Angiotech Pharmaceuticals, Inc. announces transaction with Johnson & Johnson relating to Angiotech's Quill technology

Angiotech to Receive Initial Cash Consideration of $20 Million and Up to $42 Million in Potential Contingent Consideration

Angiotech to Retain Rights to Manufacture, Market and Sell Quill

VANCOUVER, April 4, 2012 /PRNewswire/ - Angiotech Pharmaceuticals, Inc. ("Angiotech") announced today that it had concluded the sale of certain Quill intellectual property to Ethicon, Inc. ("Ethicon"), a unit of Johnson & Johnson, Inc., and its affiliates. Under the terms of the transaction, Angiotech will retain worldwide rights to manufacture, market and sell Quill wound closure products.

In addition, Ethicon and Angiotech entered into a Manufacturing and Supply Agreement, pursuant to which Angiotech will exclusively manufacture knotless wound closure products that utilize the Quill technology for Ethicon for an undisclosed term.

"We are pleased after many years of investment and effort by all parts of our organization that the potential of our proprietary Quill technology has been validated by one of the industry's most important companies," said Thomas Bailey, President and CEO of Angiotech. "The opportunity to realize value for Quill through the sale of intellectual property to Ethicon and through our manufacturing relationship, while maintaining our own wholly independent opportunity to market and sell Quill profitably, presents a unique proposition for Angiotech, and builds on our history of providing key technology to partners simultaneous with our own continued direct participation in markets."

"In addition, the payments and potential payments received from Ethicon will enable Angiotech to build upon our recent positive operational and financial momentum by further reducing our net debt and enhancing our operating flexibility, liquidity and capital resources," said Mr. Bailey.

Angiotech will host a conference call discussing its fourth quarter financial results on Tuesday April 10, 2012 at 10:00 AM ET (7:00 AM PT), and will provide further details regarding the transaction at that time. Details regarding the conference call can be found on Angiotech's website at www.angiotech.com.

Certain of the key terms of the transaction are as follows:

Ethicon will acquire certain intellectual property owned by Angiotech relating to Quill.
Ethicon will make an initial payment of $20 million to Angiotech in respect of the acquisition of intellectual property.
Angiotech may earn up to an additional $42 million in contingent cash consideration from Ethicon, portions of which are to be paid upon (i) the transfer to Ethicon of certain know-how and (ii) upon achievement of certain product development and launch milestones.
Angiotech will be the exclusive manufacturer of knotless wound closure products that utilize the Quill technology for Ethicon for an undisclosed term.
A worldwide, royalty free license to all Quill intellectual property sold to Ethicon will be granted to Angiotech, thereby allowing Angiotech to continue to manufacture, market and sell Quill in any manner or market Angiotech wishes to do so.

Forward Looking Statements

Statements contained in this press release 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 in 2012 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 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 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; 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 press release 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 service our debt obligations; and any other factors referenced in our other filings with the 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, 2011 filed with the SEC on March 29, 2012 on Form 10K.

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 press release to reflect future results, events or developments.

About Angiotech

Angiotech develops, manufactures and markets medical device products and technologies, primarily within the areas of interventional oncology, wound closure and ophthalmology. Our strategy is to utilize our precision manufacturing capabilities and our highly targeted sales and marketing capabilities to offer novel or differentiated medical device products to patients, physicians and other medical device manufacturers or distributors. For additional information about Angiotech, please visit our website at www.angiotech.com.

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