

PATHEON INC

FORM SC 13E3/A

(Amended Statement of Ownership: Private Transaction)

Filed 01/07/14

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CIK	0001400431
SIC Code	2834 - Pharmaceutical Preparations
Fiscal Year	10/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13E-3

RULE 13E-3 TRANSACTION STATEMENT

Under Section 13(e) of the Securities Exchange Act of 1934
(Amendment No. 1)

PATHEON INC.

(Name of Issuer)

Patheon Inc.
JLL/Delta Patheon Holdings, L.P.
JLL/Delta Patheon GP, Ltd.
JLL Patheon Co-Investment Fund, L.P.
JLL Patheon Holdings, Coöperatief U.A.
JLL Patheon Holdings, LLC
JLL Partners Fund V (Patheon), L.P.
JLL Associates V (Patheon), L.P.
JLL Associates G.P. V (Patheon), Ltd.
JLL Partners Fund VI, L.P.
JLL Partners Fund V, L.P.
JLL Partners Fund VI (Patheon), L.P.
JLL Partners Fund V (New Patheon), L.P.
Koninklijke DSM N.V.
JLL/Delta Canada Inc.
James C. Mullen
Stuart Grant
Michael E. Lytton
(Name of Persons Filing Statement)

Restricted Voting Shares
(Title of Class of Securities)

70319W108
(CUSIP Number of Class of Securities)

Michael E. Lytton
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General Counsel
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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Persons Filing Statement)

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This statement is filed in connection with (check the appropriate box):

- ☒ The filing of solicitation materials on an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- ☐ The filing of a registration statement under the Securities Act of 1933.
- ☐ A tender offer.
- ☐ None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies: ☒

Check the following box if the filing is a final amendment reporting the results of the transaction: ☐

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee
\$1,386,374,772	\$178,565.08

- * Set forth the amount on which the filing fee is calculated and state how it was determined.
- * Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11: In accordance with Exchange Act Rule 0-11(c), the filing fee of \$178,565.08 was determined by multiplying 0.0001288 by the aggregate arrangement consideration of \$1,386,374,772. The aggregate arrangement consideration was calculated by adding (x) the product of (I) the 140,936,525 Restricted Voting Shares that are proposed to be acquired in the arrangement and (II) the consideration of US\$9.32 in cash per Restricted Voting Share, plus (y) \$72,846,359 expected to be paid to holders of 11,011,225 options to purchase Restricted Voting Shares with an exercise price of less than US\$9.32 per share in exchange for cancellation of such options.
- ☒ Check the box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule, and the date of its filing.

Amount Previously Paid: \$178,565.08
Form or Registration No.: Schedule 14A
Filing Party: Patheon Inc.
Date Filed: December 5, 2013

Introduction

This Amendment No. 1 to Rule 13e-3 Transaction Statement on Schedule 13E-3 together with the exhibits hereto (the “Transaction Statement”) is being filed with the Securities and Exchange Commission (the “SEC”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), by Patheon Inc., a Canadian corporation (the “Company”), JLL/Delta Patheon Holdings, L.P., a exempted limited partnership organized under the laws of the Cayman Islands (the “Purchaser”), JLL/Delta Patheon GP, Ltd., a company limited by shares organized under the laws of the Cayman Islands, JLL Patheon Co-Investment Fund, L.P., an exempted limited partnership organized under the laws of the Cayman Islands, JLL Patheon Holdings, Coöperatief U.A., cooperative organized under the laws of The Netherlands, JLL Patheon Holdings, LLC, a Delaware limited liability company, JLL Partners Fund V (Patheon), L.P., an exempted limited partnership organized under the laws of the Cayman Islands, JLL Associates V (Patheon), L.P., an exempted limited partnership organized under the laws of the Cayman Islands, JLL Associates G.P. V (Patheon), Ltd., a company limited by shares organized under the laws of the Cayman Islands, JLL Partners Fund VI, L.P., a Delaware limited partnership, JLL Partners Fund V, L.P., a Delaware limited partnership, JLL Partners Fund VI (Patheon), L.P., an exempted limited partnership organized under the laws of the Cayman Islands, JLL Partners Fund V (New Patheon), L.P., an exempted limited partnership organized under the laws of the Cayman Islands, JLL/Delta Canada Inc., a Canadian corporation, Koninklijke DSM N.V., a corporation organized under the laws of The Netherlands, James C. Mullen, Chief Executive Officer of the Company, Michael E. Lytton, Executive Vice President of Corporate Development and Strategy and General Counsel of the Company, and Stuart Grant, Executive Vice President and Chief Financial Officer of the Company (collectively, the “Filing Persons”).

This Transaction Statement relates to the Arrangement Agreement, dated November 18, 2013 (the “Arrangement Agreement”), between the Company and the Purchaser, which is attached hereto as Exhibit (d)(1), and the related plan of arrangement (the “Plan of Arrangement”), which is attached hereto as Exhibit (d)(2). If shareholders of the Company pass the special resolution approving the Plan of Arrangement and the other conditions to closing set forth in the Arrangement Agreement are satisfied or waived, including the issuance of the final court order approving the Plan of Arrangement, the Purchaser will acquire all the Restricted Voting Shares issued and outstanding of Patheon, directly or indirectly, all as more particularly described in the Proxy Statement (as defined below) (the “Arrangement”).

Concurrently with the filing of this Transaction Statement, the Company is filing with the SEC a preliminary proxy statement (which includes a management information circular) on Schedule 14A (the “Proxy Statement”) pursuant to Section 14(a) of the Exchange Act, which is attached hereto as Exhibit (a)(1), relating to a special meeting of the shareholders of the Company. The Company will also be filing this Transaction Statement and the Proxy Statement in Canada through SEDAR.

The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Pursuant to General Instruction F to Schedule 13E-3, the information in the Proxy Statement, including all annexes thereto, is expressly incorporated by reference herein in its entirety, and responses to each item herein are qualified in their entirety by the information contained in the Proxy Statement and the annexes thereto. Capitalized terms used but not defined herein have the meanings assigned to them in the Proxy Statement.

All information contained in, or incorporated by reference into, this Transaction Statement concerning each Filing Person was supplied by such Filing Person.

While each of the Filing Persons acknowledges that the Arrangement is a going private transaction for purposes of Rule 13e-3 under the Exchange Act, the filing of this Transaction Statement shall not be construed as an admission by any Filing Person, or by any affiliate of a Filing Person, that the Company is “controlled” by any other Filing Person.

Item 1. Summary Term Sheet

The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

Item 2. Subject Company Information

(a) Name and Address. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SUMMARY TERM SHEET”

(b) Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“INFORMATION CONCERNING PATHEON—Voting Shares and Principal Shareholders”

(c) Trading Market and Price. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“INFORMATION CONCERNING PATHEON—Market Price and Trading Volume Data”

(d) Dividends. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“INFORMATION CONCERNING PATHEON—Dividend Policy”

“INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS OTHER THAN THE ARRANGEMENT—Arrangements with JLL Parties—Special Approval Rights”

(e) Prior Public Offerings. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS OTHER THAN THE ARRANGEMENT—Arrangements with JLL Parties—Sobel Equity Commitment Letter”

(f) Prior Stock Purchases. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS OTHER THAN THE ARRANGEMENT—Arrangements with JLL Parties—Sobel Equity Commitment Letter”

“INFORMATION CONCERNING PATHEON—Previous Purchases and Sales”

“INFORMATION CONCERNING PATHEON—Transactions in Restricted Voting Shares”

Item 3. Identity and Background of Filing Persons

(a) Name and Address. Patheon Inc. is the subject company. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“INFORMATION CONCERNING PATHEON”

“INFORMATION CONCERNING THE JLL PARTIES, THE MANAGEMENT PARTIES AND DSM”

(b) Business and Background of Entities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“INFORMATION CONCERNING PATHEON”

“INFORMATION CONCERNING THE JLL PARTIES, THE MANAGEMENT PARTIES AND DSM—Business and Background”

(c) Business and Background of Natural Persons. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“INFORMATION CONCERNING THE JLL PARTIES, THE MANAGEMENT PARTIES AND DSM—Business and Background”

Item 4. Terms of the Transaction

(a) Material Terms.

(1) Tender Offers. Not applicable.

(2) Mergers or Similar Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Position of the JLL Parties, the Management Parties and DSM Regarding the Fairness of the Arrangement”

“SPECIAL FACTORS—Plans for Patheon after the Arrangement”

“SPECIAL FACTORS—Completion of the Arrangement”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

“SPECIAL FACTORS—Interests of our Directors and Executive Officers in the Arrangement”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

“THE ARRANGEMENT—Procedure for Surrender of Restricted Voting Shares and Payment of Consideration”

“GENERAL PROXY INFORMATION—How a Vote is Passed”

“GENERAL PROXY INFORMATION—Who can Vote?”

“THE ARRANGEMENT AGREEMENT—Share Consideration”

“THE ARRANGEMENT AGREEMENT—Mutual Conditions”

“SPECIAL FACTORS—Certain Tax Considerations”

(c) Different Terms. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

“SPECIAL FACTORS—Interests of our Directors and Executive Officers in the Arrangement”

“SPECIAL FACTORS—Agreements of Certain Persons with JLL Holdco and the Purchaser”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

“THE ARRANGEMENT AGREEMENT—Share Consideration”

“INTERESTS OF INFORMED PERSONS IN MATTERS TO BE ACTED UPON”

(d) Appraisal Rights. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“DISSENT RIGHTS”

ANNEX H—PLAN OF ARRANGEMENT

ANNEX I—RIGHT TO DISSENT—SECTION 190 OF THE *CANADA BUSINESS CORPORATIONS ACT*

ANNEX K—INTERIM ORDER

(e) Provisions for Unaffiliated Security Holders. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“PROVISIONS FOR UNAFFILIATED SHAREHOLDERS”

(f) Eligibility for Listing or Trading. Not applicable.

Item 5. Past Contacts, Transactions, Negotiations and Agreements

(a) Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Interests of our Directors and Executive Officers in the Arrangement”

“INTERESTS OF INFORMED PERSONS IN MATTERS TO BE ACTED UPON”

“INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS OTHER THAN THE ARRANGEMENT”

ANNEX C—ARRANGEMENT AGREEMENT

(b)—(c) Significant Corporate Events; Negotiations or Contacts. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SPECIAL FACTORS—Background to the Arrangement”

(e) Agreements Involving the Subject Company’s Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Plans for Patheon after the Arrangement”

“SPECIAL FACTORS—Completion of the Arrangement”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

“SPECIAL FACTORS—Interests of our Directors and Executive Officers in the Arrangement”

“SPECIAL FACTORS—Voting Agreements”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

“THE ARRANGEMENT AGREEMENT”

“INTERESTS OF INFORMED PERSONS IN MATTERS TO BE ACTED UPON”

“INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS OTHER THAN THE ARRANGEMENT”

ANNEX C—ARRANGEMENT AGREEMENT

Item 6. Purposes of the Transaction, and Plans or Proposals

(b) Use of Securities Acquired. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

“SPECIAL FACTORS—Plans for Patheon after the Arrangement”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

ANNEX C—ARRANGEMENT AGREEMENT

(c)(1)—(8) Plans. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Plans for Patheon after the Arrangement”

“SPECIAL FACTORS—Contribution Agreement”

“SPECIAL FACTORS—Completion of the Arrangement”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

“SPECIAL FACTORS—Sources of Funds”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

“THE ARRANGEMENT—Regulatory Law Matters and Securities Law Matters”

“INTERESTS OF INFORMED PERSONS IN MATTERS TO BE ACTED UPON”

ANNEX C—ARRANGEMENT AGREEMENT

Item 7. Purposes, Alternatives, Reasons and Effects

(a) Purposes. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Plans for Patheon after the Arrangement”

“SPECIAL FACTORS—Contribution Agreement”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

(b) Alternatives. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

(c) Reasons. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Plans for Patheon after the Arrangement”

“SPECIAL FACTORS—Contribution Agreement”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

(d) Effects. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Certain Effects of the Arrangement”

“SPECIAL FACTORS—Plans for Patheon After the Arrangement”

“SPECIAL FACTORS—Agreements of Certain Persons with JLL Holdco and the Purchaser”

“SPECIAL FACTORS—Interests of our Directors and Executive Officers in the Arrangement”

“THE ARRANGEMENT—Principal Steps of the Arrangement”

“THE ARRANGEMENT—Regulatory Law Matters and Securities Law Matters”

“THE ARRANGEMENT—Fees and Expenses”

“SPECIAL FACTORS—Certain Tax Considerations”

“DISSENT RIGHTS”

ANNEX C—ARRANGEMENT AGREEMENT

ANNEX H—PLAN OF ARRANGEMENT

ANNEX I—RIGHT TO DISSENT—SECTION 190 OF THE *CANADA BUSINESS CORPORATIONS ACT*

ANNEX K—INTERIM ORDER

Item 8. Fairness of the Transaction

(a)—(b) Fairness; Factors Considered in Determining Fairness. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Position of the Independent Committee as to Fairness”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Formal Valuation and Fairness Opinion of BMO Capital Markets”

“SPECIAL FACTORS—Fairness Opinion of RBC”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Position of the JLL Parties and the Management Parties Regarding the Fairness of the Arrangement”

“WHERE YOU CAN FIND MORE INFORMATION”

ANNEX D—FORMAL VALUATION AND FAIRNESS OPINION OF BMO CAPITAL MARKETS

ANNEX E—FAIRNESS OPINION OF RBC

(c) Approval of Security Holders. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Position of the Independent Committee as to Fairness”

“GENERAL PROXY INFORMATION—How a Vote is Passed”

“THE ARRANGEMENT AGREEMENT—Mutual Conditions”

ANNEX C—ARRANGEMENT AGREEMENT

(d) Unaffiliated Representative. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SPECIAL FACTORS—Position of the Independent Committee as to Fairness

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Formal Valuation and Fairness Opinion of BMO Capital Markets”

(e) Approval of Directors. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Position of the Independent Committee as to Fairness

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

(f) Other Offers. Not applicable.

Item 9. Reports, Opinions, Appraisals and Negotiations

(a)—(c) Report, Opinion or Appraisal; Preparer and Summary of the Report, Opinion or Appraisal; Availability of Documents. The

information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Background to the Arrangement”

“SPECIAL FACTORS—Position of the Independent Committee as to Fairness

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Formal Valuation and Fairness Opinion of BMO Capital Markets”

“SPECIAL FACTORS—Fairness Opinion of RBC”

“SPECIAL FACTORS—Additional Disclosure Required by Schedule 13E-3—Opinion of JLL Fund VI’s Financial Advisor”

“WHERE YOU CAN FIND MORE INFORMATION”

ANNEX D—FORMAL VALUATION AND FAIRNESS OPINION OF BMO CAPITAL MARKETS

ANNEX E—FAIRNESS OPINION OF RBC

ANNEX F—OPINION OF JEFFERIES LLC

Item 10. Source and Amounts of Funds or Other Consideration

(a)—(b), (d) Source of Funds; Conditions; Borrowed Funds. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Source of Funds”

“SPECIAL FACTORS—Limited Guarantees”

“SPECIAL FACTORS—Interests of our Directors and Officers in the Arrangement”

“SPECIAL FACTORS—Agreements of Certain Persons with JLL Holdco and the Purchaser”

“THE ARRANGEMENT AGREEMENT—Covenants of the Purchaser—Financing”

(c) Expenses. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“THE ARRANGEMENT—Fees and Expenses”

“THE ARRANGEMENT AGREEMENT—Expense Reimbursement”

Item 11. Interest in Securities of the Subject Company

(a) Securities Ownership. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“SPECIAL FACTORS—Interests of our Directors and Executive Officers in the Arrangement”

“INFORMATION CONCERNING PATHEON”

“INFORMATION CONCERNING THE JLL PARTIES, THE MANAGEMENT PARTIES AND DSM”

“INTERESTS OF INFORMED PERSONS IN MATTERS TO BE ACTED UPON”

“INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS OTHER THAN THE ARRANGEMENT”

“SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS”

(b) Securities Transactions. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“INFORMATION CONCERNING PATHEON—Transactions in Restricted Voting Shares”

Item 12. The Solicitation or Recommendation

(d)—(e) Intent to Tender or Vote in a Going-Private Transaction; Recommendations of Others. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“SPECIAL FACTORS—Reasons for the Recommendation”

“SPECIAL FACTORS—Recommendation of the Independent Committee”

“SPECIAL FACTORS—Recommendation of the Board”

“SPECIAL FACTORS—Purposes and Reasons for the Arrangement from the Perspective of the JLL Parties, the Management Parties and DSM”

“SPECIAL FACTORS—Position of the JLL Parties and the Management Parties Regarding the Fairness of the Arrangement”

“SPECIAL FACTORS—Voting Agreements”

Item 13. Financial Statements

(a) Financial Information. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SELECTED HISTORICAL FINANCIAL DATA OF PATHEON INC.”

“WHERE YOU CAN FIND MORE INFORMATION”

(b) Pro Forma Information. Not applicable.

Item 14. Persons/Assets, Retained, Employed, Compensated or Used

(a)—(b) Solicitations or Recommendations; Employees and Corporate Assets. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

“SUMMARY TERM SHEET”

“QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT”

“THE ARRANGEMENT—Fees and Expenses”

“GENERAL PROXY INFORMATION—Solicitation of Proxies”

Item 15. Additional Information

(b) Golden Parachute Compensation. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

“SPECIAL FACTORS—Golden Parachute Compensation”

(c) Other Material Information. The entirety of the Proxy Statement, including all annexes thereto, is incorporated herein by reference.

Item 16. Exhibits

- (a)(1) Preliminary Proxy Statement of Patheon Inc., incorporated herein by reference to the Schedule 14A filed with the SEC on January 7, 2014 (the “Proxy Statement”).
- (a)(2) Letter to Shareholders of Patheon Inc., incorporated herein by reference to the Proxy Statement.
- (a)(3) Notice of Special Meeting of Shareholders of Patheon Inc., incorporated herein by reference to the Proxy Statement.
- (a)(4) Form of Preliminary Proxy Card, incorporated herein by reference to the Proxy Statement.
- (a)(5) Form of Letter of Transmittal, incorporated by reference to Annex L of the Proxy Statement.
- (a)(6) Press Release, dated November 19, 2013, incorporated by reference to the Schedule 14A filed by JLL Associates V (Patheon), L.P. with the SEC on November 19, 2013.
- (a)(7) Press Release, dated November 19, 2013, incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by Patheon Inc. with the SEC on November 19, 2013.
- (b)(1)* Commitment Letter, dated as of November 18, 2013, by and among UBS AG, Stamford Branch, UBS Securities LLC, JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, Jefferies Finance LLC, KeyBank National Association and Morgan Stanley Senior Funding, Inc. and JLL/Delta Patheon Holdings, L.P.
- (c)(1) Formal Valuation and Fairness Opinion of BMO Nesbitt Burns Inc., dated November 18, 2013, incorporated by reference to Annex D of the Proxy Statement.

