



**First Quarter 2011**  
May 26, 2011

## 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 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 2011 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 countries and markets 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, 2010 filed with the SEC on Form 10-K, as amended, and our quarterly report for the first quarter of 2011 filed with the SEC on Form 10-Q.

**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.**

This presentation contains unaudited financial data derived from the unaudited consolidated financial statements for the three months ended March 31, 2011 and certain prior financial periods. Full audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2010 are filed with the relevant regulatory agencies, as well as posted on our website, and un-audited consolidated financial statements and Management's Discussion and Analysis for the three months ended March 31, 2011 have been 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 fully 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").

Management uses Adjusted EBITDA and other similar adjusted financial measures 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 does 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. 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 on May 16, 2011 which is available on Angiotech's website ([www.angiotech.com](http://www.angiotech.com)).



## Financial Review

## Highlights

- ❑ Continued differential growth of Quill product franchise
- ❑ Other medical product franchises stable or growing
  - Even under competitive pressure r.e. Q1 news flow
- ❑ COGS improvement (absolute lower dollar COGS on higher sales)
- ❑ Further expense reductions (re-baseline 2011 plan)
  - Enabled completion of recap on fastest timeline with no immediate new financing need
  - Cash flow stability (ex recap related fees and expenses)

## Challenges

- ❑ Cash necessary to complete recap transaction
  - Obtained in part via expense reductions, delays in certain programs
- ❑ Available cash balances for new initiatives will take time to grow
- ❑ Cash management among business entities, currencies
- ❑ TAXUS / royalty revenue uncertainty

## Q1:11 Financial Results

### Quarter Comparisons (\$M ex per share items)

GAAP Basis Excepting EBITDA		Q1:10	Q4:10	Q1:11	
<b>Revenue</b>	Medical Products	\$51.0	\$55.7	\$52.8	4%
	Royalty	\$12.3	\$6.2	\$5.7	(54%)
	Total	\$63.3	\$62.0	\$58.6	(7%)
<b>Gross Margin % (Product)</b>		50.6%	52.6%	54.7%	
<b>Royalty expense %</b>		18.2%	16.2%	1.2%	
<b>Op Expenses</b>	R&D	\$6.8	\$6.9	\$4.5	
	SG&A	\$21.6	\$22.4	\$18.7	
<b>Results</b>	Adjusted EBITDA	\$10.1	\$11.1	\$12.3	
	Interest Exp	\$8.9	\$12.5	\$8.1	
	Capital Exp	\$0.9	\$1.6	\$0.8	
	GAAP EPS	(\$0.08)	(\$0.32)	(\$0.21)	
	Cash	\$42.8	\$33.3	\$26.9	
	Recap Items	\$0.0	\$6.3	\$8.7	

## Q1:11 Financial Results

### Selected Balance Sheet, Cash Flow Items and Credit Statistics

\$US in millions

Sep 30, 2010

Mar 31, 2011

**Mar 2011 PF\*****Assets**

Cash and cash equivalents

\$25.6

\$26.9

Short-term investments

\$5.7

\$ 5.4

Accounts receivable

\$ 31.0

\$ 32.2

Inventories

\$38.0

\$37.6

**Liabilities**

Accounts payable and accrued liabilities

\$44.6

\$34.0

**\$29.7**

Income taxes payable

\$4.9

\$1.9

Long-term debt

\$575.0

\$575.0

**\$325.0**

EBITDA (LTM)

\$33.2

\$39.7

Working capital + / - (LTM)

(\$8.9)

(\$4.8)

Operating cash flow (LTM)

(\$19.7)

(\$10.0)

**(\$3.0)**

Capital expenditures (LTM)

\$4.9

\$5.6

**Cash** interest expense (LTM)

\$33.9

\$24.3

**\$16.3**

Total debt / EBITDA (LTM)

17.3x

14.5x

**8.2x**

[EBITDA – Capex] / Cash Int Exp (LTM)

0.8x

1.4x

**2.1x**

\*Estimated pro forma for recap related items (e.g. eliminated sub notes, FRN exchange) ; NIH

## Successes

- ❑ Six months “start to finish” (only three months under CCAA)
- ❑ Eliminated close to half our long-term debt
- ❑ Significantly improved credit profile / outlook
- ❑ Strong business, cash flow stability / performance during recap period
- ❑ Cash flow positive business plan H2:11
- ❑ Business plan flexibility in event of further TAXUS volatility
- ❑ Restructured relationship with NIH
- ❑ Eliminated litigation / issues with Quill, Rex / Option IVC
- ❑ Eliminated or reduced several of our long-term lease obligations

