



CORPORATE GOVERNANCE GUIDELINES

The Board of Directors of Angiotech Pharmaceuticals Inc. recognizes the importance of good corporate governance as a means of addressing the needs of the Angiotech's shareholders, customers, suppliers and other stakeholders. Angiotech's Board of Directors is strongly committed to the corporate governance requirements of the Canada and United States securities commissions, stock exchanges, and applicable laws.

Size

Angiotech's Board of Directors currently consists of five independent members and one executive member. The Board will assess its size from time to time to determine whether its size continues to be appropriate.

Independent Directors

Angiotech will ensure the majority of its directors are independent, as defined by the securities exchanges on which the Company's securities are listed and by the securities related legislation and regulations relevant to the Company. The independent directors meet in executive session at least twice each year in conjunction with regularly scheduled Board meetings. A director is not considered independent if he or she is an executive officer or employee of the Company or has any relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment when acting as a director. The Board reviews the independence of the directors at least annually. All of the directors on the Audit/Finance Committee and on the Governance, Nominating and Compensation Committee are required to be independent. The Board appoints an independent director to be chair. Independent directors also chair committees of the Board of Directors. A director will not be considered independent if (among other things):

- the director is, or at any time during the past three years was, employed by the Company;
- the director or a family member of the director accepted compensation from the Company in excess of \$120,000 during any twelve month period within the past three years, other than (i) compensation for Board or Board committee service, (ii) compensation paid to a family member who is a non-executive employee of the Company, or (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- the director is a family member of an individual who is or was within the past three years an executive officer of the Company;
- the director is affiliated with a business or organization to which the Company made or from which the Company received material payments (as specified in Nasdaq Rule 5605) within the past three years;
- the director is (or who has a family member who is) an executive officer of another entity for which there are or have been compensation committee relationships (as specified in Nasdaq Rule 5605) within the past three years; or
- the director is or was (or who has a family member who is or was) employed or affiliated in ways with the Company's outside auditor (as specified in Nasdaq Rule 5605) within the past three years.

Audit/Finance Committee members are also subject to additional, more stringent independence requirements under SEC Rule 10A-3(b)(1) and Nasdaq Rule 5605(c)(2).

Term

Directors of the Angiotech are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed, unless a director's office is earlier vacated.

Director Nomination Criteria

Director candidates may be nominated by the Company's Governance, Nominating and Compensation Committee (which also considers recommendations by Company shareholders and other interested persons) and by shareholders themselves. The following characteristics and traits outline the framework for the recruitment and nomination of independent director candidates by the Governance, Nominating and Compensation Committee.

- Nominees must demonstrate high ethical standards and conduct in their personal and professional lives, and make and be accountable for their decisions in their capacity as Board members.
- Nominees must demonstrate a capacity to provide sound advice on a broad range of industry and community issues based on their business experience and skills.
- Nominees must have or develop a broad knowledge base of Angiotech's industry in order to understand the basis from which corporate strategies are developed and business plans produced and the ability and willingness to commit sufficient time and attention to the activities of the Board.
- Nominees must be able to provide a mature and useful perspective and sound judgment as to the business plan, strategy, risks and objectives of Angiotech.
- Nominees must demonstrate a sound level of financial literacy including the ability to understand financial statements and use financial metrics to evaluate the financial health and performance of Angiotech.
- Nominees must demonstrate their integrity, that they will put Board and Angiotech performance ahead of individual objectives or achievements, and that they generally lack actual or potential conflicts of interest that may be material.
- Nominees must demonstrate a willingness to listen as well as to communicate their opinions, openly and in a respectful manner.
- Nominee must have demonstrated and continue to demonstrate a high level of achievement in their personal and professional lives that reflects high standards of personal and professional integrity.

Orientation and Continuing Education of Board of Directors Members

When new directors are elected or appointed to the Board of Directors, they are provided with a directors' orientation package. This includes information on Board of Directors organization and membership, meeting schedules, Board of Directors and committee charters, Board of Directors evaluation and compensation, directors' and officers' insurance, responsibility of key management and functions, corporate structure, corporate policies, current annual and quarterly financial statements, recent public disclosure documents and Angiotech's current strategic plan. Each director assumes responsibility for keeping informed about Angiotech's business and relevant developments outside Angiotech which affect its business. Management assists directors by providing them with regular updates on relevant developments and other information which management considers of interest to the Board of Directors. Continuing education on corporate governance is both encouraged and funded.

Role of the Board of Directors

It is the responsibility of the Board of Directors to oversee the direction and management of Angiotech in accordance with applicable law and regulations and applicable rules and regulations of the Toronto Stock Exchange and the Nasdaq Stock Market, while adhering to high ethical standards.