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- (c)(2) Fairness Opinion of RBC Dominion Securities Inc., dated November 18, 2013, incorporated by reference to Annex E of the Proxy Statement.
 - (c)(3) Opinion of Jefferies LLC, dated November 17, 2013, incorporated by reference to Annex F of the Proxy Statement.
 - (c)(4)* Presentation of BMO Nesbitt Burns Inc. to the Independent Committee and Board of Directors of Patheon Inc., dated November 18, 2013.
 - (c)(5)* Discussion Materials of RBC Dominion Securities Inc. to the Board of Directors of Patheon Inc. and the Independent Committee of the Board of Directors of Patheon Inc., dated November 18, 2013.
 - (c)(6)* Discussion Materials of Jefferies LLC to JLL Associates VI, L.P. as general partner of JLL Partners Fund VI, L.P., dated November 17, 2013.
 - (c)(7) Presentation of BMO Nesbitt Burns Inc. to the Independent Committee and Board of Directors of Patheon Inc., dated October 16, 2013.
 - (c)(8) Presentation of BMO Nesbitt Burns Inc. to the Independent Committee and Board of Directors of Patheon Inc., dated October 23, 2013.
 - (d)(1) Arrangement Agreement, dated November 18, 2013, by and between Patheon Inc. and JLL/Delta Patheon Holdings, L.P., incorporated herein by reference to Annex C to the Proxy Statement.
 - (d)(2) Plan of Arrangement under Section 192 of the Canada Business Corporations Act, incorporated by reference to Annex H to the Proxy Statement.
 - (d)(3) Guarantee Letter, dated November 18, 2013, by and between Patheon Inc. and JLL Partners Fund VI, L.P., incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by Patheon Inc. with the SEC on November 19, 2013.
 - (d)(4) Guarantee Letter, dated November 18, 2013, by and between Patheon Inc. and Koninklijke DSM N.V., incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by Patheon Inc. with the SEC on November 19, 2013.
 - (d)(5) Equity Commitment Letter, dated November 18, 2013, by and among JLL Partners Fund VI, L.P., JLL Partners Fund V, L.P., JLL Associates V (Patheon), L.P., JLL Patheon Co-Investment Fund, L.P., JLL/Delta Patheon Holdings, L.P. and Patheon Inc., incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Patheon Inc. with the SEC on November 19, 2013.
 - (d)(6) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and JLL Patheon Holdings, LLC.
 - (d)(7) Form of Voting and Support Agreement by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and the shareholders party thereto, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Patheon Inc. with the SEC on November 19, 2013.
 - (d)(7)(i) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and James C. Mullen.
 - (d)(7)(ii) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and Michael E. Lytton and Meghan Lytton, jointly.
 - (d)(7)(iii) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and Brian G. Shaw.

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- (d)(7)(iv) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and David E. Sutin.
 - (d)(7)(v) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and Joaquin B. Viso and Olga Lizardi, jointly.
 - (d)(7)(vi) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and DJW Investment Holdings Limited.
 - (d)(7)(vii) Voting and Support Agreement, dated November 18, 2013, by and among Patheon Inc., JLL/Delta Patheon Holdings, L.P. and Derek J. Watchorn.
 - (d)(8)* Management Agreement, dated as of November 18, 2013, by and among JLL Patheon Co-Investment Fund, L.P., JLL/Delta Patheon Holdings, L.P. and James C. Mullen.
 - (d)(9)* Option Waiver and Termination Agreement, dated as of November 18, 2013, by and between Patheon Inc. and James C. Mullen.
 - (d)(10)* Interim Shareholders' Agreement, dated as of November 18, 2013, by and among JLL/Delta Patheon GP, Ltd., JLL Patheon Co-Investment Fund, L.P., Koninklijke DSM N.V. and, solely for the purposes of Sections 1.06 and 1.08 thereof, JLL Partners Fund VI, L.P.
 - (d)(11)* Contribution Agreement, dated as of November 18, 2013, by and among JLL Patheon Co-Investment Fund, L.P., Koninklijke DSM N.V. and JLL/Delta Patheon Holdings, L.P.
 - (f)(1) Section 190 of the Canada Business Corporations Act, incorporated herein by reference to Annex I of the Proxy Statement.
 - (g) None.

* – Previously Filed by this Transaction Statement on December 5, 2013.

SIGNATURE

After due inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated as of January 7, 2014

PATHEON INC.

By: /s/ Michael E. Lytton
Name: Michael E. Lytton
Title: Executive Vice President, Corporate
Development and Strategy, and General Counsel

JLL/DELTA PATHEON HOLDINGS, L.P.

By: JLL/DELTA PATHEON GP, LTD.,
its general partner

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Authorized Person

JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Authorized Person

JLL PATHEON CO-INVESTMENT FUND, L.P.

By: JLL PARTNERS FUND VI (PATHEON), L.P.
its general partner

By: JLL ASSOCIATES VI (PATHEON), L.P.
its general partner

By: JLL ASSOCIATES G.P. V (PATHEON), LTD.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Authorized Person

JLL PATHEON HOLDINGS, COÖPERATIEF, U.A.

By: /s/ Daniel Agroskin
Name: Daniel Agroskin
Title: Authorized Person

JLL PATHEON HOLDINGS, LLC

By: /s/ Daniel Agroskin
Name: Daniel Agroskin
Title: Authorized Person

JLL PARTNERS FUND V (PATHEON), L.P.

By: JLL ASSOCIATES V (PATHEON), L.P.
its general partner

By: JLL ASSOCIATES G.P. V (PATHEON), LTD.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Authorized Person

JLL ASSOCIATES V (PATHEON), L.P.

By: JLL ASSOCIATES G.P. V (PATHEON), LTD.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Authorized Person

JLL ASSOCIATES G.P. V (PATHEON), LTD.

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Authorized Person

JLL PARTNERS FUND VI, L.P.

By: JLL ASSOCIATES VI, L.P.
its general partner

By: JLL ASSOCIATES G.P. VI, L.L.C.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Managing Member

JLL PARTNERS FUND V, L.P.

By: JLL ASSOCIATES V, L.P.
its general partner

By: JLL ASSOCIATES G.P. V, L.L.C.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Managing Member

JLL PARTNERS FUND VI (PATHEON), L.P.

By: JLL ASSOCIATES VI (PATHEON), L.P.
its general partner

By: JLL ASSOCIATES G.P. V (PATHEON), LTD.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Authorized Person

JLL PARTNERS FUND V (NEW PATHEON), L.P.

By: JLL ASSOCIATES V (NEW PATHEON), L.P.
its general partner

By: JLL ASSOCIATES G.P. V (PATHEON), LTD.
its general partner

By: /s/ Paul S. Levy
Name: Paul S. Levy
Title: Authorized Person

JLL/DELTA CANADA INC.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Authorized Person

KONINKLIJKE DSM N.V.

By: /s/ Hugh C. Welsh
Name: Hugh C. Welsh
Title: President, DSM North America

JAMES C. MULLEN

/s/ James C. Mullen

MICHAEL E. LYTTON

/s/ Michael E. Lytton

STUART GRANT

/s/ Stuart Grant



Presentation to the Special Committee

Preliminary
Perspectives

October 16, 2013

PROJECT CALCULUS

BMO  Capital Markets

Situation Overview

- BMO Nesbitt Burns Inc. ("BMO" or "BMO Capital Markets") understands that Patheon Inc. ("Patheon" or the "Company") was advised in July 2013 by the Company's controlling shareholder, JLL Partners, Inc. ("JLL"), that a buying group which includes a fund or funds under common control with JLL and one or more affiliates of Royal DSM B.V. ("DSM") (collectively, the "Offeror") is considering a transaction that would include the acquisition of 100% of the Company's issued and outstanding equity securities by way of a plan of arrangement or alternative transaction structure (the "Transaction")
 - JLL currently holds 56% of the issued and outstanding restricted voting shares ("RVS") and all of the special voting Class I, preferred shares, Series D ("Preferred Shares") of the Company
- BMO further understands that on September 16, 2013, JLL submitted a non-binding proposal (the "Proposal") to the Company's committee of independent directors (the "Special Committee") proposing the Transaction at a price of US\$8.25 per RVS in cash (the "Offer")
 - The Offer represented a 32% premium to the Company's closing price at September 16, 2013 and a 43% premium to the Company's three month VWAP on the TSX
 - BMO understands that JLL advised the Special Committee that JLL is solely interested in pursuing the Transaction contemplated by its Offer and currently is not willing to consider any other transaction
- BMO Capital Markets has been retained by the Special Committee as independent valuator to prepare and deliver to the Special Committee:
 - a) a confidential preliminary analysis, which is being provided pursuant to this document;
 - b) a formal valuation of the Company's RVS' and Preferred Shares in accordance with the standards and requirements of MI 61-101, the standards for formal valuations in the Dealer Member Rules of the Investment Industry Regulatory Organization of Canada; and any other applicable rules, regulations and standards (the "Valuation"); and
 - c) an opinion as to whether the consideration payable pursuant to the Transaction is fair, from a financial point of view, to the holders of RVS' and Preferred Shares, other than JLL and any other holders that would customarily be excluded from such an opinion (the "Opinion")
- This document **does not** constitute an "Opinion" or a "Valuation" and is being provided solely to assist the Special Committee in understanding a preliminary assessment and analysis that might form the basis for the Valuation

Situation Overview (Cont'd)

- In preparing this presentation, we have relied upon the information provided to us by the Company, discussions with representatives of the Company and publicly available information on the Company, the Offer and potential bidders
 - BMO was provided access to the Company's secondary virtual data room on September 18, 2013 and the Company's original virtual data room on September 24, 2013
 - BMO has had a number of calls and meetings with the Company to request additional information and to discuss the information provided
- We have not attempted to independently verify the accuracy or completeness of any information or representations presented to us by the Company
- The analysis herein is based upon the securities markets, economic and general business and financial conditions prevailing as at this date, any of which may vary considerably in the future
- The views summarized in this presentation are made based on information available as at October 11, 2013 and are based on the closing share price of the Company and comparable companies as at October 11, 2013

Assumptions and Limitations

- With your approval and agreement, BMO Capital Markets has relied upon and assumed, among other things:
 - The completeness, accuracy and fair presentation of all financial and other information (the "Information") obtained by us from public sources or provided to us by the Company
 - That all forecasts, projections, estimates and budgets related to the Company are reasonable in the circumstances and consistent with industry practices
 - That all forecasts, projections, estimates and budgets reflect the best currently available information and estimates, assumptions and judgments as to the matters covered thereby
 - That there has been no material change in the financial condition, assets, liabilities, business, operations or prospects of the Company
 - That there are no plans or proposals that could reasonably be expected to have a material effect on the financial condition, assets, liabilities, prospects or affairs of the Company
 - That there are no circumstances or developments that could reasonably be expected to have a material effect on the financial condition, assets, liabilities, prospects or affairs of the Company
 - That there are no actions, suits, proceedings or inquiries pending or threatened which may in any way materially adversely affect the Company
- The provision of the Valuation and the Opinion will be subject to, among other things, the receipt of a letter of representation to be provided by the Senior Officers of the Company as to certain factual matters and the completeness and accuracy of the Information upon which the Valuation and the Opinion will be based

Scope of Review

- In connection with rendering these perspectives, we have reviewed and relied upon, or carried out, among other things, the following:
 - Certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Company, concerning the business operations, assets, liabilities and prospects of the Company and the Transaction
 - Internal management forecasts, development and operating projections, estimates and budgets prepared or provided by or on behalf of the Company
 - Discussions with management of the Company relating to the Company's current business plan, business operations, financial condition, prospects and the Transaction, including with respect to assets to be acquired from DSM
 - **BMO understands that a third party consulting firm has been engaged to conduct an analysis of potential synergies that will accrue to the pro forma entity upon completion of the Transaction**
 - **BMO has not been provided a written copy of such analysis and has had to rely on discussions with Company's management and JLL to estimate the potential cost synergies, including timing and implementation costs provided in this analysis**
 - Public information relating to the business and financial condition of the Company
 - Public information with respect to selected public companies we considered relevant
 - Public information with respect to selected precedent transactions we considered relevant
 - Various equity research reports and industry sources we considered relevant
 - Such other information, investigations, analyses and discussions (including discussions with the management of the Company, the Company's external legal counsel, and other third parties) as we considered necessary or appropriate in the circumstances



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

Financial Perspectives

Summary Perspectives

Patheon Business Overview

Business Overview

- Provider of pharmaceutical development and commercial manufacturing outsourcing services for both prescription ("Rx") and over-the-counter ("OTC") drugs
- Serves approximately 300 clients, including 19 of the 20 largest pharmaceutical companies, 8 of the top 10 biotech companies, and 8 of the 10 largest specialty pharmaceutical companies
- Operates 14 facilities globally
- Employs approximately 6,000 people

Products and Services

Contract Manufacturing Outsourcing ("CMO")

- Manufactures various sterile, solid, conventional and specialized dosage forms
- Also offers specialized capabilities in high potency, controlled substance and modified release products

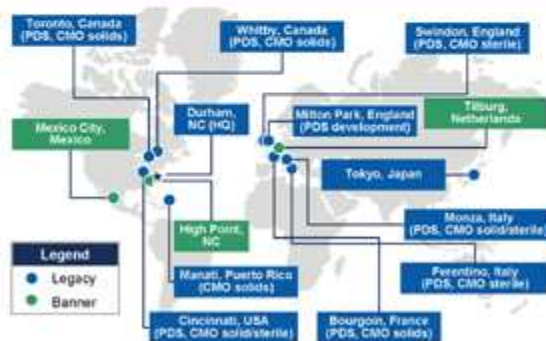
Pharmaceutical Development Services ("PDS")

- Offers a broad range of development services across approximately 40 different dosage forms
- Supports customers across various stages of drug development process

Banner Life Sciences (Soft-Gel Drug Delivery) ("Banner")

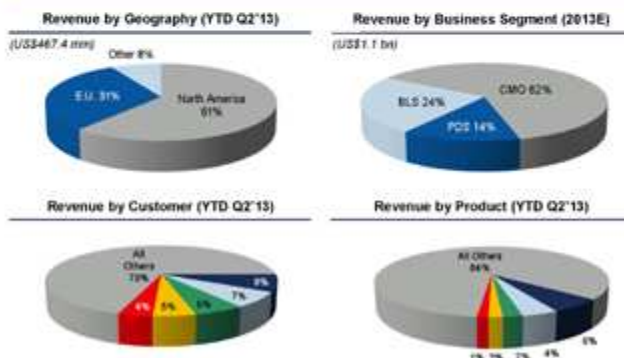
- Capabilities include proprietary soft-gel formulations
- Offers over 70 products across OTC, Rx and nutritional

Geographic Footprint



Source: Company filings, Company confidential information package and Company management presentation

Segmentation



Recent Financial Developments

Operational Excellence Initiatives ("OE")

- Introduced company-wide in 2011 to streamline operations and boost margins
- Assessing operations across all business segments to eliminate bottlenecks while significantly reducing costs through elimination of redundant labour and overhead costs
- Focused site missions and investment in state-of-the-art capabilities has freed up 40-50% of capacity to support future growth initiatives
- \$29.9mm of cost savings realized in FY2012

Banner Acquisition

- Completed on December 14, 2012 for total cash consideration of approximately US\$269 mm
 - 10.9x EV / LTM EBITDA
 - Estimated \$12.5 mm of synergies, 9.8% of PF EBITDA
- In connection with the acquisition, the Company completed a refinancing, including:
 - Arranged US\$660 mm senior secured facilities (US\$575 mm Secured Term Loan and US\$85 mm Secured Credit Facility)
 - Completed US\$30 mm transferable rights offering at C\$3.19 per share (backstopped by JLL)
- Banner provides the Company with access to a portfolio of 60+ soft gel products, 7 proprietary technologies and extensive pipeline of 27 products
- Increases capabilities / scale in complex dosage formats

PF 2013E Adjusted EBITDA Bridge

US\$ millions

Balance	137.8	147.0	141.4	140.4	140.6	140.6	136.0	157.8	166.8	192.6	185.8	177.8	177.8
Change	22.5	8.2	(5.7)	0.0	0.1	—	8.4	1.8	11.0	13.7	3.2	(9.0)	—

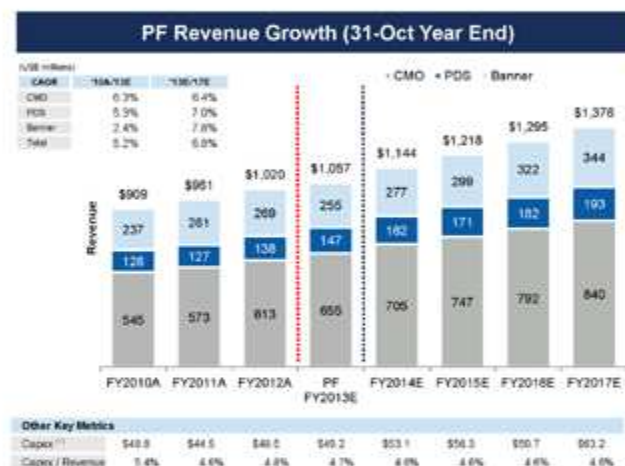


Source: Company Filings, Financial Forecast

Financial Forecast Adjusted EBITDA incorporates the Banner acquisition, in addition to savings from various OE initiatives across all business segments

Consolidated Financial Perspectives

- Both historical figures and Financial Forecast are shown pro forma the acquisition of Banner; corporate expenses allocated to segments pro-rata revenue



Source: Company data, Financial Forecast

Note: Historical data shown PF Banner as per "2.1.4 Banner_Historical PL.xlsx"; Corporate expenses allocated between CMO, PDG and Banner based on revenue contribution

Meaningful revenue growth expected
in all business segments

EBITDA growth and margin expansion to be driven by
Operational Excellence and Banner acquisition

RVS Price & Capitalization

Price & Volume Analysis



Actual Adjusted EBITDA Margins



Summary Statistics

Capitalization ⁽¹⁾			
		Current	At Offer
RVS Price	(C\$ / sh)	\$8.13	\$8.57
RVS Price (1.0396x)	(US\$ / sh)	\$5.90	\$8.25
F.D. Shares ⁽²⁾	(mm)	146.9	148.3
F.D. Market Cap	(US\$ mm)	\$867	\$1,224
Add: Face Value of Debt	(US\$ mm)	621	621
Add: Pref. Shares ⁽³⁾	(US\$ mm)	—	—
Add: Fair Value of FX Liab.	(US\$ mm)	3	3
Add: AT Pension Liability	(US\$ mm)	29	29
Less: Cash	(US\$ mm)	(41)	(41)
Less: Investments ⁽⁴⁾	(US\$ mm)	(5)	(5)
Enterprise Value	(US\$ mm)	\$1,470	\$1,827
Leverage ⁽⁵⁾			
Debt / '14E EBITDA	(ratio)	3.6x	—
Net Debt / '14E EBITDA	(ratio)	3.4x	—
Market Data (Exchange: Toronto)			
52-Week High	(C\$ / sh)	\$6.80	—
52-Week Low	(C\$ / sh)	\$3.00	—
20-Day VWAP	(C\$ / sh)	\$6.36	—
90-Day VWAP	(C\$ / sh)	\$6.12	—
1-Year Avg. Daily Vol	(k)	45	—

Source: Company data, Company filings, FactSet and Select Street Research
 Note: Peer Group consists of Albany Molecular Research, Biocris, Cambrex, Cargene, Charles River, Covance, ICON, Jubilant, Lonza, Parexel, Quintiles and Wuxi.