## Items of Note

- ❑ Limited remaining borrowing availability under exit facility
- ❑ Tight current cash balances upon close (fees and expenses)
- ❑ Remaining “unusual items” – monthly Quill settlement payments



**Business Review**

## ▣ Quill

- Strong sales, user, account growth
- High pace of innovation, new product development
- Continued manufacturing technology, cost improvements
- Leading intellectual property position

## ▣ Medical Products

- Exceptional business results during the recap period
- Strongest results: OEM, biopsy / interventional
- Interventional businesses / products re-integrated with biopsy team

## ▣ Reorganized certain other parts of business

- Reduced costs, focus new investment and resources primarily on Quill for remainder of 2011

## ▣ Preserved certain key programs / opportunities for the future

- New products in medical device portfolio
- 5-FU eluting devices

## Recent publications / studies:

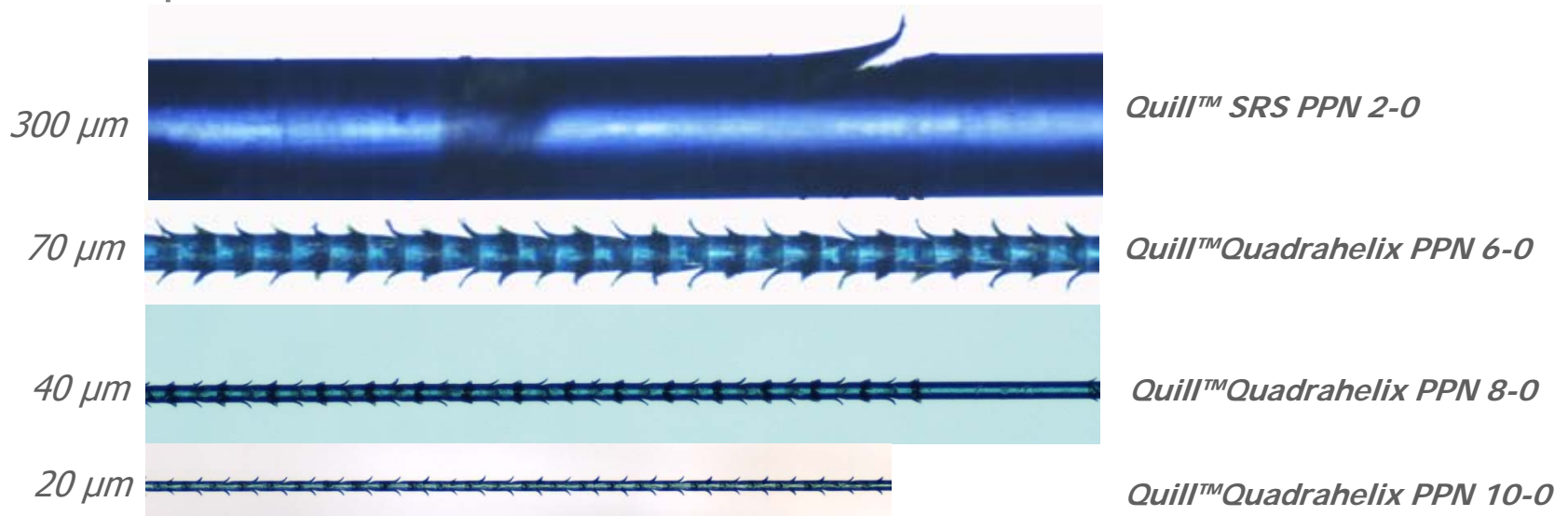
- **Journal of Knee Surgery** “Total Knee Arthroplasty Closure with Barbed Sutures” (Tom Eickmann and Erika Quane)
  - Retrospective study showed statistically significant reduction in operating time and no increased complications compared to standard sutures
- **Journal of Arthroplasty** “Knee Arthrotomy Repair with a Continuous Barbed Suture: a Biomechanical Study” Sept 2010 (JJ Vakil)
  - Biomechanical study showed Quill was statistically significantly more resistant to failure than traditional interrupted closure techniques
- **Journal Minimally Invasive Gynecology** “Use of Bidirectional Barbed Suture in Laparoscopic Myomectomy: Evaluation of Perioperative Outcomes” (J. Einarsson)
  - Retrospective Study of 138 myomectomy patients demonstrated statistically significant reduction of operative time and hospital stay with no difference in complications compared to traditional suture
- **The Journal of Minimally Invasive Gynecology** “Decreased Incidence of Vaginal Cuff Dehiscence after Laparoscopic Closure with Bidirectional Barbed Suture” (Matthew Siedhoff)
  - Retrospective study of 387 cases showed lower rate of cuff dehiscence following hysterectomy with Quill compared to other traditional closure devices