The direct responsibilities of the Board of Directors include:

- Choosing Angiotech's Chief Executive Officer, who is responsible for all of Angiotech's day-to-day operations, and overseeing key executive succession plans with the advice and assistance of the Chief Executive Officer and of the Governance, Nominating and Compensation Committee;
- Developing and overseeing the implementation of Angiotech's corporate objectives, financial plans and budgets and of Angiotech's strategic plan which takes into account an identification of business opportunities and business risk;
- Monitoring and assessing the Company's performance in meeting both short and long-term goals established by the Board of Directors;
- Overseeing the Company's legal and regulatory compliance and risk management programs;
- Directly reviewing and approving major transactions proposed by management;
- Reviewing reports and recommendations from committees of the Board of Directors with respect to matters such as succession planning, adequacy of Angiotech's internal controls, disclosure controls and preparation of financial statements, and giving necessary directions to management; and

- Reviewing the content of significant communications with shareholders and the investing public, including the 10-K, annual reports, annual information forms and quarterly and annual financial statements and related management's discussion and analysis.

Role of the Chair of the Board of Directors

The Chair of the Board of Directors will be an independent director who will lead the Board in the fulfillment of its responsibilities as described herein and in the Company's other charter documents and applicable laws. The responsibilities of the Chair include (without limitation):

- Facilitating communications between and among Board committee chairs and other directors and between the Board and the Chief Executive Officer;
- Presiding at all meetings of the board and executive sessions of the independent directors;
- Reviewing information sent to the board;
- Approving meeting agendas for the board;
- Approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Calling meetings of the board or its committees;
- Calling meetings of the independent directors;
- Assisting in evaluations of the Board, its committees and its individual directors; and
- Such other responsibilities as the Board may direct from time to time.

Access to Independent Advisors

The Board of Directors and each committee of the Board are permitted to engage outside advisors at Angiotech's expense as they deem appropriate.

Board Compensation

The compensation of independent directors is reviewed annually by the Board Governance, Nominating and Compensation Committee, which provides recommendations on the structure and level of directors' compensation to the Board for approval.

Board Evaluation

The Board will annually evaluate its own performance in fulfilling its obligations outlined in these guidelines and any other duties charged to the Board. The Board will also annually review whether it is appropriate to reduce or increase the size of the Board.

Board Committees

There are two permanent, standing committees of the Board of Directors; the Audit/Finance Committee, and the Governance, Nominating and Compensation Committee. Committees should generally consist of outside directors and the Board will ensure that the majority of directors on all committees are independent directors.

Each committee operates in accordance with its Board of Directors-approved charter. The Board of Directors may create a new committee or disband a current committee whenever it considers it advisable to do so, provided that the Company must always have an Audit Committee. From time to time, the Board of Directors will establish ad hoc committees to consider special or unusual matters.

The purposes of the Governance, Nominating and Compensation Committee include assisting the Board of Directors by:

- Overseeing the development of all policies and practices relating to senior executive and director remuneration and the Company's benefit and equity plans, including the relationship of employee compensation to risk;
- Identifying and nominating qualified individuals to become Board members and serve on its committees, including consideration of nominees recommended by shareholders;
- Assisting the Board in its determinations regarding the independence of each director;

- Reviewing and recommending corporate governance policies and guidelines and reassessing them annually; and
- Assisting the Board in its evaluation of the effectiveness of the Board and its Committees.

The purposes of the Audit Committee include oversight of the accounting and financial reporting processes of the Company and the audits of its financial statements, and thereby assisting the Board in monitoring:

- the integrity of the financial statements of the Company;
- compliance by the Company with legal and regulatory requirements related to financial reporting;
- the performance and independence of the Company's independent auditors; and
- performance of the Company's internal controls and financial reporting process.

Committee Chairs, in consultation with members, determine the frequency of meetings for each committee, provided that a committee must at all times comply with its charter. The agenda for each meeting is established by the committee Chair in consultation with appropriate members of management. Each committee reports to the full Board of Directors with respect to each of its meetings.

Committee members are appointed annually following the Company's annual general meeting. The Governance, Nominating and Compensation Committee provides recommendations to the Board of Directors in respect of all such appointments.

Board Interaction with Shareholders, the Press, Customers, Etc.

The Chief Executive Officer and, as appropriate, designated members of senior management speak for the Company. Individual directors may, on occasion and with the knowledge of the Chief Executive Officer, meet or otherwise communicate with interested parties. Absent unusual circumstances or as contemplated by committee charters, Board communications with third parties should be made only at the request of the Chief Executive Officer.

Shareholders and other interested parties who wish to make their concerns known by communicating directly with one or more independent directors may do so in writing addressed to the Company Secretary. The Secretary will review and record the receipt of any communications and, unless obviously inappropriate for Board review, will forward the communication to the appropriate Board member(s).

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