1. Balance sheet as at 31-Jul-13

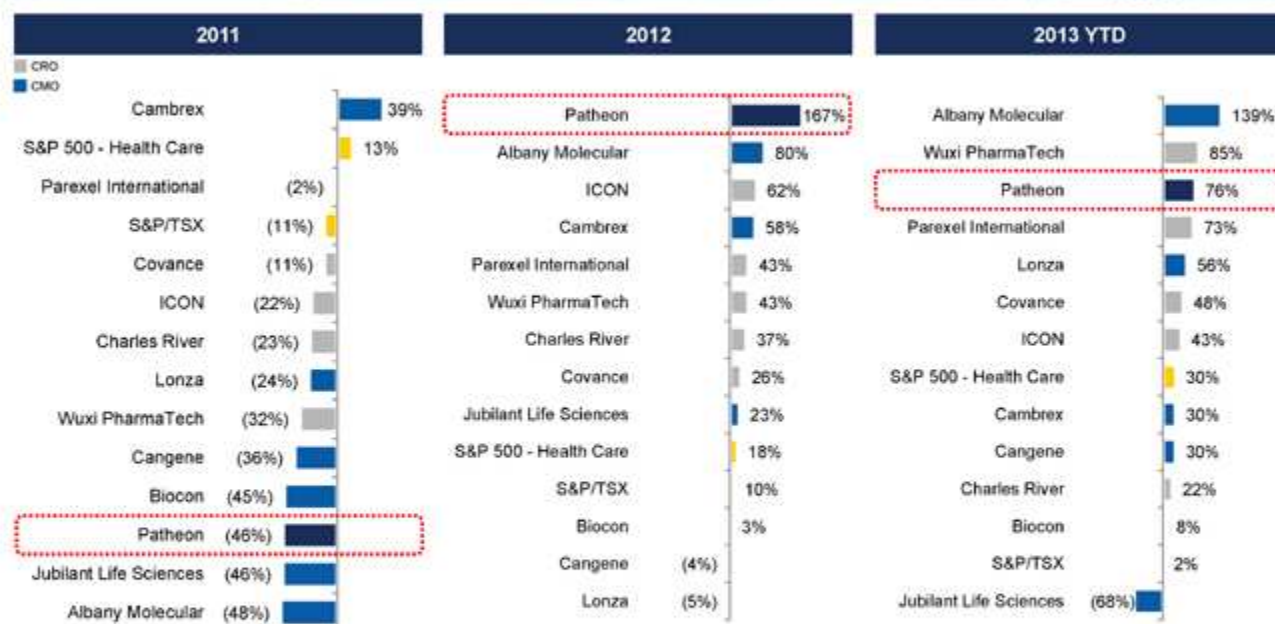
2. Treasury stock method applied

3. Preferred Shares are non-transferable, have no dividend and a wind up value of C\$0.0001

4. 18% interest in two Italian entities known as BSP Pharmaceuticals, as well as immaterial interests in certain U.S. investment plans

5. Based on Street Consensus FY2014E EBITDA of US\$172.8 mm, as CY2014E is not available

Total Return Relative Performance



Source: FactSet

Note: Total return analysis includes impact of dividends paid; returns shown in US\$.

Patheon has outperformed its peers over the last two years on the back of Operational Excellence initiatives and the Banner acquisition

Research Analyst Perspectives

Research Analysts Price Targets

Broker	Date	Target Price
TD Newcrest	09-Sep-13	\$8.00
Euro Pacific Canada	06-Sep-13	7.50
RBC Capital Markets	05-Sep-13	7.00
Median (C\$)		\$7.50
Current Share Price (C\$)		\$6.13
Premium (Discount) to Share Price		22.3%
Sell	Hold	Buy



Current Research Analyst Themes

Business Transformation Gaining Momentum

- Continued momentum highlighted by strong Q3/13 revenue and adjusted EBITDA performance
- Justification for trading multiple expansion with growth and profitability performance expected to be in line with CRO peer group

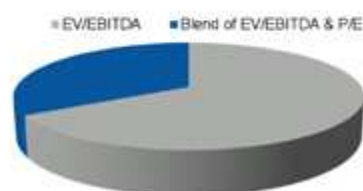
Expectations of Continued Margin Expansion

- Looking forward, opportunities for significant cost savings, contributed from Banner M&A synergies and the wind down of certain facilities in Alberta and Puerto Rico
- Further upside exists as management continues to integrate and optimize Banner

Positive Industry Trends to Continue

- Well positioned to take advantage of increased R&D spending as global economic recovery continues
 - Both the CMO and CRO industries are performing well in the current macro-environment
- Large pharmaceutical companies continue to increase outsourcing of product development and manufacturing processes

Target Price Methodology



Source: FactSet and select Street Research

Note: Total number of research analysts include brokers with unknown ratings.

Peer Research Analysis



• Number of Research Analysts in Coverage Universe

• Target Price Premium / (Discount) to Current Stock Price

Ownership Summary

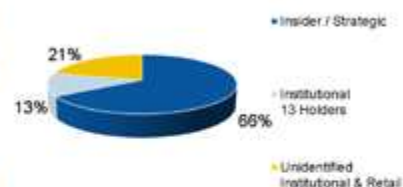
Shareholder Registry

Investor Information				Current Holdings		
Investor Name	Country	Style	WAC	Basic		
			(USD)	(mm)	(%)	
Top Strategic & Insider						
JLL Partners					78.5	55.7%
Joaquin Vico					11.7	8.3%
James Mullen					2.3	1.6%
Others					0.8	0.6%
Top 10 Institutions						
CI Investments	Canada	GARP	\$3.86	▲	10.7	7.6%
OppenheimerFunds	United States	Growth	3.64	▲	2.6	1.8%
TDAM USA	Canada	Yield	4.29	▼	2.0	1.4%
Hesperian Capital Management	Canada	Growth	3.96	▲	1.7	1.2%
Altrinic Global Advisors LLC	United States	Value	4.26	▲	1.4	1.0%
Fiera Capital Corp.	Canada	GARP	4.92	▲	1.2	0.9%
AGF Investments	Canada	Growth	3.66	▲	0.3	0.2%
Dimensional Fund Advisors	United States	Value	2.42	▼	0.1	0.1%
AXA Rosenberg Investment Management	Canada	GARP	3.66	▲	0.0	0.0%
Picton Mahoney Asset Management	Canada	Yield	3.60	▲	0.0	0.0%
Other Identified Institutions					0.0	0.0%
Summary						
Strategic & Insider					93.3	66.2%
Institutional Holders					20.1	14.3%
Unidentified Institutional & Retail					27.5	19.5%
Total Basic Shares Outstanding					140.9	100.0%
Options					11.0	
Total F.O. Shares Outstanding					151.9	
F.O. ITM Shares Outstanding of 146.9 Using Treasury Method						

Source: FactSet and Company Filings

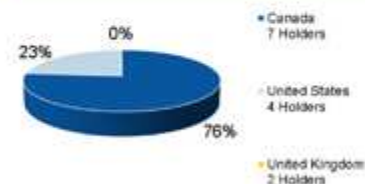
Note: Weighted average cost basis (WAC) estimated based on quarterly position changes and average prices since 31-Dec-00; directional arrows indicate change in holder position over most recent quarter. F.O. shares outstanding does not assume use of treasury method.

Holdings by Investor Class



Source: FactSet and Company Filings

Institutional Holdings by Country



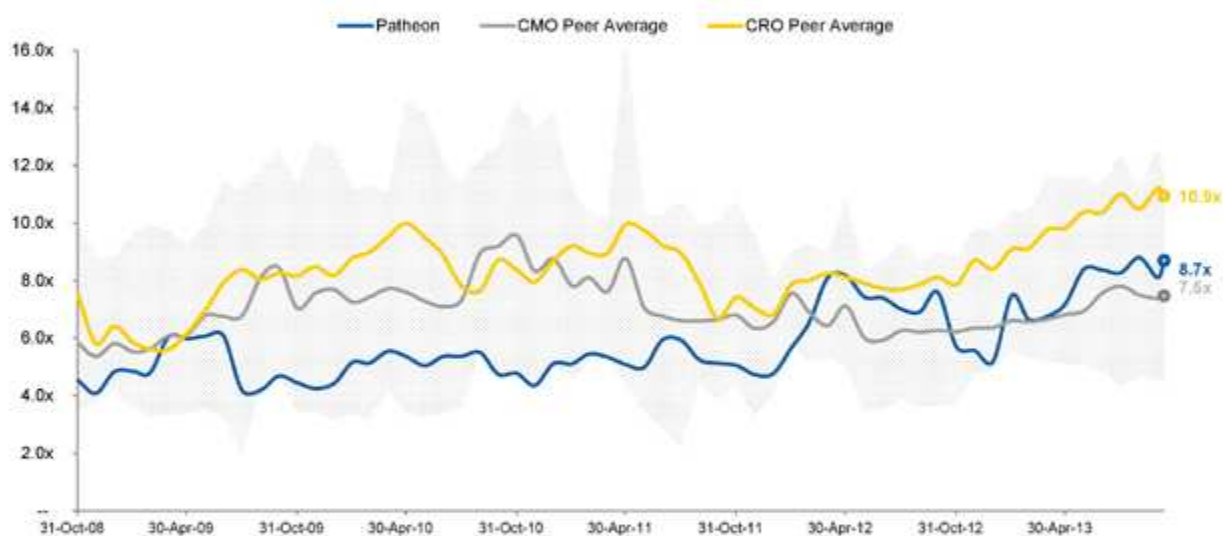
Source: FactSet and Company Filings

Note: United Kingdom holds 0.2% of institutional holdings

66% of Patheon's stock is controlled by JLL and other Insiders

Comparable Trading Performance Over Time

Median Consensus Average EV / NTM EBITDA



Source: FactSet

Note: Estimates taken monthly and based on Street Consensus. CMO Peer Average consists of the average multiple of Albany Molecular Research, Biogen, Cantrex, Carigene, Jubilant Life Sciences and Lonza Group; CRO Peer Average consists of the average multiple of Charles River Laboratories, Covance, Quintiles, Parexel, ICON and WuXi.

**Patheon has historically traded at a discount to its CMO and CRO peers;
and now trades between its CMO and CRO peers**



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast

- CMD Forecast

- PDS Forecast

- Banner Forecast

- Other Considerations

Financial Perspectives

Summary Perspectives

Background to the Financial Forecast

- BMO was provided a financial forecast (the "Financial Forecast") from the Company, which has formed the basis for these perspectives
- As part of BMO's review of the Financial Forecast, BMO has participated in detailed discussions with certain members of the Company's management team, including:
 - A guided review of the Financial Forecast design on Friday September 20, 2013;
 - A discussion focused on Management's key Financial Forecast assumptions on Tuesday September 24, 2013;
 - A formal in-person Management Presentation on Wednesday October 2, 2013, which included discussions on Financial Forecast assumptions; and
 - Discussions focused on tax and other Financial Forecast assumptions on October 4, 2013 and October 8, 2013
- In addition to discussions with the Company's management, BMO has also considered the Financial Forecast from the perspective of publicly traded companies with similar operating characteristics and third party industry benchmarking research

Financial Forecast Assumptions	
General	<ul style="list-style-type: none"> • Segment build-up (CMO, PDS, Banner and Corporate) • Four year forecast period, FY2014E – FY2017E (the "Forecast Period")
Revenue	<ul style="list-style-type: none"> • Segment revenue is based on a detailed customer-by-customer product build-up for FY2014E • FY2015E – FY2017E based on estimated industry growth rates and segment market share
COGS	<ul style="list-style-type: none"> • Standard product costing model with various operating efficiencies implied throughout the Forecast Period
SG&A	<ul style="list-style-type: none"> • Based on historical levels and assumed to be a fixed percentage of sales throughout the Forecast Period
Capex	<ul style="list-style-type: none"> • Based on historical levels of capital intensity <ul style="list-style-type: none"> ■ Maintenance vs. growth expenditures based on historical levels ■ Growth capex relates to new products; no acquisitions contemplated in Financial Forecast
Tax	<ul style="list-style-type: none"> • Cash tax rate of 20% through the Forecast Period • Weighted average of statutory tax rates for Company's profitable and taxable entities (incorporates NOLs / tax assets and other tax shields)
Net Working Capital	<ul style="list-style-type: none"> • Fixed percentage of revenue (14%) based on historical levels, pro forma Banner acquisition

Consolidated Financial Forecast Summary

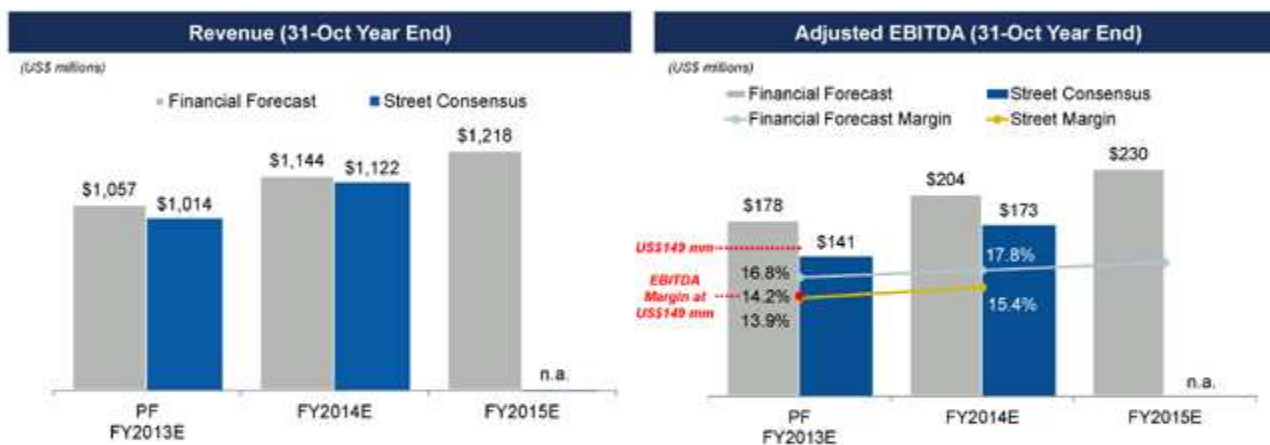
	Actual (Pro Forma)			Pro Forma	Projected				CAGR	
(US\$ millions)	FY2010A	FY2011A	FY2012A	FY2013E	FY2014E	FY2015E	FY2016E	FY2017E	10A-12E	13E-17E
CMO Revenue	\$245	\$273	\$313	\$355	\$395	\$437	\$472	\$504	8.3%	8.4%
PDG Revenue	\$126	\$127	\$136	\$147	\$162	\$171	\$182	\$193	8.3%	7.0%
Barrow Revenue	\$237	\$281	\$269	\$295	\$277	\$290	\$322	\$344	2.4%	7.8%
Consolidated Revenue	\$599	\$681	\$1,020	\$1,097	\$1,144	\$1,218	\$1,295	\$1,326	5.2%	6.8%
% Growth	-	6.7%	6.2%	3.2%	8.3%	6.5%	6.4%	6.2%	Growth rate in-line with industry forecasts	
Cost of Goods Sold (excl. O&A)										
Raw Materials	\$220	\$233	\$252	\$247	\$266	\$287	\$306	\$325		
Inventory/APL Provisions	\$8	\$15	\$12	\$10	\$10	\$11	\$12	\$13		
Direct Labor	\$103	\$111	\$123	\$117	\$127	\$136	\$143	\$152		
Factory Overhead	\$209	\$228	\$233	\$214	\$225	\$234	\$243	\$252		
Quality	\$76	\$82	\$86	\$83	\$88	\$92	\$96	\$101		
Technical Affairs / PDG	\$48	\$50	\$50	\$48	\$51	\$53	\$56	\$60		
Total Cost of Goods Sold (excl. O&A)	\$668	\$713	\$756	\$719	\$769	\$812	\$854	\$892	2.3%	5.8%
COGS (% of revenue)	72.4%	74.2%	74.1%	66.1%	67.2%	66.6%	66.1%	66.6%		
Gross Margin (excl. O&A)	\$127	\$128	\$265	\$337	\$379	\$406	\$439	\$474	10.7%	8.3%
Gross Margin (%)	21.4%	18.7%	25.9%	31.9%	33.8%	33.4%	33.9%	34.4%		
SG&A (excl. O&A and stock comp)	\$122	\$128	\$136	\$145	\$156	\$168	\$185	\$189	5.3%	4.0%
SG&A (% of revenue)	13.8%	13.2%	13.2%	12.7%	12.6%	12.2%	12.2%	12.2%		
R&D	\$12	\$15	\$14	\$14	\$15	\$16	\$17	\$18		
Other Expense (Income)	\$(2)	\$(5)	\$0	\$0	-	-	-	-		
Adj. EBITDA	\$118	\$110	\$115	\$178	\$264	\$238	\$257	\$287	15.2%	12.7%
% Margin	12.8%	11.4%	11.2%	16.0%	23.2%	19.5%	19.8%	20.8%	Adj. EBITDA margins are comparatively higher versus historicals and peer margins	
Total O&A	\$64	\$83	\$50	\$52	\$52	\$55	\$58	\$62		
Adj. EBIT	\$52	\$46	\$65	\$126	\$152	\$175	\$199	\$225		
% Margin	3.7%	4.2%	6.4%	12.0%	13.3%	14.4%	15.4%	16.2%		
Capital Expenditure										
Growth	\$20	\$23	\$26	\$27	\$26	\$31	\$33	\$35		
Maintenance	\$26	\$21	\$23	\$22	\$24	\$25	\$26	\$26		
Total	\$46	\$44	\$49	\$49	\$50	\$56	\$59	\$61	6.3%	6.5%
Capex (% of sales)	3.4%	4.6%	4.8%	4.7%	4.6%	4.6%	4.6%	4.6%		
Growth Capex (% of capex)	41.8%	22.2%	33.3%	35.2%	35.4%	35.6%	35.7%	35.3%		
NOIC (% of sales)	5.6%	9.0%	6.7%	14.0%	14.0%	14.0%	14.0%	14.0%		

Source: Financial Forecast

Note: Historical data shown PF Banner as per "2.1.4 Banner_Historical PL.xlsx"; 2013E shown PF impact from OE savings, site closures, unrealized Banner synergies and bonus reversals; Corporate expenses allocated between CMO, PDG and Banner based on revenue contribution.

EBITDA margins expanding from 17% to 21%, with capex increasing to \$63 million by FY2017E

Financial Forecast Versus Street Estimates



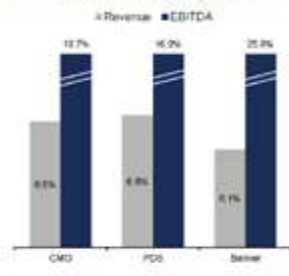
Source: Financial Forecast, select Street research

Patheon's Financial Forecast is relatively in line with street estimates at the revenue level, but more aggressive with respect to EBITDA growth and margin

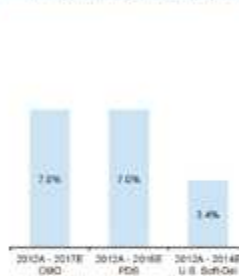
Industry Perspectives

Benchmarking Industry Growth Statistics

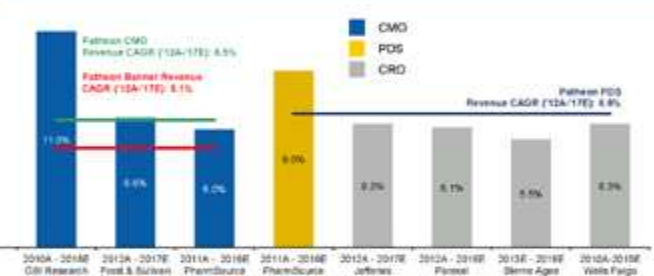
Financial Forecast 2012A - 2017E Revenue CAGR By Segment



Industry Growth Forecasts – Patheon Management Presentation



Third Party Research Forecasts



Industry Competitive Landscape

Contract Manufacturing Outsourcing



\$14B Market Size (2012A)

Pharmaceutical Development Services



\$2B Market Size (2012A)

Soft-Gel Drug Delivery

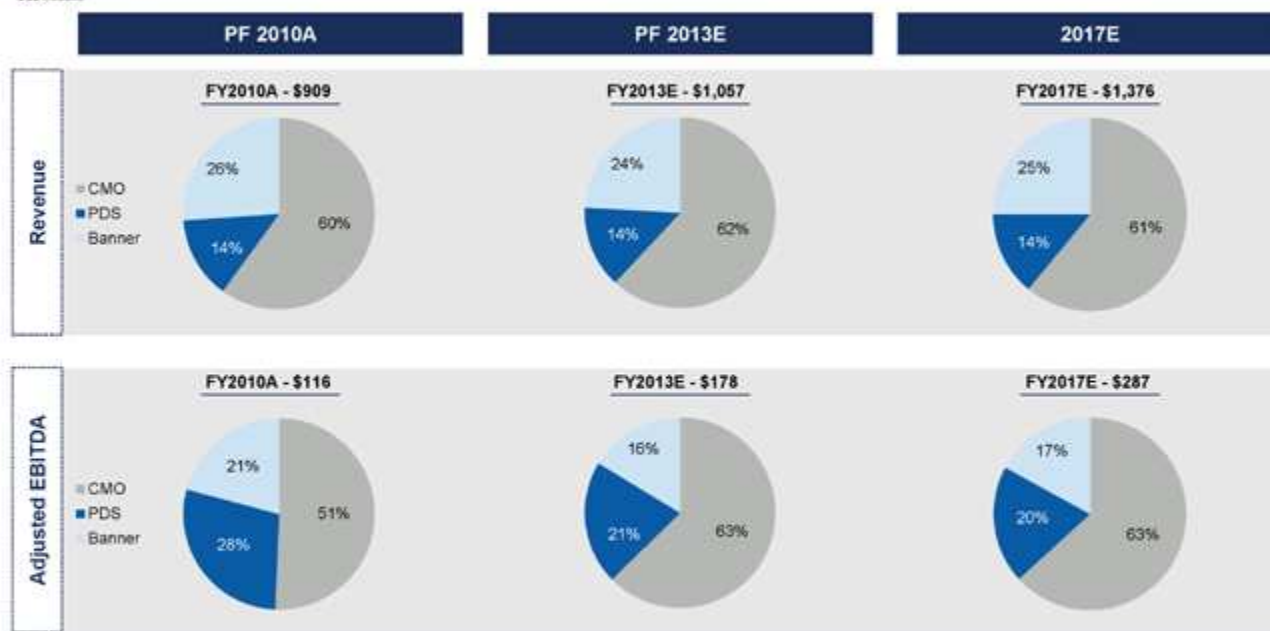


\$6B Market Size (U.S.) (2012A)

Sources: Company filings; Company confidential information package; Company management presentation; Company market intelligence presentation; "Global Pharmaceutical Contract Manufacturing Market," Frost & Sullivan, August 2013; GBI Research, April 2012; Jefferies equity research, March 2013; Wells Fargo equity research, September 2011; Sterne Agee equity research, June 2013; and PARDEX International Investor Day Presentation, June 2013.

