-end 2010 market share objectives
- ▣ **Anti Infective Product Candidates**
  - Launch planning underway
  - Multiple potential product launches in 2010?
- ▣ **Base Business**
  - Improved leadership and management
  - Stable to improving business and customer climate
  - Q1:10 revenue exceeded 2009 Q1 and Q4
  - Pursuing selected opportunities to improve cash flow generated from existing sales



Q & A