



**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
Provided that the claims are "securities" and the Settlement qualifies as a tax deferred reorganization pursuant to Internal Revenue Code ("IRC") section 368(a)(1)(E), an Affected Creditor's adjusted basis of a new common share of Angiotech should be determined with reference to the claim that Affected Creditors held immediately before the Settlement, less accrued but unpaid interest. See IRC section 358(a).

To the extent the claims are not "securities" for U.S. federal income tax purposes, the Settlement should be a taxable transaction. In this case, an Affected Creditor's adjusted tax basis of a new common share will equal its fair market value on the day of the Settlement. See IRC section 1012(a).

**18** Can any resulting loss be recognized? ▶  
For an Affected Creditor whose claims are "securities," the Settlement should qualify as a tax deferred reorganization pursuant to Internal Revenue Code ("IRC") section 368(a)(1)(E) and no loss should be available.

An Affected Creditor whose claims do not constitute securities for U.S. federal income tax purposes can potentially recognize a loss on its claims.

Each Affected Creditor should seek independent tax advice about whether it can claim a loss as a result of the Settlement.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
Additional information and a summary of U.S. federal income tax considerations applicable to the Settlement are described in further detail in the Notice Of Meeting and Management Proxy Circular (the "Circular") dated February 23, 2011, which is available at [www.angiotech.com](http://www.angiotech.com). Affected Creditors should read carefully the information in "Certain United States Federal Income Tax Considerations" in the Circular, which qualifies the summary set forth above.

Each Affected Creditor of Angiotech should consult their own tax advisor to determine the effect of the Settlement on the basis of its shares of Angiotech. The information reported in this information return is not binding on the IRS or the U.S. courts, and no assurance can be provided that the conclusions reached within this summary will not be challenged in whole or in part by the IRS or will be sustained by a U.S. court if so challenged.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶

Date ▶

Jan 13, 2012

Print your name ▶ Jay Dent

Title ▶

Senior VP, Finance