Business Mix Perspectives

US\$ millions



Source: Company data, Financial Forecast
 Note: 2010A is shown PF Banner acquisition.

Patheon's business mix is forecasted to remain relatively stable during the Forecast Period



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast
- **CMO Forecast**
- PDS Forecast
- Banner Forecast
- Other Considerations

Financial Perspectives

Summary Perspectives

CMO – Financial Forecast Themes

Favorable Global Diversification

300+ PRODUCTS ACROSS 125 CUSTOMERS – MINIMAL CONCENTRATION

Revenue by Product (YTD 2Q'13)



Revenue by Customer⁽¹⁾ (2014E)

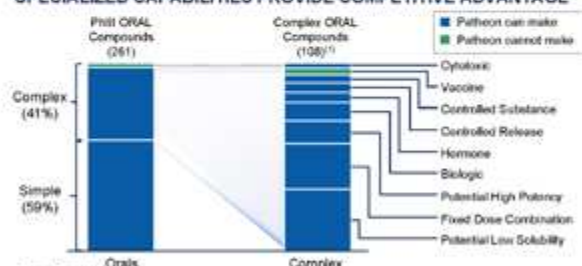


Source: Company data
1. 2014E customer details for revenue under contract

Customer base spanning large pharma to emerging biotech

Comprehensive Manufacturing Capabilities

SPECIALIZED CAPABILITIES PROVIDE COMPETITIVE ADVANTAGE



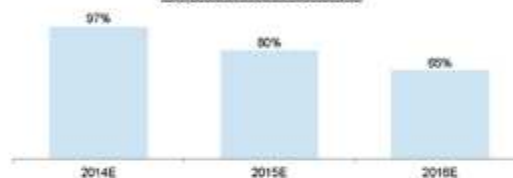
Source: Company data
1. Select compounds may be included in more than one category

Capability to produce 98% of PhII oral compounds with known formulation

Strong Visibility / Long Contract Cycle

~97% OF 2014 FORECAST UNDER CONTRACT

Revenue Under Contract

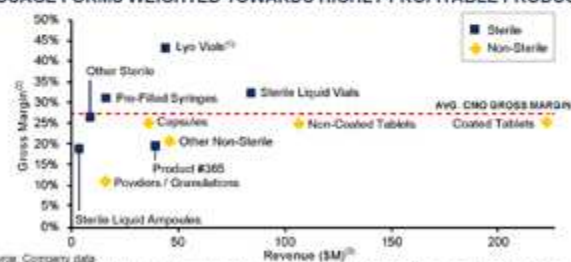


Source: Data per management estimates provided on October 1, 2013

Good visibility to short-term revenue and gross margin forecast

Product Mix Provides Sustainable Gross Margins

DOSAGE FORMS WEIGHTED TOWARDS HIGHLY PROFITABLE PRODUCTS



Source: Company data
1. Excludes Product #365 (lyo vial). 2. Gross margin based on 2013 budget and standard costs, excluding DSA and other / form adjustments. 3. Excludes other / miscellaneous revenue

Expanding mix to high-margin sterile products

CMO – Financial Summary

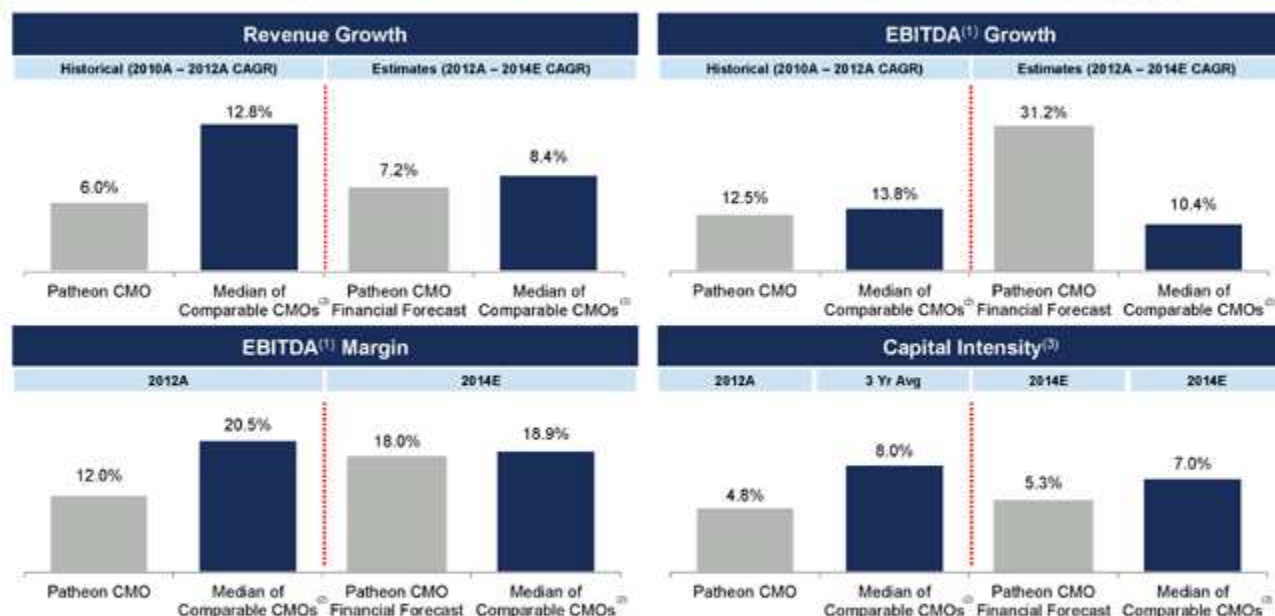
	Actual (Pst-Forma)			Pst-Forma		Projected			CAGR	
(US\$ million)	FY2016A	FY2017A	FY2018A	FY2019E	FY2020E	FY2021E	FY2022E	FY2023E	16A-19E	19E-23E
Revenue	\$545	\$573	\$613	\$655	\$705	\$747	\$792	\$840	6.3%	6.4%
% Growth	—	5.0%	7.1%	6.8%	6.0%	6.0%	6.0%	6.0%		
Cost of Goods Sold (excl. D&A)										
Raw Materials	\$123	\$122	\$135	\$142	\$152	\$162	\$172	\$182		
Inventory/PPV Provisions	\$9	\$8	\$9	\$7	\$8	\$8	\$8	\$10		
Direct Labor	\$79	\$80	\$91	\$91	\$98	\$104	\$113	\$117		
Factory Overhead	\$153	\$154	\$166	\$168	\$185	\$190	\$195	\$191		
Quality	\$50	\$52	\$57	\$57	\$61	\$63	\$66	\$69		
Technical Affairs / PD&S	\$4	\$4	\$3	\$5	\$5	\$5	\$5	\$5		
Total Cost of Goods Sold (excl. D&A)	\$412	\$420	\$452	\$463	\$499	\$513	\$537	\$563	5.8%	5.1%
COGS (% of revenue)	75.6%	73.2%	74.6%	70.6%	69.4%	68.6%	67.6%	67.1%		
Gross Margin (excl. D&A)	\$133	\$142	\$150	\$163	\$218	\$225	\$225	\$227	13.3%	8.4%
Gross Margin (%)	24.4%	24.8%	24.4%	25.0%	30.9%	30.1%	28.2%	27.3%		
SG&A (excl. D&A and stock comp)	\$59	\$58	\$54	\$57	\$59	\$60	\$62	\$63	5.9%	5.7%
SG&A (% of revenue)	10.8%	10.2%	8.8%	8.7%	8.4%	8.0%	7.7%	7.5%		
R&D	—	—	—	—	—	—	—	—		
Other Expense (Income)	\$1	(\$2)	\$1	(\$0)	—	—	—	—		
Segment Adj. EBITDA	\$72	\$96	\$95	\$136	\$157	\$174	\$193	\$213	23.5%	11.9%
% Margin	13.2%	16.7%	15.5%	20.8%	22.3%	23.3%	24.4%	25.4%		
Corporate D&A Allocation	(\$14)	(\$15)	(\$21)	(\$20)	(\$20)	(\$21)	(\$21)	(\$22)		
Segment Adj. EBITDA (Post-Allocation)	\$58	\$81	\$74	\$116	\$137	\$154	\$172	\$191	24.1%	13.0%
% Margin	10.7%	14.1%	12.0%	17.7%	19.4%	20.6%	21.8%	22.7%		
Total D&A	\$49	\$45	\$35	\$32	\$35	\$37	\$38	\$42		
Adj. EBIT	\$9	\$25	\$39	\$75	\$92	\$107	\$123	\$140		
% Margin	1.7%	4.3%	6.3%	11.4%	13.0%	14.3%	15.5%	16.6%		
Capital Expenditure										
Growth	\$9	\$13	\$17	\$20	\$22	\$23	\$24	\$26		
Maintenance	\$19	\$10	\$12	\$15	\$16	\$17	\$18	\$19		
Total	\$27	\$23	\$29	\$35	\$38	\$40	\$42	\$45	8.9%	6.9%
Capex (% of sales)	5.0%	4.0%	4.6%	5.3%	5.4%	5.3%	5.3%	5.3%		
Growth Capex (% of capex)	31.6%	57.4%	58.5%	57.6%	57.6%	57.6%	57.7%	57.6%		

Source: Financial Forecast

Note: 2013E shows PF impact from OE savings, Cargus site closure and bonus reversals. Corporate expenses allocated between CMO, PD&S and Banner based on revenue contribution.

EBITDA margins expanding from 17% to 22%, with capex increasing to \$45 million by FY2017E

CMO – Benchmarking the Financial Forecast



Source: Company filings, Financial Forecast

1. Excludes synergies and restructuring expenses

2. Average of CMOs based on calendarized financial metrics. CMOs include Albany Molecular Research, Biogen, Cambrex, Cargene, Jubilant Life Sciences and Lonza Group

3. Capital intensity defined as capital expenditures divided by revenue

Patheon EBITDA growth outpacing peers; growth driven by OE initiatives that expand EBITDA margins to be more in-line with peers



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast
- CMO Forecast
- **PDS Forecast**
- Banner Forecast
- Other Considerations

Financial Perspectives

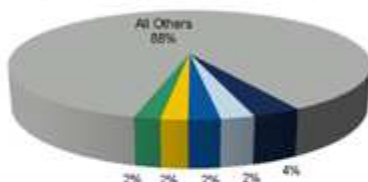
Summary Perspectives

PDS – Financial Forecast Themes

Significant Diversification

450+ PROJECTS ACROSS 260 CUSTOMERS – MINIMAL CONCENTRATION

Revenue by Product (YTD Q2'13)



Source: Company data

Customer base generally earlier stage emerging biotech

Full Spectrum of Drug Development Services

COMPREHENSIVE OFFERING CREATES A "ONE-STOP SHOP"

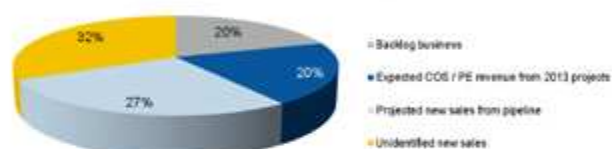
- Clinical trial material manufacturing and packaging
- Pre-formulation
- Analytical development
- Formulation
- Stability
- Scale-up and validation
- Product registration

28 NMEs worldwide since 2001

Project-Based / CRO-Like Visibility

LESS CERTAINTY OF REVENUE GIVEN PROJECTS SIZE / TERM

2014E PDS Revenue



Source: Company data

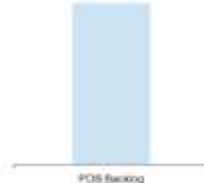
Smaller and shorter contractual relationships

Strong Pipeline of New Business

+\$100 mm BACKLOG SUPPORTS A CRITICAL SOURCE OF CMO BUSINESS

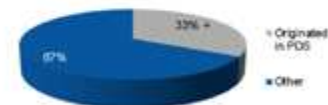
PDS Backlog

+\$100 mm



Source: Data per management estimates provided on October 1, 2013

CMO Revenue by Source



>1/3 of CMO business originates in PDS – 'sticky' business model

PDS – Financial Summary

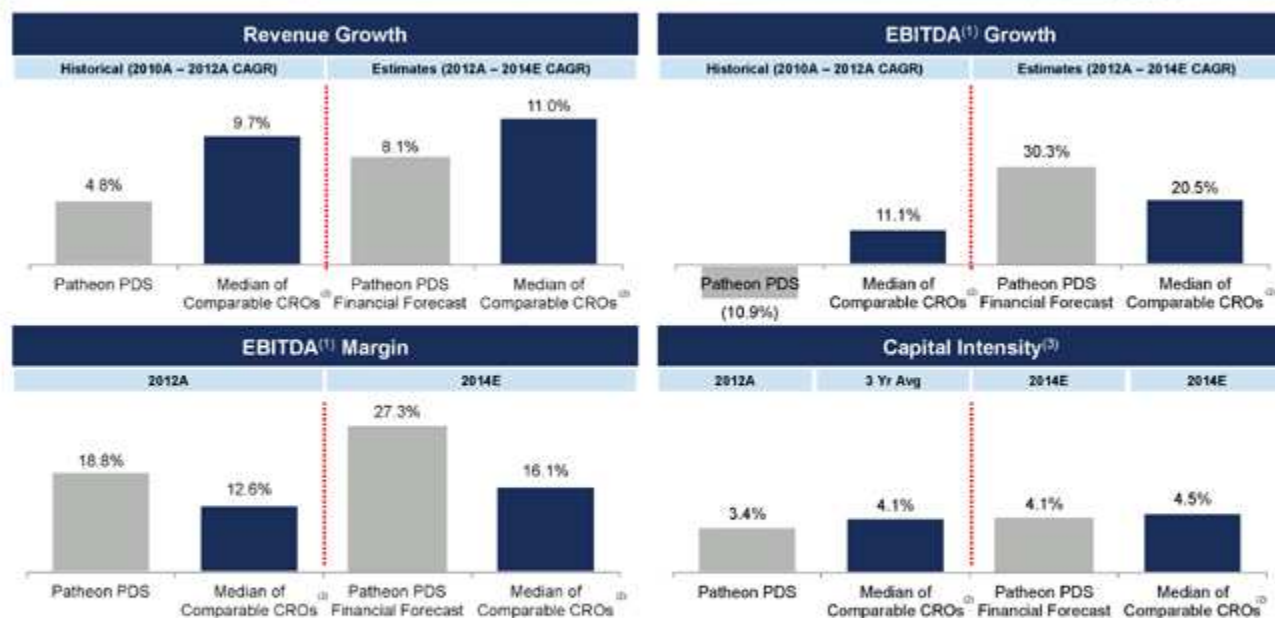
	Actual (Pro Forma)			Pro Forma	Projected				CAGR	
(US\$ million)	FY2010A	FY2011A	FY2012A	FY2013E	FY2014E	FY2015E	FY2016E	FY2017E	10A-13E	13E-17E
Revenue	\$128	\$127	\$138	\$147	\$162	\$171	\$182	\$193	5.3%	7.0%
% Growth	—	1.2%	8.7%	6.1%	10.0%	6.0%	6.0%	6.0%		
Cost of Goods Sold (excl. D&A)										
Raw Materials	\$1	\$1	\$2	\$2	\$2	\$2	\$2	\$2		
Inventory/PPV Provisions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Direct Labor	\$5	\$8	\$8	\$7	\$7	\$8	\$8	\$9		
Factory Overhead	\$29	\$23	\$23	\$22	\$24	\$25	\$27	\$28		
Quality	\$10	\$12	\$11	\$10	\$11	\$12	\$12	\$13		
Technical Affairs / PDS	\$41	\$48	\$48	\$44	\$48	\$48	\$51	\$54		
Total Cost of Goods Sold (excl. D&A)	\$77	\$88	\$88	\$85	\$91	\$96	\$101	\$107	5.1%	5.9%
COGS (% of revenue)	61.0%	69.1%	64.2%	57.8%	56.0%	55.9%	55.7%	55.3%		
Gross Margin (excl. D&A)	\$48	\$39	\$50	\$62	\$71	\$76	\$81	\$86	8.0%	6.4%
Gross Margin (%)	38.0%	30.9%	36.0%	42.2%	44.0%	44.7%	44.7%	44.9%		
SG&A (excl. D&A and stock comp)	\$14	\$17	\$19	\$20	\$20	\$21	\$21	\$22	13.0%	3.5%
SG&A (% of revenue)	11.0%	13.1%	14.0%	13.7%	12.5%	12.5%	12.0%	11.5%		
R&D	—	—	—	—	—	—	—	—		
Other Expense (Income)	(\$2)	(\$1)	\$0	(\$0)	—	—	—	—		
Segment Adj. EBITDA	\$36	\$24	\$31	\$43	\$51	\$55	\$59	\$64	4.4%	11.1%
% Margin	28.0%	19.0%	22.2%	29.1%	31.5%	32.1%	32.7%	33.3%		
Corporate G&A Allocation	(\$3)	(\$3)	(\$5)	(\$6)	(\$7)	(\$7)	(\$7)	(\$7)		
Segment Adj. EBITDA (Post Allocation)	\$33	\$21	\$26	\$37	\$44	\$48	\$52	\$57	4.4%	11.1%
% Margin	26.0%	16.2%	19.0%	25.3%	27.3%	28.0%	28.8%	29.2%		
Total D&A	\$6	\$6	\$5	\$4	\$4	\$5	\$5	\$5		
Adj. EBIT	\$27	\$15	\$21	\$33	\$40	\$43	\$47	\$51		
% Margin	21.3%	11.7%	15.3%	22.8%	24.9%	25.3%	26.0%	26.7%		
Capital Expenditure										
Growth	\$7	\$5	\$3	\$3	\$4	\$4	\$4	\$5		
Maintenance	\$2	\$4	\$2	\$3	\$3	\$3	\$3	\$3		
Total	\$9	\$9	\$5	\$6	\$7	\$7	\$7	\$8	(11.6%)	7.0%
Capex (% of sales)	6.9%	6.9%	3.4%	4.1%	4.1%	4.1%	4.1%	4.1%		
Growth Capex (% of capex)	78.3%	50.3%	66.3%	57.8%	57.8%	57.8%	57.7%	57.9%		

Source: Financial Forecast

Note: 2013E shows PF impact from OE savings and bonus reversals. Corporate expenses allocated between CMO, PDS and Banner based on revenue contribution.