▣ 2011 conferences / podiums:

- **AAGL (American academy of Gynecological Laparoscopy)** - March 2011
  - Quill podium presentation
- **ASAPS (American Society of Aesthetic Plastic Surgeons)** – May 2011
  - Quill podium presentation
  - Launch of new plastic surgery codes
- **AAOS (American Academy of Orthopedic Surgery)** – February 2011
  - Launch of new orthopedic codes
- **ACOG (American College of OB/GYN)** – April 2011
  - Quill podium presentation
  - Launch of new GYN codes
- **CCJR – Current Concepts in Joint Replacement** – May 2011
  - Quill podium presentation

## Quill – The Challenge of Scale

### Size comparison (80x magnification)



### Surface Modification Paradox

#### – Physics and Biology:

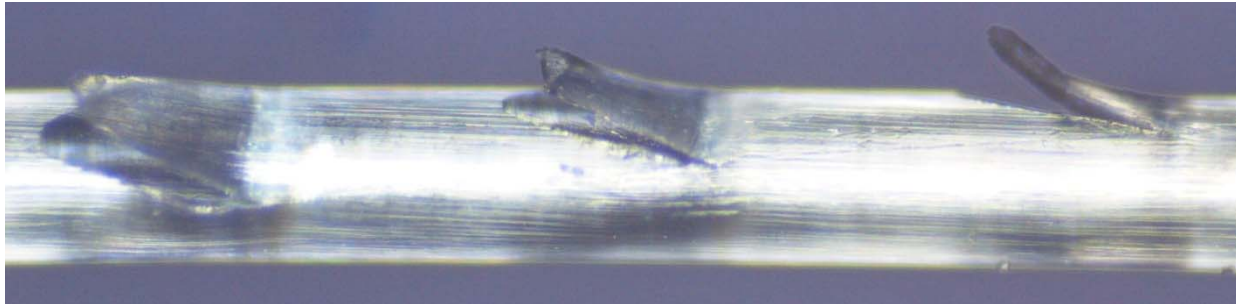
- The smaller the size the more barbs are needed for tissue retention
  - ~75x barbs/cm for an 10-0 vs. a 2-0

#### – Manufacturability:

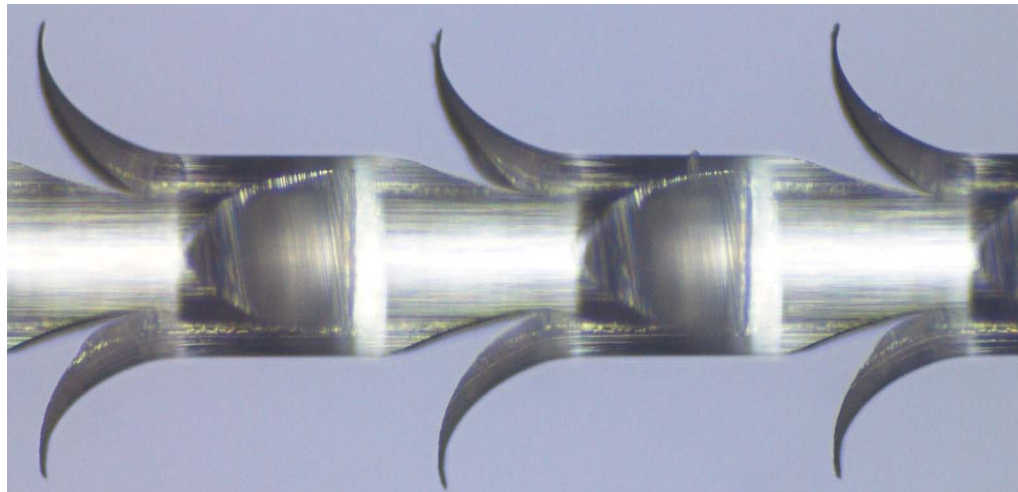
- At 6-0, the barb dimensions are within the tolerance of the suture diameter itself
  - If you are not careful you either cut through the suture or are cutting air!