EBITDA margins expanding from 25% to 30%, with capex increasing to \$8 million by FY2017E

PDS – Benchmarking the Financial Forecast



Source: Company filings, Financial Forecast

1. Excludes synergies and restructuring expenses

2. Average of CROs based on calendarized financial metrics. CROs include Charles River Laboratories, Covance, Quintiles, Parexel, ICON and WuXi

3. Capital intensity defined as capital expenditures divided by revenue

Patheon's OE initiatives driving margin outperformance versus peers



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast
- CMO Forecast
- PDS Forecast
- **Banner Forecast**
- Other Considerations

Financial Perspectives

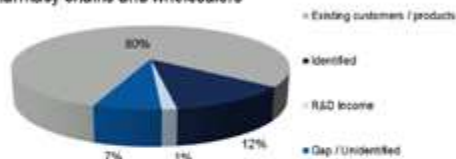
Summary Perspectives

Banner – Financial Forecast Themes

Significant Revenue from Existing Customers / Products

80% OF 2014 REVENUE PROJECTED FROM EXISTING BUSINESS

- Broad set of customers – traditional pharmaceuticals, major retail pharmacy chains and wholesalers



Source: Company data

Stable, recurring stream of revenue diversified across geographic footprint

Product Concentration

RISK OF PRODUCT CONCENTRATION RELATIVE TO OTHER SEGMENTS

Revenue by Product (2014E)



Source: Company data

Top 2 products represent ~30% of segment revenue

Favorable Product Portfolio

70+ PRODUCTS IN PORTFOLIO ACROSS 60 CUSTOMERS (MANY OWNED)

- Largely private label OTC and nutritional products
- 7 proprietary soft-gel technologies



High margin proprietary technology portfolio in soft-gels

Strong Pipeline of New Products

IMPROVED BUSINESS MIX TOWARDS HIGHER MARGIN RX PRODUCTS

Product	Filing Date	Expected Approval
Rx	December 2010	November 2013
OTC	June 2011	January 2014
Rx	January 2011	January 2014
Rx	November 2012	November 2015
Rx	May 2010	January 2017

Source: Company data

Pipeline of 27 Rx, OTC and nutritional products

Banner – Financial Summary

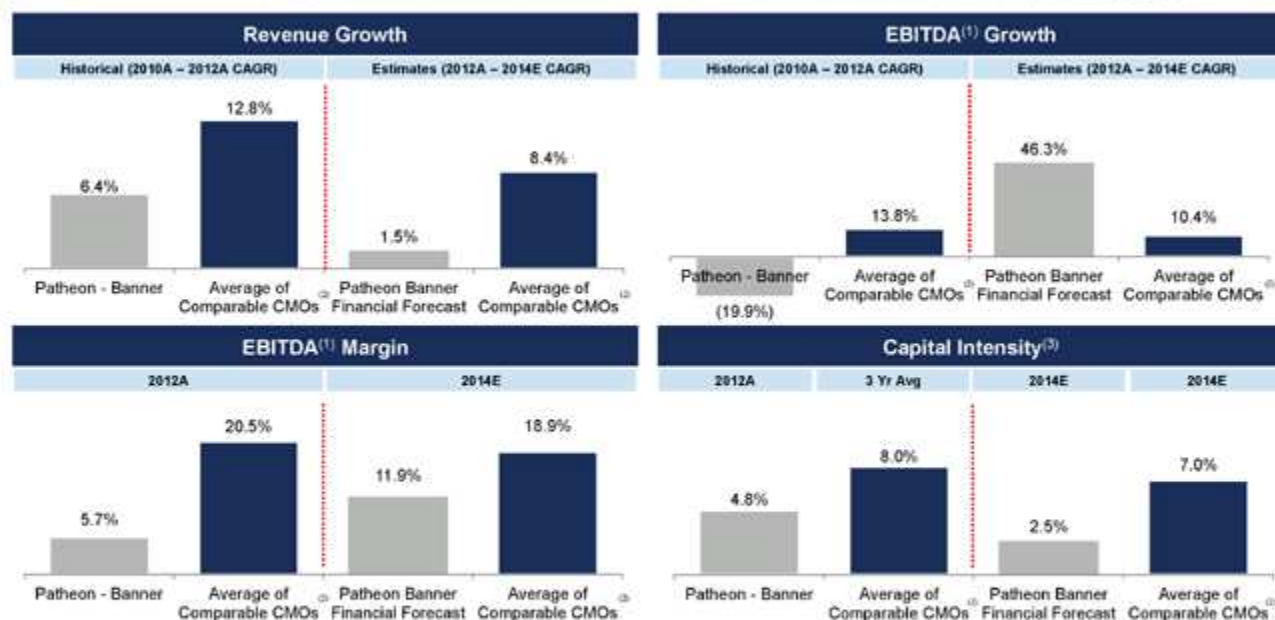
	Actual (Pre-Formis)			Pre-Formis		Proposed			CAGR	
(USD millions)	FY2015A	FY2016A	FY2017A	FY2018E	FY2019E	FY2019E	FY2019E	FY2017E	15A-18E	18E-17E
Revenue	\$237	\$281	\$269	\$255	\$277	\$289	\$322	\$344	2.4%	7.8%
% Growth	-	18.5%	-4.3%	(3.2%)	8.7%	4.0%	7.5%	7.0%		
Cost of Goods Sold (excl. D&A)										
Raw Materials	\$86	\$110	\$115	\$103	\$118	\$123	\$132	\$141		
Inventory/MP Provision	\$2	\$2	\$2	\$2	\$2	\$3	\$3	\$3		
Direct Labor	\$22	\$25	\$28	\$29	\$21	\$23	\$25	\$27		
Factory Overhead	\$36	\$40	\$42	\$33	\$38	\$38	\$41	\$43		
Quality	\$16	\$16	\$18	\$15	\$18	\$17	\$18	\$19		
Technical Affairs (PDS)	-	-	-	-	-	-	-	-		
Total Cost of Goods Sold (excl. D&A)	\$170	\$190	\$203	\$173	\$190	\$203	\$218	\$232	6.5%	7.7%
COGS (% of revenue)	71.8%	67.6%	75.5%	67.8%	74.1%	69.9%	67.7%	67.5%		
Gross Margin (excl. D&A)	\$67	\$90	\$65	\$82	\$88	\$96	\$104	\$112	7.0%	8.1%
Gross Margin (%)	28.2%	32.4%	24.5%	32.1%	31.8%	30.1%	32.3%	32.5%		
SG&A (excl. D&A and stock comp)	\$26	\$28	\$28	\$29	\$28	\$28	\$31	\$32	6.0%	4.7%
SG&A (% of revenue)	11.2%	10.0%	10.5%	11.4%	10.3%	10.0%	10.0%	10.1%		
R&D	\$12	\$15	\$14	\$14	\$18	\$16	\$17	\$19		
Other Expense (Income)	\$(1)	\$(1)	\$(1)	\$1	-	-	-	-		
Segment Adj. EBITDA	\$30	\$24	\$25	\$39	\$45	\$50	\$46	\$42	8.5%	13.9%
% Margin	12.7%	8.5%	9.3%	15.3%	16.2%	17.0%	14.3%	12.2%		
Corporate G&A Allocation	\$(8)	\$(7)	\$(8)	\$(10)	\$(12)	\$(12)	\$(13)	\$(13)		
Segment Adj. EBITDA (Post-Allocation)	\$24	\$17	\$15	\$29	\$33	\$38	\$33	\$29	6.5%	13.9%
% Margin	10.1%	6.1%	5.6%	11.4%	13.0%	13.2%	10.3%	8.4%		
Total D&A	\$9	\$10	\$10	\$12	\$11	\$12	\$13	\$14		
Adj. EBIT	\$16	\$7	\$6	\$17	\$22	\$26	\$20	\$15	10.1%	13.9%
% Margin	6.8%	2.5%	2.2%	6.6%	7.3%	8.7%	6.2%	4.4%		
Capital Expenditure										
Growth	\$5	\$5	\$5	\$4	\$4	\$4	\$5	\$5		
Maintenance	\$7	\$7	\$7	\$5	\$7	\$5	\$3	\$4		
Total	\$12	\$12	\$12	\$9	\$11	\$9	\$8	\$9	(18.2%)	7.7%
Capex (% of sales)	4.8%	4.3%	4.5%	3.5%	4.3%	3.1%	2.5%	2.3%		
Growth Capex (% of capex)	42.7%	42.0%	42.2%	37.8%	37.8%	37.0%	37.7%	37.8%		

Source: 2.1.4 Banner_Historical PL_dkt_Financial Forecast

Note: Historical COGS breakdown based on 2013E COGS split; 2013E shown PF impact from unrealized Banner synergies, OE savings, ON's site closure and bonus reversals; Corporate expenses allocated between CMO, PDS and Banner based on revenue contribution

EBITDA margins expanding from 11% to 14%, with capex increasing to \$9 million by FY2017E

Banner – Benchmarking the Financial Forecast



Source: Company filings, Financial Forecast

1. Excludes synergies and restructuring expenses

2. Average of CMOs based on calendarized financial metrics. CMOs include Albany Molecular Research, Biogen, Cantel, Cingene, Jubilant Life Sciences and Lonza Group

3. Capital intensity defined as capital expenditures divided by revenue

Short term revenue CAGR artificially low due to subpar 2013 – revenue CAGR at ~8% throughout Forecast Period; Capital Intensity lower than peers as Patheon's focus is on applying OE initiatives to expand margins



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast
- CMO Forecast
- PDS Forecast
- Banner Forecast
- Other Considerations

Financial Perspectives

Summary Perspectives

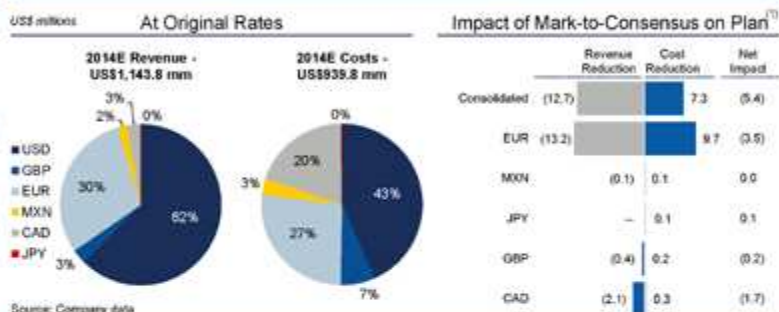
Foreign Exchange Considerations

- Financial Forecast was built with a flat FX assumption, based on 2013 YTD exchange rates as at June 2013

Foreign Exchange Historical and Forecast



Foreign Exchange Sensitivity – 2014E



EBITDA Bridge Analysis

US\$ millions	FY2014E	FY2015E	FY2016E	FY2017E
Financial Forecast				
Revenue	\$1,144	\$1,218	\$1,295	\$1,376
Adjusted EBITDA	\$204	\$230	\$257	\$287
Mark-to-Consensus (FX)⁽¹⁾				
Revenue	(\$13)	(\$5)	(\$6)	(\$7)
Adjusted EBITDA	(\$5)	(\$2)	\$2	\$7
Financial Forecast - FX Adjusted				
Revenue	\$1,131	\$1,213	\$1,289	\$1,369
Adjusted EBITDA	\$199	\$228	\$260	\$294

1. Revenue and Adjusted EBITDA adjusted to reflect Bloomberg Consensus FX estimates

Revenue and EBITDA are somewhat sensitive to exchange rates forecast adjustment;
Mark-to-Consensus has a ~US\$5 mm negative impact on FY2014E EBITDA

Other Considerations

Working Capital

- Financial Forecast assumes net working capital as a percentage of Revenue is consistent over Forecast Period
- Net working capital estimated at 14.0% of revenue, an increase to the Company's historical run rate of approximately 7.5%
 - Increase primarily related to significant working capital requirements at the Banner segment due to inventory requirements to support retail distribution
- Net working capital of US\$146 mm at July 31, 2013 equal to approximately 14% of annualized Q2 and Q3 FY2013A revenue
 - Q2 and Q3 FY2013A are the only two quarters with 100% revenue contribution from Banner (i.e. no stub period)

(US\$ millions)	Historical				Forecasted
	FY2010A	FY2011A	FY2012A	Q3 FY2013A	FY2014E
Current Assets ⁽¹⁾					
Accounts Receivable	\$140	\$158	\$182	\$182	
Inventory	\$73	\$82	\$82	\$144	
Income taxes receivable	\$6	\$3	\$0	\$21	
Prepaid Expenses	\$10	\$11	\$12	\$22	
Current Liabilities ⁽²⁾					
Accounts Payable	(\$157)	(\$182)	(\$186)	(\$208)	
Income taxes payable	(\$0)	—	(\$8)	(\$2)	
Deferred Revenues	(\$27)	(\$9)	(\$14)	(\$15)	
Net Working Capital	\$45	\$63	\$51	\$148	\$180
Actual Patheon Revenue	\$671	\$700	\$752	\$1,039 ⁽³⁾	\$1,144
NWC - % Revenue	6.9%	9.0%	6.7%	14.0%	14.0%

Source: Company filings, Financial Forecast

1. Excl. "Deferred tax assets-short term" of \$9.0mm, \$8.1mm, \$4.3mm & \$6.6mm in FY2010-Q3 FY2013A, respectively

2. Excl. "Deferred tax liabilities-short term" of \$0.3mm in Q3 FY2013A

3. Q2-Q3 FY2013A annualized revenue

Tax

- The Company is currently organized through 25 legal entities and files tax returns in 11 jurisdictions
- Company is currently a tax payer in only four jurisdictions, including Italy, Netherlands, Japan and Mexico
- Tax planning strategies include the use of net operating loss carry forwards, R&D credits and "double-dip" tax shields, and are expected to keep cash taxes at a minimum throughout the Forecast Period
 - Sufficient tax assets and other tax strategies implemented to maintain low marginal tax rates beyond Forecast Period
- Management estimates 20% marginal cash tax rate in Forecast Period; 22.5% marginal cash tax rate in Terminal Period
- FY2013E – FY2015E estimated cash taxes are illustrated below

Implied Cash Tax Rate

	FY2013E	FY2014E	FY2015E
	(US\$ mm)	(US\$ mm)	(US\$ mm)
Revenue	\$1,057	\$1,144	\$1,218
Adjusted EBITDA	150	204	230
D&A	(52)	(52)	(55)
Interest Expense ⁽¹⁾	(42)	(42)	(42)
EBT	\$56	\$111	\$133
Cash Taxes	10.0 ⁽²⁾	20.0 ⁽²⁾	26.7
Implied Cash Tax Rate	17.7%	18.1%	20.0% ⁽²⁾

Source: Company filings, Financial Forecast

1. Q3 FY2013A interest expense annualized

2. Based on Patheon Management estimate

3. Patheon Management estimate for FY2015E-FY2017E



Company Overview and Capital Markets Profile

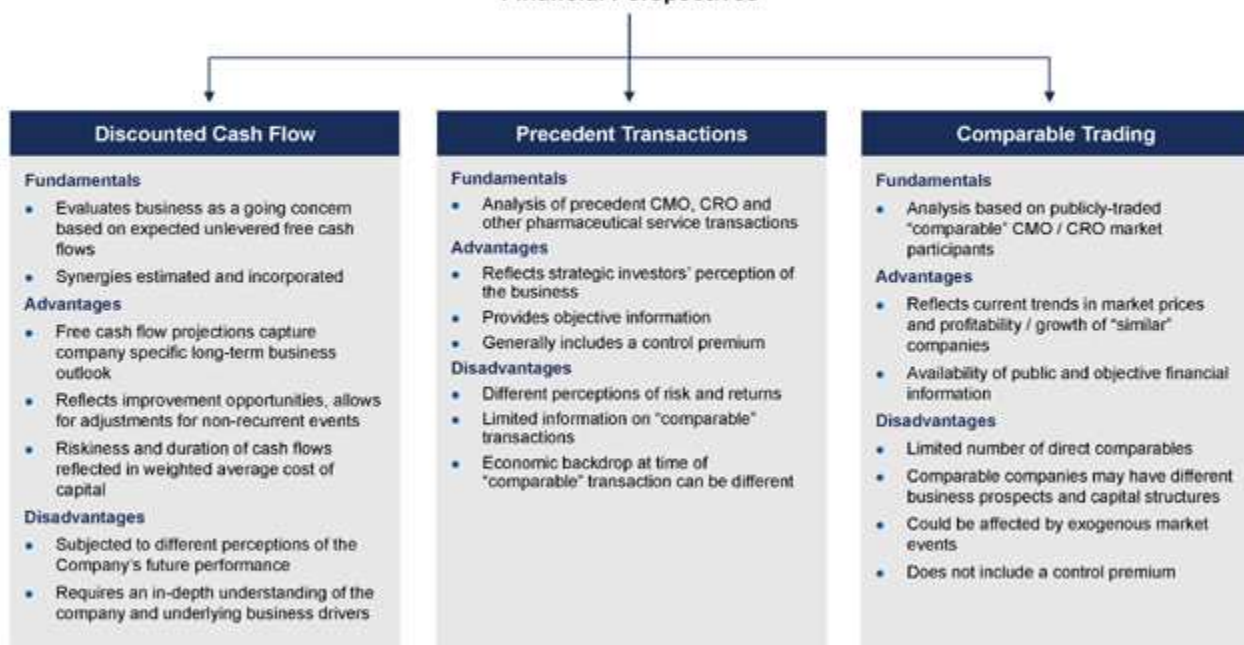
Financial Forecast Review and Benchmarking

Financial Perspectives

Summary Perspectives

BMO Capital Markets' Approach to Financial Perspectives

Financial Perspectives



Capital Structure Considerations

	Description	Implications
Restricted Voting Shares	<ul style="list-style-type: none"> 140.9 mm basic RVS outstanding as at July 31, 2013 <ul style="list-style-type: none"> 146.9 mm after adjusting for ITM options (Treasury stock method) Shareholders entitled to elect six of nine Directors of the Company 	<ul style="list-style-type: none"> n.a.
Series D Special Voting Preferred Shares	<ul style="list-style-type: none"> 150,000 Preferred Shares outstanding (100% held by JLL) as at July 31, 2013 Entitles JLL to designate three Directors of the Company On liquidation, dissolution or winding-up of the Company, holders of each Preferred Share receive C\$0.0001 Not transferable, except to an affiliate of JLL 	<ul style="list-style-type: none"> No value ascribed based on minimal liquidation value and non-transferability⁽¹⁾
Net Debt (Debt less Cash)	<ul style="list-style-type: none"> Senior Secured Term loan - Floating LIBOR plus 6.00% with LIBOR floor of 1.25% due December 14, 2018 <ul style="list-style-type: none"> US\$570.7 mm outstanding as at July 31, 2013 Senior Secured Revolving Facility - US\$85 mm maturing December 14, 2017, bearing interest ranging from 5.8% to 7.75% <ul style="list-style-type: none"> US\$42.3 mm outstanding as at July 31, 2013 Italian Bank Loans - Two loans outstanding as at July 31, 2013 <ul style="list-style-type: none"> Loan 1: Subsidized loan of US\$7.0 mm, interest rate of 0.5%, maturity date of June 30, 2020 Loan 2: US\$1.0 mm with interest rate of Euribor 6-month +7.1%, maturity date of June 30, 2020 Cash and equivalents - US\$40.9 mm as at July 31, 2013 	<ul style="list-style-type: none"> Face value of Debt less book value of Cash and equivalents
Pension Liability	<ul style="list-style-type: none"> Defined benefit pension plan deficit (US\$22.3 mm), Other post-employment benefit deficit (US\$7.8 mm) and unfunded termination indemnities (US\$5.7 mm) No significant changes in plan deficits since October 31, 2012 actuarial valuations 	<ul style="list-style-type: none"> October 31, 2012 book value (tax affected)
Investments	<ul style="list-style-type: none"> Holds 18% interest in two Italian entities known as BSP Pharmaceuticals Immaterial interests in certain U.S. retirement plans 	<ul style="list-style-type: none"> Book value
Financial Instruments	<ul style="list-style-type: none"> Foreign exchange forward contracts and collars Net liability position of US\$2.8 mm as at July 31, 2013 No significant changes in related underlying exchange rates since July 31, 2013 	<ul style="list-style-type: none"> Book value

Source: Company filings

1. MI 61-101 defines "fair market value" as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

Financial Perspectives

- DCF Analysis
- Precedent Transaction Analysis
- Comparable Trading Analysis

Summary Perspectives

Discounted Cash Flow Analysis – Assumptions

Key Assumptions		Terminal Growth Rate																												
Operating Assumptions	<ul style="list-style-type: none">FY2014E – FY2017E projections based on Patheon's Financial ForecastAssumed \$25mm of unlevered free cash flow in Q4 FY2013E, as per Patheon Management	<div><div>Precedent Fairness Opinions</div><div>OECD Economic Data</div><div>Street Consensus</div></div> <table border="1"><thead><tr><th>Source</th><th>Real (%)</th><th>Nominal (%)</th></tr></thead><tbody><tr><td>PPO / H&F / Cystel</td><td>2.00%</td><td>1.00%</td></tr><tr><td>Kardex / INC</td><td>2.00%</td><td>3.50%</td></tr><tr><td>Worlde / THL</td><td>2.00%</td><td>2.00%</td></tr><tr><td>OECD Canada⁽¹⁾</td><td>2.20%</td><td>3.90%</td></tr><tr><td>OECD United States⁽¹⁾</td><td>2.10%</td><td>3.90%</td></tr><tr><td>OECD Europe⁽¹⁾</td><td>2.00%</td><td>3.20%</td></tr><tr><td>Street CMO Industry Forecast</td><td>1.00%</td><td>4.00%</td></tr><tr><td>Street CRO Industry Forecast</td><td>1.00%</td><td>1.50%</td></tr></tbody></table> <p>Source: Company filings, OECD Economic Outlook – May 2013, select Street research 1. Represent 2018-2030 Real GDP CAGR plus estimated inflation rates</p>		Source	Real (%)	Nominal (%)	PPO / H&F / Cystel	2.00%	1.00%	Kardex / INC	2.00%	3.50%	Worlde / THL	2.00%	2.00%	OECD Canada ⁽¹⁾	2.20%	3.90%	OECD United States ⁽¹⁾	2.10%	3.90%	OECD Europe ⁽¹⁾	2.00%	3.20%	Street CMO Industry Forecast	1.00%	4.00%	Street CRO Industry Forecast	1.00%	1.50%
Source	Real (%)	Nominal (%)																												
PPO / H&F / Cystel	2.00%	1.00%																												
Kardex / INC	2.00%	3.50%																												
Worlde / THL	2.00%	2.00%																												
OECD Canada ⁽¹⁾	2.20%	3.90%																												
OECD United States ⁽¹⁾	2.10%	3.90%																												
OECD Europe ⁽¹⁾	2.00%	3.20%																												
Street CMO Industry Forecast	1.00%	4.00%																												
Street CRO Industry Forecast	1.00%	1.50%																												
Discount Period	<ul style="list-style-type: none">Discounted to October 20, 2013Mid-year discounting appliedFour year Forecast Period, ending October 31, 2017																													
Discount Rate	<ul style="list-style-type: none">Selected WACC range of 10.25% - 11.25%Based on comparable beta analysis and adjustments for size premium																													
Terminal Value	<ul style="list-style-type: none">Based on perpetual growth of normalized terminal year unlevered free cash flowTerminal growth rate of 2.5% assumed																													
Capex	<ul style="list-style-type: none">4.5% annual capital intensity into perpetuity																													
Tax	<ul style="list-style-type: none">Flat cash tax rate of 20% in the Forecast Period22.5% cash tax rate in Terminal Period																													
Net Working Capital	<ul style="list-style-type: none">Net working capital requirements of 14% of revenue																													
Synergies	<ul style="list-style-type: none">50% of pre-tax net identified synergies included50% of US\$32.9 mm on a run-rate basis																													
Repositioning Expenses	<ul style="list-style-type: none">Repositioning expenses in FY2014E associated with closure of Olds, Caugas and Swindon facilities																													
FX	<ul style="list-style-type: none">Bloomberg Consensus FX forecasts																													





MI 61-101 Approach to Synergies

- Assess any **"distinctive material benefit that might accrue to an interested party as a consequence of the transaction"**
 - Required to be disclosed in our Valuation
- Assess what synergies should be included in the Valuation
 - Guiding principal is the concept of "Fair Market Value"
 - The monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Synergy Perspectives

	Description	Est. Pre-Tax Synergies
Leadership	<ul style="list-style-type: none"> Cost savings from redundant leadership Patheon's management team to largely run combined company 	<ul style="list-style-type: none"> US\$2.0 mm per year Integration costs of US\$3.0 mm in Year 1; US\$0.5 mm in Year 2 Phased in over 2 years
DSM Corporate Charges	<ul style="list-style-type: none"> Elimination of corporate charges from DSM parent company Excludes any incremental costs required by combined company to replace required services currently provided by DSM 	<ul style="list-style-type: none"> Net US\$6.0 mm per year Integration costs of US\$10.5 mm in Year 1; US\$5.3 mm in Year 2 Phased in over 2 years
FTE Reductions	<ul style="list-style-type: none"> Reduction of senior FTEs in marketing, quality, sales and other functions due to proximity of Greenville facility to Patheon's existing operations 	<ul style="list-style-type: none"> US\$7.0 mm per year Integration costs of US\$5.3 mm in Year 1; US\$1.5 mm in Year 2 Phased in over 2 years
Procurement	<ul style="list-style-type: none"> Procurement savings through increased volumes and strategic sourcing 	<ul style="list-style-type: none"> US\$15.0 mm per year Phased in over 4 years No integration costs
Real Estate	<ul style="list-style-type: none"> Combined company will no longer utilize office space currently occupied by DSM senior leadership 	<ul style="list-style-type: none"> US\$1.0 mm per year commencing in Year 2 Integration costs of US\$1.5 mm in Year 2 Phased in over 2 years
Public Company Costs	<ul style="list-style-type: none"> Patheon public company costs 	<ul style="list-style-type: none"> US\$1.9 mm per year
Total Synergies	<ul style="list-style-type: none"> Run-Rate 	<ul style="list-style-type: none"> US\$32.9 mm per year
Total Integration Costs	<ul style="list-style-type: none"> Aggregate integration costs in Year 1 and Year 2 	<ul style="list-style-type: none"> US\$27.9 mm

Source: JLL and Patheon Management estimates

Selected Precedent Transaction Analysis				
Ann. Date	Target / Acquirer	EV (US\$)	Synergies / PF EBITDA	Description
Pending	Patheon / JLL	\$1.8 bn	 14.0%	<ul style="list-style-type: none"> \$32.9 mm run-rate annual pre-tax synergies 2014E Adjusted EBITDA of \$234.3 mm⁽¹⁾
Oct-12	Banner / Patheon	\$269 mm	 9.8%	<ul style="list-style-type: none"> \$12.5 mm / \$19.2 mm Headcount reduction Other operational synergies
Aug-11	Aptuit (Clinical Trial Business) / Catalent	\$407 mm	 4.0%	<ul style="list-style-type: none"> n.a.
Dec-08	Dow Pharma / Valeant	\$308 mm	 11.7%	<ul style="list-style-type: none"> \$20.0 mm Core R&D savings Non-core R&D, G&A and facility consolidation

1. 2014E Pro Forma for 2012A DSM DPP EBITDA (\$UR 23 mm) as per Patheon Management presentation; converted from EUR to USD at a rate of 1.3200x

Minimum Synergies – Strategic Buyer

- A strategic buyer could reasonably be expected to accrue ~US\$10 mm of synergies from executive compensation and board fees following a transaction with the Company (exclusive of integration costs)

Synergy Description	Amount (\$/mm)
Executive compensation (inclusive of stock based rewards) ⁽¹⁾	\$7.5
Director compensation (inclusive of stock based rewards) ⁽¹⁾	1.5
Other public company costs ⁽²⁾	1.4
Total	\$10.4

Source: Company filings, Patheon Management estimates

1. From Company's Management Information Circular dated 4 Mar 13

2. Other public company costs exclusive of board fees

Weighted Average Cost of Capital Analysis

Comparable Beta Analysis

In US\$ million unless otherwise noted

Company	Beta	R ²	Total Debt ⁽¹⁾	Equity Value ⁽²⁾	Debt Ratio	Tax Rate	Beta ⁽³⁾	BAPPA Beta
	Levered						Unlevered	Unlevered
Covance	1.25	0.56	\$325	\$4,932	6%	35%	1.20	0.95
Lonza Group	0.63	0.13	2,539	3,500	42%	22%	0.53	0.66
Parsons Intl	1.46	0.20	444	2,950	13%	35%	1.33	1.01
ICON	0.85	0.11	—	2,471	—	13%	0.85	0.83
Charles River	1.19	0.35	636	2,280	22%	35%	1.01	0.77
WuXi Pharma	1.66	0.30	85	2,123	3%	35%	1.65	1.06
Biocon	1.06	0.43	91	1,101	8%	30%	1.05	0.97
Cambridge	1.41	0.21	144	461	24%	35%	1.17	0.73
Alkermes Molecular Research	1.49	0.25	17	413	4%	35%	1.45	1.27
Jubilant Life Sciences	1.31	0.44	554	198	74%	30%	0.44	0.63
Congene	(0.27)	0.01	—	162	—	27%	(0.27)	0.36
Mean (R² > 0.2)	1.36		\$291	\$1,898	19%		1.16	0.91
Selected Beta - Low							0.90	
Selected Beta - High							1.20	
Patheon (S1 / B+)	1.32	0.11	\$810	\$967	41%	22%	0.85	0.52

Illustrative Cost of Capital

Selected Beta	$\beta_U = 0.90$	$\beta_U = 1.05$	$\beta_U = 1.20$
Cost of Debt			
Nominal Risk Free Rate ⁽⁴⁾	2.69%	2.69%	2.69%
Borrowing Spread ⁽⁵⁾	4.50%	4.50%	4.50%
Country Risk Premium ⁽⁶⁾	—	—	—
Pre-tax Cost of Debt	7.19%	7.19%	7.19%
Tax Rate	23%	23%	23%
After-Tax Cost of Debt	5.6%	5.6%	5.6%
Cost of Equity			
Nominal Risk Free Rate ⁽⁴⁾	2.69%	2.69%	2.69%
Equity Risk Premium ⁽⁷⁾	6.11%	6.11%	6.11%
Country Risk Premium ⁽⁸⁾	—	—	—
Size Premium ⁽⁹⁾	1.73%	1.73%	1.73%
Selected Unlevered Beta	0.90	1.05	1.20
Optimal Debt in Capital Structure	25%	25%	25%
Levered Beta ⁽¹⁰⁾	1.13	1.32	1.51
Cost of Equity⁽¹⁰⁾	11.3%	12.6%	13.6%
Implied WACC⁽¹⁰⁾	9.9%	10.8%	11.6%

Source: Company filings, Bloomberg, BMO CM estimates

Note: Levered Betas are Bloomberg 5-year monthly raw Betas, unless otherwise noted; excludes Quintiles Transnational Holdings, due to limited historical trading data.

1. Total Debt (excluding preferred shares) at book value.

2. Equity value as of 11-Oct-13.

3. $\beta_U = \beta_L / (1 + (1 - \text{tax rate}) \times \text{Debt/Equity})$.

4. Yield on 10-year U.S. Treasury.

5. BMO CM estimate of 10-year borrowing spread at the optimal capital structure.

6. Assets and operations mainly located in the U.S. and Canada, not applicable.

7. BMO CM estimate based on data from Ibbotson Risk Premium Over Time report.

8. BMO CM estimate based on data from Ibbotson Risk Premium Over Time report.

9. Cost of equity = risk free rate + $\beta \times$ market risk premium + size premium + country risk premium.

10. WACC = $\text{debt}/(\text{debt} + \text{equity}) \times (1 - \text{tax rate}) \times \text{cost of debt} + \text{equity}/(\text{debt} + \text{equity}) \times \text{cost of equity}$.

Implied WACC range of 10.25% to 11.25%

Discounted Cash Flow Analysis – Financial Forecast

Discounted Cash Flow Summary							Selected Range				
		Projected Fiscal Year Ending Oct-31							Sensitivity		
		Q4 2013E	2014E	2015E	2016E	2017E	Terminal			Low	High
Adjusted EBITDA	(US\$ mm)	\$204	\$230	\$257	\$287	\$294		WACC	(%)	11.25%	10.25%
y-o-y growth		36.3%	12.7%	12.0%	11.4%	14.2%		Terminal Growth Rate	(%)	2.50%	2.50%
margin		17.8%	18.9%	19.9%	20.8%	20.8%		PV of Projected CF	(US\$ mm)	\$475	\$484
Other Items:								PV of Terminal Value	(US\$ mm)	1,453	1,663
Less: Unlevered Cash Taxes	(US\$ mm)	(30)	(35)	(40)	(45)	(52)		Enterprise Value	(US\$ mm)	\$1,928	\$2,177
Add / (Less): Change in Working Capital	(US\$ mm)	(12)	(10)	(11)	(11)	(12)		Less: Net Debt ⁽¹⁾	(US\$ mm)	(500)	(500)
Less: After-Tax Repositioning Expenses	(US\$ mm)	(10)	—	—	—	—		Less: Preferred Shares	(US\$ mm)	—	—
Add / (Less): Impact of After-Tax FX Forecast	(US\$ mm)	(4)	(2)	2	5	5		Less: Pension Solvency Deficit	(US\$ mm)	(29)	(29)
Add: Realized After-Tax Net Synergies ⁽²⁾	(US\$ mm)	(2)	6	12	13	13		Less: Fair Value of FX Liabilities	(US\$ mm)	(3)	(3)
Less: Capex	(US\$ mm)	(33)	(36)	(39)	(43)	(54) ⁽²⁾		Add: Proceeds from ITM Options	(US\$ mm)	30	30
Capital Intensity		4.6%	4.5%	4.6%	4.6%	4.5%		Add: Inv. in Unconsolid. Affiliates	(US\$ mm)	9	9
Unlevered Free Cash Flow		\$25	\$92	\$133	\$161	\$186	\$185	Implied Equity Value ⁽²⁾	(US\$ mm)	\$1,356	\$1,604
Terminal Value		—	—	—	—	\$2,362	—	F.D. Shares Outstanding	mm	152	152
Assumptions:								Implied Equity Value per Share	(US\$)	\$8.92	\$10.56
WACC	10.75%	Present Value of Projected Cash Flows					\$480				
Terminal Growth Rate	2.50%	Present Value of Terminal Value					\$1,565				
		Enterprise Value					\$2,045				

1. Based on Face Value of debt.
2. Balance sheet figures as at 31-Jul-13

Sensitivity Analysis											
Enterprise Value Terminal Growth Rate				Implied Share Price Terminal Growth Rate				Implied Terminal Multiple Terminal Growth Rate			
WACC	2.0%	2.5%	3.0%	WACC	2.0%	2.5%	3.0%	WACC	2.0%	2.5%	3.0%
11.25%	\$1,841	\$1,928	\$2,026	11.25%	\$8.34	\$8.92	\$9.58	11.25%	6.6x	7.0x	7.5x
10.75%	\$1,947	\$2,045	\$2,158	10.75%	\$9.04	\$9.69	\$10.42	10.75%	7.0x	7.4x	7.9x
10.25%	\$2,065	\$2,177	\$2,305	10.25%	\$9.82	\$10.56	\$11.40	10.25%	7.4x	7.9x	8.4x

Source: Financial Forecast.
1. Assuming (US\$5.7) mm, US\$13.8 mm and US\$20.2 mm of pre-tax net synergies in FY2014E, FY2015E and FY2016E, respectively; \$52.9 mm of pre-tax run-rate annual synergies are realized thereafter, which are grown by the assumed terminal growth rate in the Terminal Period; the DCF incorporates 50% of after-tax net synergies.
2. 4.5% capital intensity in Terminal Period provided by Pathway Management

Selected DCF range of \$8.92 - \$10.56 per RVS

1. Based on Face Value of debt.
2. Balance sheet figures as at 31-Jul-13

Sensitivity Analysis

Enterprise Value				Implied Share Price				Implied Terminal Multiple			
Terminal Growth Rate				Terminal Growth Rate				Terminal Growth Rate			
WACC	2.0%	2.5%	3.0%	WACC	2.0%	2.5%	3.0%	WACC	2.0%	2.5%	3.0%
11.25%	\$1,841	\$1,928	\$2,026	11.25%	\$8.34	\$8.92	\$9.56	11.25%	6.6x	7.0x	7.5x
10.75%	\$1,947	\$2,045	\$2,156	10.75%	\$9.04	\$9.69	\$10.42	10.75%	7.0x	7.4x	7.9x
10.25%	\$2,065	\$2,177	\$2,305	10.25%	\$9.82	\$10.56	\$11.40	10.25%	7.4x	7.9x	8.4x

Source: Financial Forecast.
1. Assuming (US\$5.7) mm, US\$15.8 mm and US\$20.2 mm of pre-tax net synergies in FY2014E, FY2015E and FY2016E, respectively. \$32.9 mm of pre-tax run-rate annual synergies are realized thereafter, which are grown by the assumed terminal growth rate in the Terminal Period. The DCF incorporates 50% of after-tax net synergies.
2. 4.5% capital intensity in Terminal Period provided by Pathway Management.

Selected DCF range of \$8.92 - \$10.56 per RVS

Discounted Cash Flow Analysis – Key Sensitivities

Sensitivity to Financial Forecast

All figures in US\$

\$8.92 ← → \$9.69 → \$10.56

WACC: 11.25% to 10.25%

TGR: 2.5%

Implied Terminal Multiple: 7.0x to 7.9x

Implied FY2013E EBITDA (\$149.6 mm): 12.9x to 14.6x

Implied FY2014E EBITDA (\$203.9 mm): 9.5x to 10.7x

Metric	Benchmark	Change	Share Sensitivity
Terminal Growth Rate	2.5%	+ / - 1.0%	(\$1.22) \$1.55
WACC	10.75%	+ / - 0.5%	(\$0.84) \$0.84
Revenue Growth	8.2% - 8.3% in Forecast Period	+ / - 1.0%	(\$0.83) \$0.83
EBITDA Margin	17.8% - 20.8% in Forecast Period	+ / - 1.0%	(\$0.82) \$0.82
FX Forecast	Bloomberg Consensus	+ / - 10.0% ⁽¹⁾	(\$0.60) \$0.60
Total Capex	\$58.1 mm (Forecast Period average)	+ / - 10.0%	(\$0.40) \$0.40
Terminal Period Tax Rate	22.5%	+ / - 2.5%	(\$0.35) \$0.35
Synergies Realized	\$32.9 mm (Pre-Tax Run Rate) ⁽²⁾	+ / - \$10.0 mm ⁽²⁾	(\$0.31) \$0.31

1. A 10% increase in FX forecast implies a 10% weakening of the USD against each of the EUR, CAD, GBP, MXN and JPY, respectively

2. Incorporating 50% of pre-tax synergies in DCF

DCF highly sensitive to Terminal Growth Rate and WACC assumptions



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

Financial Perspectives

- DCF Analysis
- Precedent Transaction Analysis
- Comparable Trading Analysis

Summary Perspectives

Precedent Transactions

Contract Manufacturing Organizations



Sources: Company public filings, press releases, Street research, MergerMarket and Deal Pipeline

1. Enterprise value excludes \$15 million milestone payment.

2. Converted to US\$ as per exchange rate at announcement date.

3. Based on estimate FY 2012 EBITDA.

4. LTM EBITDA implied based on NTM EBITDA margin.

5. Based on FY 2011 revenue and EBITDA.

6. Enterprise value excludes \$16 million that Jubilant will pay for Caelo expansion reimbursement.

7. Based on FY 2008 EBITDA.

Selected CMO range of 10.0x to 11.0x EV / LTM EBITDA

Precedent Transactions

Contract Research Organizations



Sources: Company public filings, press releases, Wall Street equity research, MergerMarket and Deal Pipeline
 1. Converted in USD as per exchange rate at announcement date.
 2. LTM revenue and EBITDA implied based on management estimates of profit and margins.
 3. EBITDA is inclusive of fee and costs associated with the European acquisitions and Pharmas acquisition.
 4. Cash inclusive of restricted cash related to security deposits for the London office in the inVivo Communications segment.
 5. Based on FY 2006 revenue and EBITDA.