## Effect of Differing Configurations

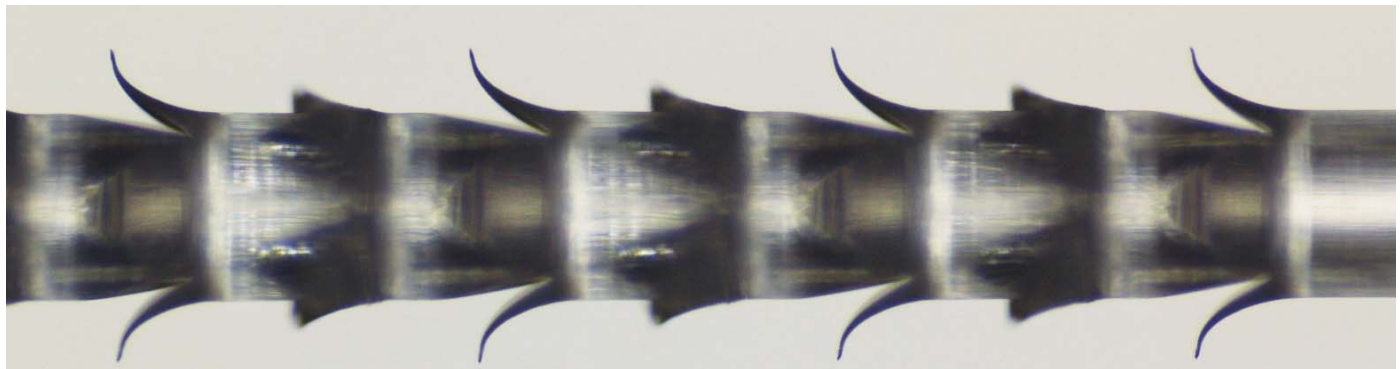
*2-0 Quill*



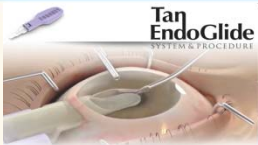
*2-0 Quill  
Double Helix*



*2-0 Quill  
Quadra Helix*



## Ophthalmic



- ❑ *SharpPoint™*
- ❑ *SharpGuard™*
- ❑ *UltraFit™*
- ❑ *IQ Geometry™*



## Surgical



- ❑ *SharpPoint™*
- ❑ *LOOK™*
- ❑ *MonoDerm™*
- ❑ *DermaGlide™*
- ❑ *M.E.T.™ Needle*

## Biopsy / IV



- ❑ *BioPince™*
- ❑ *Hawkins™*
- ❑ *T-Lok™*
- ❑ *V-Mark™*
- ❑ *Tru-Core II™*



## OEM

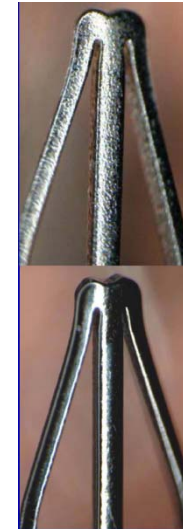


- ❑ *Suture materials*
- ❑ *Surgical and microsurgical needles & blades*
- ❑ *Surface enhancement*
- ❑ *Biopsy and bone access*

- ❑ Skater, Biopince, V+Pad, Atrive Vascular Snare reorganized under Biopsy leadership
- ❑ Q1 strengths: OEM, biopsy / IV
- ❑ Potential new products in biopsy, surgical units in 2011

## Zilver® PTX™: World's First Peripheral DES

- ❑ Zilver® PTX™ (Cook Medical)
  - Groundbreaking Peripheral Vascular Disease (PVD) treatment
  - Self-expanding, fracture-resistant design
- ❑ Approved and sold in EU and ROW
- ❑ PMA filed in U.S. awaiting approval
- ❑ Zilver PTX Registry Study
  - 792 patients worldwide
  - 12 month data
    - 87% event-free survival rate
    - 89% free from target lesion revascularization
  - 24 month data
    - 78% event-free survival rate
    - 82% free from target lesion revascularization
- ❑ 479 patient US Pivotal Study
  - Primary endpoint met
  - Superior patency vs. angioplasty alone
- ❑ EU Renal Artery Study



*Peripheral Vascular Disease  
Affects 8M Patients  
in the United States*





Q & A