Selected CRO range of 11.0x to 13.0x EV / LTM EBITDA



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Summary Perspectives

Comparable Trading Analysis

EV / 2014E EBITDA	CMO PEERS							CRO PEERS							Patheon	
	9.4x	8.3x	8.3x	8.0x	5.5x	n.a.	8.3x	11.9x	11.5x	11.1x	11.0x	10.4x	10.1x	11.0x	8.5x	7.2x
Company	Albany Molecular Research	Lonza Group	Cumbrax	Biocon	Jubilant Life Sciences	Gargene	CMO Median	ICON	Corance	Quintiles Transil Holdings	Parexel Int'l	WuXi Pharma	Charles River	CRO Median	Patheon - Street ⁽¹⁾	Patheon - Model
Country	USA	Switzerland	USA	India	India	Canada		Ireland	USA	USA	USA	China	USA		USA	
Enterprise Value	\$391	\$5,731	\$570	\$952	\$708	\$105	\$639	\$2,389	\$4,812	\$7,157	\$3,130	\$1,670	\$2,817	\$2,973	\$1,470	
Equity Value	\$412	\$3,508	\$481	\$1,101	\$198	\$162	\$437	\$2,471	\$4,602	\$5,721	\$2,959	\$2,123	\$2,280	\$2,715	\$967	
% Buy Ratings	100%	13%	97%	73%	75%	-	79%	63%	53%	59%	87%	75%	26%	81%	100.0%	
Target Price Prem. / (Disc.)	11%	(8%)	29%	7%	169%	4%	9%	14%	6%	21%	12%	(4%)	9%	10%	22%	
P / E 2014E	20.3x	12.7x	14.8x	15.2x	2.6x	n.a.	14.8x	20.6x	22.9x	18.8x	22.9x	19.6x	14.9x	18.7x	n.a.	
12A - 14E EBITDA CAGR	15.8%	9.2%	9.6%	10.7%	10.4%	n.a.	10.4%	28.6%	29.2%	14.3%	24.2%	16.8%	2.1%	20.5%	63.0%	55.0%
2013E EBITDA Margin	16.9%	16.1%	20.7%	22.0%	18.4%	n.a.	18.4%	12.6%	15.3%	15.6%	13.1%	28.5%	22.6%	16.5%	13.3%	16.8%
Total Debt / 2014E EBITDA	0.4x	3.7x	2.1x	0.5x	2.7x	-	1.3x	-	0.8x	3.2x	1.8x	0.4x	2.3x	1.2x	3.8x	3.0x
2014E Capex Intensity	4.3% ⁽²⁾	7.8%	6.2%	10.6%	4.4%	3.4% ⁽²⁾	6.5%	3.0%	6.0%	2.5%	4.6%	10.1%	4.3%	4.8%	6.8% ⁽²⁾	4.7%

Source: FactSet and Company Filings
 Note: Estimates are based on CY2013 & CY2014 EBITDA and EPS Street Consensus estimates.
 1. Based on FY2014E EBITDA
 2. LTM Capex Intensity used as a proxy, as 2014E capex estimates are unavailable

Selected CMO range of 7.5x – 8.5x EV / 2014E EBITDA;
 Selected CRO range of 10.5x – 11.5x EV / 2014E EBITDA



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

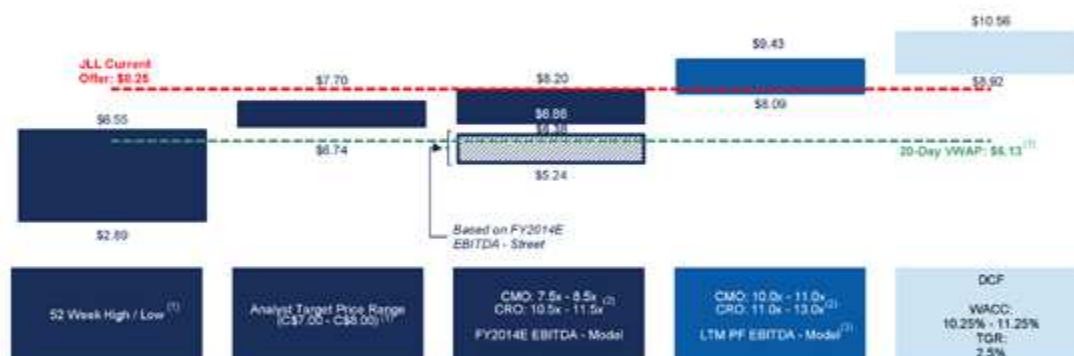
Financial Perspectives

Summary Perspectives

Summary Perspectives

TRADING PERSPECTIVES		EN BLOC PERSPECTIVES	DCF ANALYSIS
CAPITAL MARKETS	TRADING COMPARABLES	PRECEDENT TRANSACTIONS	

Shown in US\$ per share, unless otherwise indicated



	52 Week High / Low ⁽¹⁾	Analyst Target Price Range (C\$7.55 - C\$8.90) ⁽¹⁾	CMO: 7.5x - 8.5x ⁽²⁾ CRO: 10.5x - 11.5x FY2014E EBITDA - Model	CMO: 10.0x - 11.0x ⁽²⁾ CRO: 11.0x - 13.0x ⁽²⁾ LTM PF EBITDA - Model ⁽³⁾	DCF WACC: 10.25% - 11.25% TGR: 2.5%
Implied Premium to 20-Day VWAP	(53%) - 7%	10% - 20%	12% - 34%	32% - 54%	45% - 72%
Implied EV / 2013E EBITDA - Model (\$149.8 mm)	8.8x - 10.5x	10.7x - 11.7x	10.8x - 12.2x	12.0x - 13.4x	12.9x - 14.6x
Implied EV / PF 2013E EBITDA - Model (\$177.8 mm)	5.7x - 8.8x	9.0x - 9.8x	9.1x - 10.2x	10.1x - 11.3x	10.8x - 12.2x
Implied EV / 2014E EBITDA - Model (\$203.9 mm)	5.0x - 7.7x	7.8x - 8.6x	7.9x - 8.9x	8.6x - 9.8x	9.5x - 10.7x
Implied EV / 2014E Revenue - Model (\$1.1 bn)	0.9x - 1.4x	1.4x - 1.5x	1.4x - 1.6x	1.6x - 1.8x	1.7x - 1.8x

Note: 20-Day VWAP of C\$6.38/share, converted to US\$ at the closing rate of the respective previous 20 trading days.

1. Converted to US\$ at 1.0386x (as at 11-Oct-13 close)

2. Selected CMO and CRO multiples based on observed comparable peer trading and precedent transaction multiples. Applied Patheon's 2014E CMO and CRO EBITDA weighting to the selected Trading Comparables multiple range and Patheon's 2013E CMO and CRO EBITDA weighting to the selected Transaction Comparables multiple range.

3. FY2013E used as a proxy for LTM

Disclaimer

This Presentation has been provided to the Special Committee of the Board of Directors of Patheon Inc. ("Patheon" or the "Company") (the "Board") formed to consider a potential transaction involving JLL Partners, Inc., in their capacity as members of the Special Committee, by BMO Nesbitt Burns Inc. ("BMO Capital Markets") pursuant to the engagement letter dated September 11, 2013 (the "Engagement Letter") and, except as contemplated by the Engagement Letter, may not be used or relied upon for any purpose without the written consent of BMO Capital Markets. The information contained herein (the "Information") is confidential. By accepting this Information, the Board agrees that, except as contemplated by the Engagement Letter, it and its agents and representatives shall use it for informational purposes only and, except as set forth in the Engagement Letter, will not divulge any such information to any other party.

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Presentation to the Special Committee

Preliminary
Perspectives

October 23, 2013

PROJECT CALCULUS

BMO  Capital Markets

Situation Overview

- BMO Nesbitt Burns Inc. ("BMO" or "BMO Capital Markets") understands that Patheon Inc. ("Patheon" or the "Company") was advised in July 2013 by the Company's controlling shareholder, JLL Partners, Inc. ("JLL"), that a buying group which includes a fund or funds under common control with JLL and one or more affiliates of Royal DSM B.V. ("DSM") (collectively, the "Offeror") is considering a transaction that would include the acquisition of 100% of the Company's issued and outstanding equity securities by way of a plan of arrangement or alternative transaction structure (the "Transaction")
 - JLL currently holds 56% of the issued and outstanding restricted voting shares ("RVS") and all of the special voting Class I, preferred shares, Series D ("Preferred Shares") of the Company
- BMO further understands that on September 16, 2013, JLL submitted a non-binding proposal (the "Proposal") to the Company's committee of independent directors (the "Special Committee") proposing the Transaction at a price of US\$8.25 per RVS in cash (the "Offer")
 - The Offer represented a 32% premium to the Company's closing price at September 16, 2013 and a 43% premium to the Company's three month VWAP on the TSX
 - BMO understands that JLL advised the Special Committee that JLL is solely interested in pursuing the Transaction contemplated by its Offer and currently is not willing to consider any other transaction
- BMO Capital Markets has been retained by the Special Committee as independent valuator to prepare and deliver to the Special Committee:
 - a) a confidential preliminary analysis, which is being provided pursuant to this document;
 - b) a formal valuation of the Company's RVS' and Preferred Shares in accordance with the standards and requirements of MI 61-101, the standards for formal valuations in the Dealer Member Rules of the Investment Industry Regulatory Organization of Canada; and any other applicable rules, regulations and standards (the "Valuation"); and
 - c) an opinion as to whether the consideration payable pursuant to the Transaction is fair, from a financial point of view, to the holders of RVS' and Preferred Shares, other than JLL and any other holders that would customarily be excluded from such an opinion (the "Opinion")
- This document **does not** constitute an "Opinion" or a "Valuation" and is being provided solely to assist the Special Committee in understanding a preliminary assessment and analysis that might form the basis for the Valuation

Situation Overview (Cont'd)

- In preparing this presentation, we have relied upon the information provided to us by the Company, discussions with representatives of the Company and publicly available information on the Company, the Offer and potential bidders
 - BMO was provided access to the Company's secondary virtual data room on September 18, 2013 and the Company's original virtual data room on September 24, 2013
 - BMO has had a number of calls and meetings with the Company to request additional information and to discuss the information provided
- We have not attempted to independently verify the accuracy or completeness of any information or representations presented to us by the Company
- The analysis herein is based upon the securities markets, economic and general business and financial conditions prevailing as at this date, any of which may vary considerably in the future
- The views summarized in this presentation are made based on information available as at October 22, 2013 and are based on the closing share price of the Company and comparable companies as at October 18, 2013

Assumptions and Limitations

- With your approval and agreement, BMO Capital Markets has relied upon and assumed, among other things:
 - The completeness, accuracy and fair presentation of all financial and other information (the "Information") obtained by us from public sources or provided to us by the Company
 - That all forecasts, projections, estimates and budgets related to the Company are reasonable in the circumstances and consistent with industry practices
 - That all forecasts, projections, estimates and budgets reflect the best currently available information and estimates, assumptions and judgments as to the matters covered thereby
 - That there has been no material change in the financial condition, assets, liabilities, business, operations or prospects of the Company
 - That there are no plans or proposals that could reasonably be expected to have a material effect on the financial condition, assets, liabilities, prospects or affairs of the Company
 - That there are no circumstances or developments that could reasonably be expected to have a material effect on the financial condition, assets, liabilities, prospects or affairs of the Company
 - That there are no actions, suits, proceedings or inquiries pending or threatened which may in any way materially adversely affect the Company
- The provision of the Valuation and the Opinion will be subject to, among other things, the receipt of a letter of representation to be provided by the Senior Officers of the Company as to certain factual matters and the completeness and accuracy of the Information upon which the Valuation and the Opinion will be based

Scope of Review

- In connection with rendering these perspectives, we have reviewed and relied upon, or carried out, among other things, the following:
 - Certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Company, concerning the business operations, assets, liabilities and prospects of the Company and the Transaction
 - Internal management forecasts, development and operating projections, estimates and budgets prepared or provided by or on behalf of the Company
 - Discussions with management of the Company relating to the Company's current business plan, business operations, financial condition, prospects and the Transaction, including with respect to assets to be acquired from DSM
 - A third party consulting report analyzing potential synergies that could accrue to the pro forma entity upon completion of the Transaction
 - Public information relating to the business and financial condition of the Company
 - Public information with respect to selected public companies we considered relevant
 - Public information with respect to selected precedent transactions we considered relevant
 - Various equity research reports and industry sources we considered relevant
 - Such other information, investigations, analyses and discussions (including discussions with the management of the Company, the Company's external legal counsel, and other third parties) as we considered necessary or appropriate in the circumstances



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

Financial Perspectives

Summary Perspectives

Patheon Business Overview

Business Overview

- Provider of pharmaceutical development and commercial manufacturing outsourcing services for both prescription ("Rx") and over-the-counter ("OTC") drugs
- Serves approximately 300 clients, including 19 of the 20 largest pharmaceutical companies, 8 of the top 10 biotech companies, and 8 of the 10 largest specialty pharmaceutical companies
- Operates 14 facilities globally
- Employs approximately 6,000 people

Products and Services

Contract Manufacturing Outsourcing ("CMO")

- Manufactures various sterile, solid, conventional and specialized dosage forms
- Also offers specialized capabilities in high potency, controlled substance and modified release products

Pharmaceutical Development Services ("PDS")

- Offers a broad range of development services across approximately 40 different dosage forms
- Supports customers across various stages of drug development process

Banner Life Sciences (Soft-Gel Drug Delivery) ("Banner")

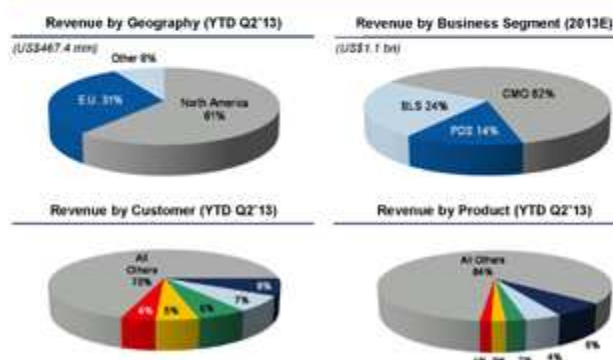
- Capabilities include proprietary soft-gel formulations
- Offers over 70 products across OTC, Rx and nutritional

Geographic Footprint



Source: Company filings, Company confidential information package and Company management presentation

Segmentation



Recent Financial Developments

Operational Excellence Initiatives ("OE")

- Introduced company-wide in 2011 to streamline operations and boost margins
- Assessing operations across all business segments to eliminate bottlenecks while significantly reducing costs through elimination of redundant labour and overhead costs
- Focused site missions and investment in state-of-the-art capabilities has freed up 40-50% of capacity to support future growth initiatives
- \$29.9mm of cost savings realized in FY2012

Banner Acquisition

- Completed on December 14, 2012 for total cash consideration of approximately US\$269 mm
 - 10.9x EV / LTM EBITDA
 - Estimated \$12.5 mm of synergies, 9.8% of PF EBITDA
- In connection with the acquisition, the Company completed a refinancing, including:
 - Arranged US\$660 mm senior secured facilities (US\$575 mm Secured Term Loan and US\$85 mm Secured Credit Facility)
 - Completed US\$30 mm transferable rights offering at C\$3.19 per share (backstopped by JLL)
- Banner provides the Company with access to a portfolio of 60+ soft gel products, 7 proprietary technologies and extensive pipeline of 27 products
- Increases capabilities / scale in complex dosage formats

PF 2013E Adjusted EBITDA Bridge

US\$ millions

Balance	137.8	147.0	141.4	140.4	140.6	140.6	156.0	157.8	166.8	182.6	185.8	177.8	177.8
Change	22.5	8.2	(5.7)	0.0	0.1	—	8.4	1.8	11.0	13.7	3.2	(9.0)	—

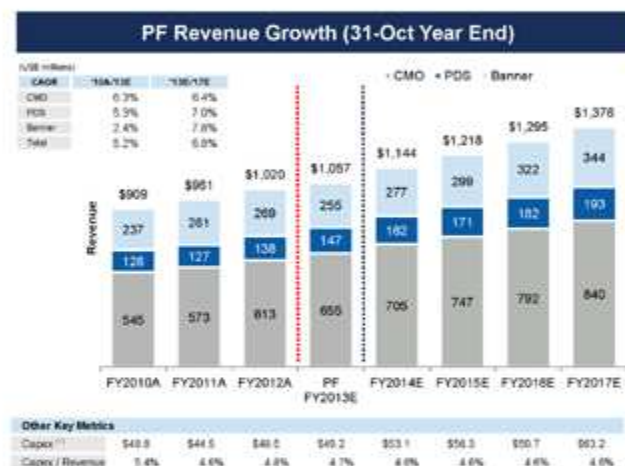


Source: Company Filings, Financial Forecast

Financial Forecast Adjusted EBITDA incorporates the Banner acquisition, in addition to savings from various OE initiatives across all business segments

Consolidated Financial Perspectives

- Both historical figures and Financial Forecast are shown pro forma the acquisition of Banner; corporate expenses allocated to segments pro-rata revenue



Source: Company data, Financial Forecast

Note: Historical data shown PF Banner as per "2.1.4 Banner_Historical PL.xlsx"; Corporate expenses allocated between CMO, PDG and Banner based on revenue contribution

Meaningful revenue growth expected
in all business segments

EBITDA growth and margin expansion to be driven by
Operational Excellence and Banner acquisition

RVS Price & Capitalization

Price & Volume Analysis



Actual Adjusted EBITDA Margins



Summary Statistics

Capitalization ⁽¹⁾			
		Current	At Offer
RVS Price	(C\$ / sh)	\$8.10	\$8.48
RVS Price (1.0254x)	(US\$ / sh)	\$5.93	\$6.25
F.D. Shares ⁽²⁾	(mm)	146.9	148.3
F.D. Market Cap	(US\$ mm)	\$872	\$1,224
Add: Face Value of Debt	(US\$ mm)	621	621
Add: Pref. Shares ⁽³⁾	(US\$ mm)	—	—
Add: Fair Value of FX Liab.	(US\$ mm)	3	3
Add: AT Pension Liability	(US\$ mm)	29	29
Less: Cash	(US\$ mm)	(41)	(41)
Less: Investments ⁽⁴⁾	(US\$ mm)	(5)	(5)
Enterprise Value	(US\$ mm)	\$1,475	\$1,827
Leverage ⁽⁵⁾			
Debt / '14E EBITDA	(ratio)	3.6x	
Net Debt / '14E EBITDA	(ratio)	3.4x	
Market Data (Exchange: Toronto)			
52-Week High	(C\$ / sh)	\$6.80	
52-Week Low	(C\$ / sh)	\$3.00	
20-Day VWAP	(C\$ / sh)	\$6.22	
90-Day VWAP	(C\$ / sh)	\$6.14	
1-Year Avg. Daily Vol	(k)	43	

Source: Company data, Company filings, FactSet and Select Street Research
 Note: Peer Group consists of Albany Molecular Research, Biocris, Cambrex, Carigene, Charles River, Covance, ICON, Jubilant, Lonza, Parexel, Quintiles and Wako.

1. Balance sheet as at 31-Jul-13

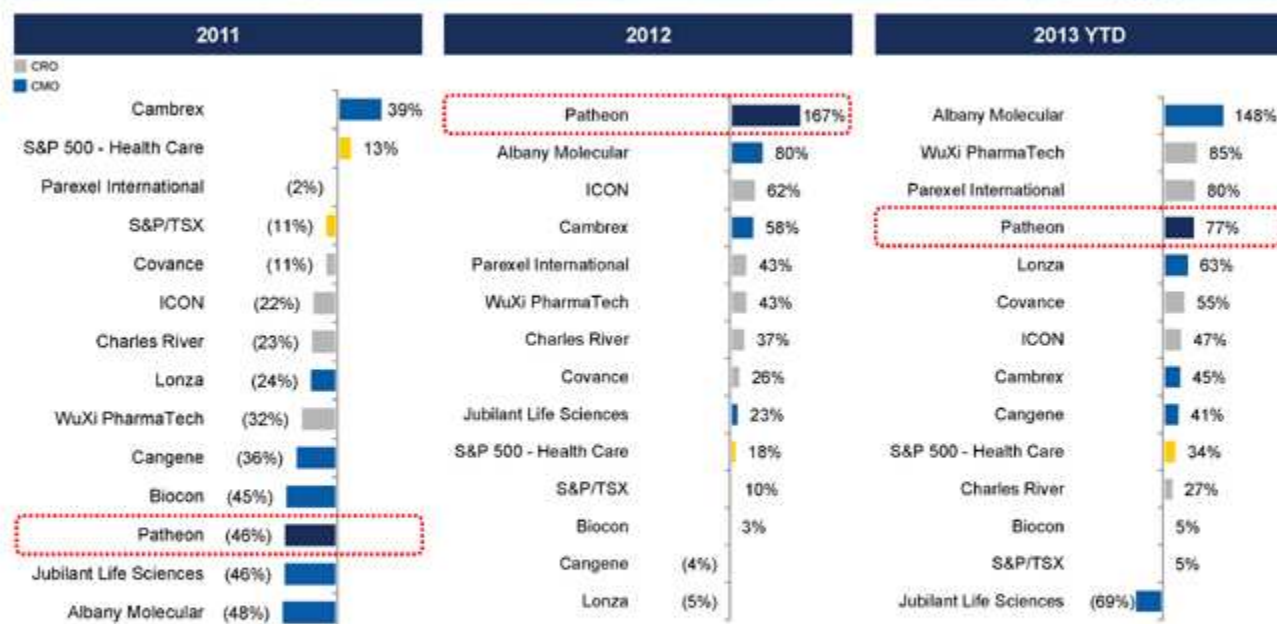
2. Treasury stock method applied

3. Preferred Shares are non-transferable, have no dividend and a wind up value of C\$0.0001

4. 18% interest in two Italian entities known as BSP Pharmaceuticals, as well as immaterial interests in certain U.S. investment plans

5. Based on Street Consensus FY2014E EBITDA of US\$172.8 mm, vs. CY2014E is not available

Total Return Relative Performance



Source: FactSet

Note: Total return analysis includes impact of dividends paid; returns shown in US\$.

Patheon has outperformed its peers over the last two years on the back of Operational Excellence initiatives and the Banner acquisition

Research Analyst Perspectives

Research Analysts Price Targets

Broker	Date	Target Price
TD Newcrest	09-Sep-13	\$8.00
Euro Pacific Canada	06-Sep-13	7.50
RBC Capital Markets	05-Sep-13	7.00
Median (C\$)		\$7.50
Current Share Price (C\$)		\$6.10
Premium (Discount) to Share Price		23.0%
Sell	Hold	Buy



Current Research Analyst Themes

Business Transformation Gaining Momentum

- Continued momentum highlighted by strong Q3/13 revenue and adjusted EBITDA performance
- Justification for trading multiple expansion with growth and profitability performance expected to be in line with CRO peer group

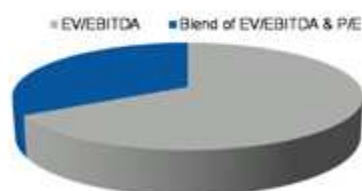
Expectations of Continued Margin Expansion

- Looking forward, opportunities for significant cost savings, contributed from Banner M&A synergies and the wind down of certain facilities in Alberta and Puerto Rico
- Further upside exists as management continues to integrate and optimize Banner

Positive Industry Trends to Continue

- Well positioned to take advantage of increased R&D spending as global economic recovery continues
 - Both the CMO and CRO industries are performing well in the current macro-environment
- Large pharmaceutical companies continue to increase outsourcing of product development and manufacturing processes

Target Price Methodology



Source: FactSet and asked Street Research

Note: Total number of research analysts include brokers with unknown ratings.

Peer Research Analysis



• Number of Research Analysts in Coverage Universe

• Target Price Premium / (Discount) to Current Stock Price

Ownership Summary

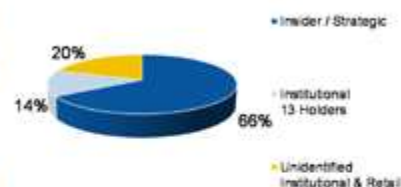
Shareholder Registry

Investor Information				Current Holdings		
Investor Name	Country	Style	WAC	Basic		
			(USD)	(mm)	(%)	
Top Strategic & Insider						
JLL Partners					78.5	55.7%
Joaquin Vico					11.7	8.3%
James Mullen					2.3	1.6%
Others					0.8	0.6%
Top 10 Institutions						
CI Investments	Canada	GARP	\$3.86	▲	10.7	7.6%
OppenheimerFunds	United States	Growth	3.64	▲	2.6	1.8%
TDAM USA	Canada	Yield	4.29	▼	2.0	1.4%
Hesperian Capital Management	Canada	Growth	3.96	▲	1.7	1.2%
Altrius Global Advisors LLC	United States	Value	4.26	▲	1.4	1.0%
Fiera Capital Corp.	Canada	GARP	4.92	▲	1.2	0.9%
AGF Investments	Canada	Growth	3.66	▲	0.3	0.2%
Dimensional Fund Advisors	United States	Value	2.42	▼	0.1	0.1%
AXA Rosenberg Investment Management	Canada	GARP	3.66	▲	0.0	0.0%
Picton Mahoney Asset Management	Canada	Yield	3.60	▲	0.0	0.0%
Other Identified Institutions					0.0	0.0%
Summary						
Strategic & Insider					93.3	66.2%
Institutional Holders					20.1	14.3%
Unidentified Institutional & Retail					27.5	19.5%
Total Basic Shares Outstanding					140.9	100.0%
Options					11.0	
Total F.O. Shares Outstanding					151.9	
F.O. ITM Shares Outstanding of 146.9 Using Treasury Method						

Source: FactSet and Company Filings

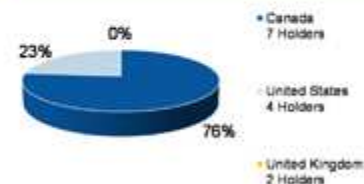
Note: Weighted average cost basis (WAC) estimated based on quarterly position changes and average prices since 31-Dec-00; directional arrows indicate change in holder position over most recent quarter. F.O. shares outstanding does not assume use of treasury method.

Holdings by Investor Class



Source: FactSet and Company Filings

Institutional Holdings by Country



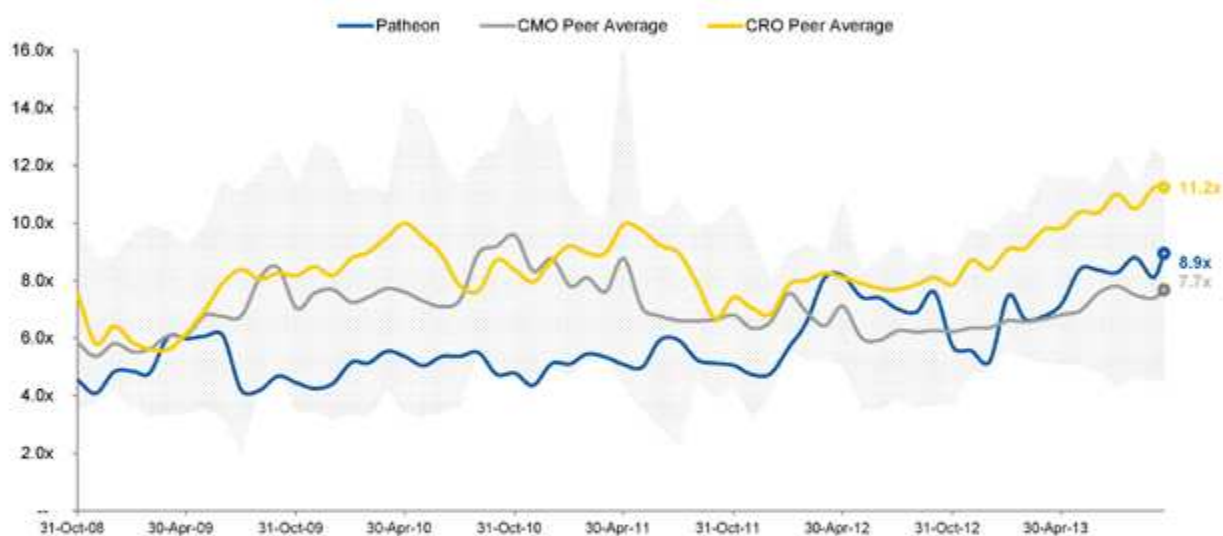
Source: FactSet and Company Filings

Note: United Kingdom holds 0.2% of institutional holdings

66% of Patheon's stock is controlled by JLL and other Insiders

Comparable Trading Performance Over Time

Median Consensus Average EV / NTM EBITDA



Source: FactSet

Note: Estimates taken monthly and based on Street Consensus; CMO Peer Average consists of the average multiple of Albany Molecular Research, Biogen, Cantrex, Cargene, Jubilant Life Sciences and Lonza Group; CRO Peer Average consists of the average multiple of Charles River Laboratories, Covance, Quintiles, Parexel, ICON and WuXi

**Patheon has historically traded at a discount to its CMO and CRO peers;
and now trades between its CMO and CRO peers**



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast

- CMD Forecast
- PDS Forecast
- Banner Forecast
- Other Considerations

Financial Perspectives

Summary Perspectives

Background to the Financial Forecast

- BMO was provided a financial forecast (the "Financial Forecast") from the Company, which has formed the basis for these perspectives
- As part of BMO's review of the Financial Forecast, BMO has participated in detailed discussions with certain members of the Company's management team, including:
 - A guided review of the Financial Forecast design on Friday September 20, 2013;
 - A discussion focused on Management's key Financial Forecast assumptions on Tuesday September 24, 2013;
 - A formal in-person Management Presentation on Wednesday October 2, 2013, which included discussions on Financial Forecast assumptions; and
 - Discussions focused on tax and other Financial Forecast assumptions on October 4, 2013 and October 8, 2013
- In addition to discussions with the Company's management, BMO has also considered the Financial Forecast from the perspective of publicly traded companies with similar operating characteristics and third party industry benchmarking research

Financial Forecast Assumptions	
General	<ul style="list-style-type: none"> • Segment build-up (CMO, PDS, Banner and Corporate) • Four year forecast period, FY2014E – FY2017E (the "Forecast Period")
Revenue	<ul style="list-style-type: none"> • Segment revenue is based on a detailed customer-by-customer product build-up for FY2014E • FY2015E – FY2017E based on estimated industry growth rates and segment market share
COGS	<ul style="list-style-type: none"> • Standard product costing model with various operating efficiencies implied throughout the Forecast Period
SG&A	<ul style="list-style-type: none"> • Based on historical levels and assumed to be a fixed percentage of sales throughout the Forecast Period
Capex	<ul style="list-style-type: none"> • Based on historical levels of capital intensity <ul style="list-style-type: none"> ■ Maintenance vs. growth expenditures based on historical levels ■ Growth capex relates to new products; no acquisitions contemplated in Financial Forecast
Tax	<ul style="list-style-type: none"> • Cash tax rate of 20% through the Forecast Period • Weighted average of statutory tax rates for Company's profitable and taxable entities (incorporates NOLs / tax assets and other tax shields)
Net Working Capital	<ul style="list-style-type: none"> • Fixed percentage of revenue (14%) based on historical levels, pro forma Banner acquisition

Consolidated Financial Forecast Summary

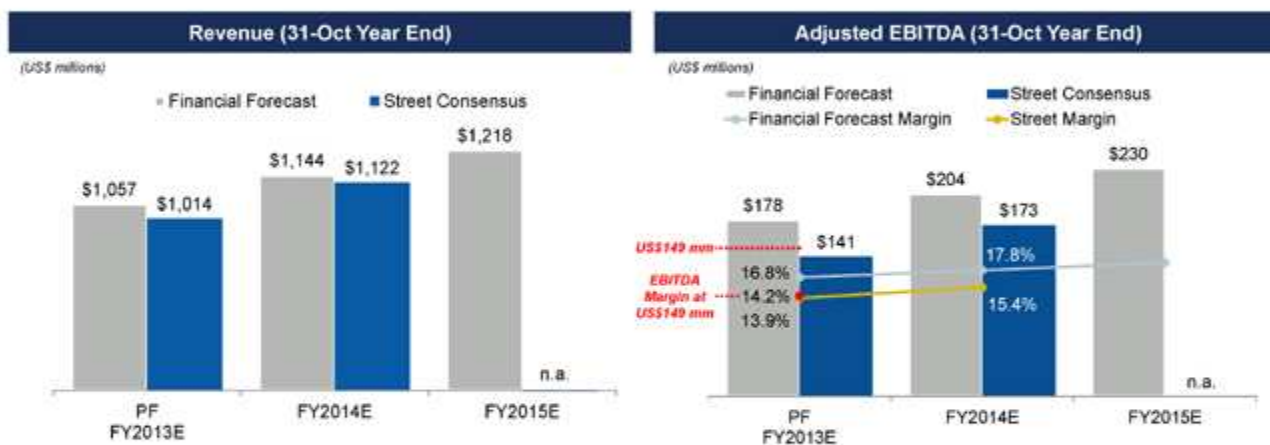
	Actual (Pro Forma)			Pro Forma	Projected				CAGR			
(US\$ millions)	FY2010A	FY2011A	FY2012A	FY2013E	FY2014E	FY2015E	FY2016E	FY2017E	10A-12E	13E-17E		
CMO Revenue	\$245	\$273	\$313	\$355	\$395	\$437	\$472	\$504	8.3%	8.4%		
PDG Revenue	\$126	\$127	\$136	\$147	\$162	\$171	\$182	\$193	8.3%	7.0%		
Barrow Revenue	\$237	\$281	\$269	\$255	\$277	\$290	\$322	\$344	2.4%	7.8%		
Consolidated Revenue	\$599	\$681	\$1,020	\$1,087	\$1,144	\$1,218	\$1,295	\$1,326	5.2%	6.8%		
% Growth	-	6.7%	6.2%	3.2%	6.3%	6.5%	6.4%	6.2%	Growth rate in-line with industry forecasts			
Cost of Goods Sold (excl. O&A)												
Raw Materials	\$220	\$233	\$252	\$247	\$266	\$287	\$306	\$325				
Inventory/APL Provisions	\$8	\$15	\$12	\$10	\$10	\$11	\$12	\$13				
Direct Labor	\$103	\$111	\$123	\$117	\$127	\$135	\$143	\$152				
Factory Overhead	\$209	\$228	\$233	\$214	\$225	\$234	\$243	\$252				
Quality	\$76	\$82	\$86	\$83	\$88	\$92	\$96	\$101				
Technical Affairs / PDGS	\$48	\$50	\$50	\$48	\$51	\$53	\$56	\$60				
Total Cost of Goods Sold (excl. O&A)	\$668	\$713	\$756	\$719	\$769	\$812	\$854	\$902	2.3%	5.8%		
COGS (% of revenue)	72.4%	74.2%	74.1%	66.1%	67.2%	66.6%	66.1%	66.6%				
Gross Margin (excl. O&A)	\$249	\$247	\$265	\$337	\$379	\$406	\$439	\$474	10.7%	8.3%		
Gross Margin (%)	27.4%	28.7%	25.9%	31.0%	33.0%	33.4%	33.9%	34.4%				
SG&A (excl. O&A and stock comp)	\$127	\$128	\$136	\$145	\$156	\$168	\$185	\$188	5.3%	4.0%		
SG&A (% of revenue)	13.9%	12.2%	12.2%	12.7%	12.6%	12.2%	12.2%	12.2%				
R&D	\$12	\$15	\$14	\$14	\$15	\$16	\$17	\$18				
Other Expense (Income)	\$(2)	\$(5)	\$0	\$0	-	-	-	-				
Adj. EBITDA	\$118	\$110	\$115	\$178	\$264	\$238	\$257	\$287	15.2%	12.7%		
% Margin	12.8%	11.4%	11.2%	16.0%	17.8%	18.0%	19.8%	20.8%	Adj. EBITDA margins are comparatively higher versus historicals and peer margins			
Total O&A	\$64	\$83	\$50	\$52	\$52	\$55	\$58	\$62				
Adj. EBIT	\$52	\$46	\$65	\$126	\$152	\$173	\$199	\$225	16.3%	16.3%		
% Margin	3.7%	4.8%	6.4%	12.0%	13.3%	14.4%	15.4%	16.2%				
Capital Expenditure												
Growth	\$20	\$23	\$26	\$27	\$26	\$31	\$33	\$35				
Maintenance	\$26	\$21	\$23	\$22	\$24	\$25	\$26	\$26				
Total	\$46	\$44	\$49	\$49	\$53	\$56	\$60	\$63	6.3%	6.5%		
Capex (% of sales)	3.4%	4.6%	4.8%	4.7%	4.6%	4.6%	4.6%	4.8%				
Growth Capex (% of capex)	41.8%	22.2%	33.3%	35.2%	35.4%	35.6%	35.7%	35.3%				
M&C (% of sales)	6.6%	9.0%	6.7%	14.0%	14.0%	14.0%	14.0%	14.0%				

Source: Financial Forecast

Note: Historical data shown PF Banner as per "2.1.4 Banner_Historical PL.xlsx"; 2013E shown PF impact from OE savings, site closures, unrealized Banner synergies and bonus reversals; Corporate expenses allocated between CMO, PDG and Banner based on revenue contribution.

EBITDA margins expanding from 17% to 21%, with capex increasing to \$63 million by FY2017E

Financial Forecast Versus Street Estimates



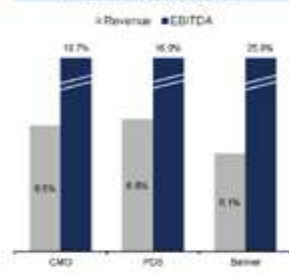
Source: Financial Forecast, select Street research

Patheon's Financial Forecast is relatively in line with street estimates at the revenue level, but more aggressive with respect to EBITDA growth and margin

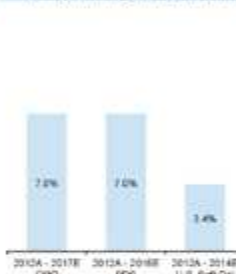
Industry Perspectives

Benchmarking Industry Growth Statistics

Financial Forecast 2012A - 2017E Revenue CAGR By Segment



Industry Growth Forecasts – Patheon Management Presentation



Third Party Research Forecasts



Industry Competitive Landscape

Contract Manufacturing Outsourcing



\$14B Market Size (2012A)

Pharmaceutical Development Services



\$2B Market Size (2012A)

Soft-Gel Drug Delivery

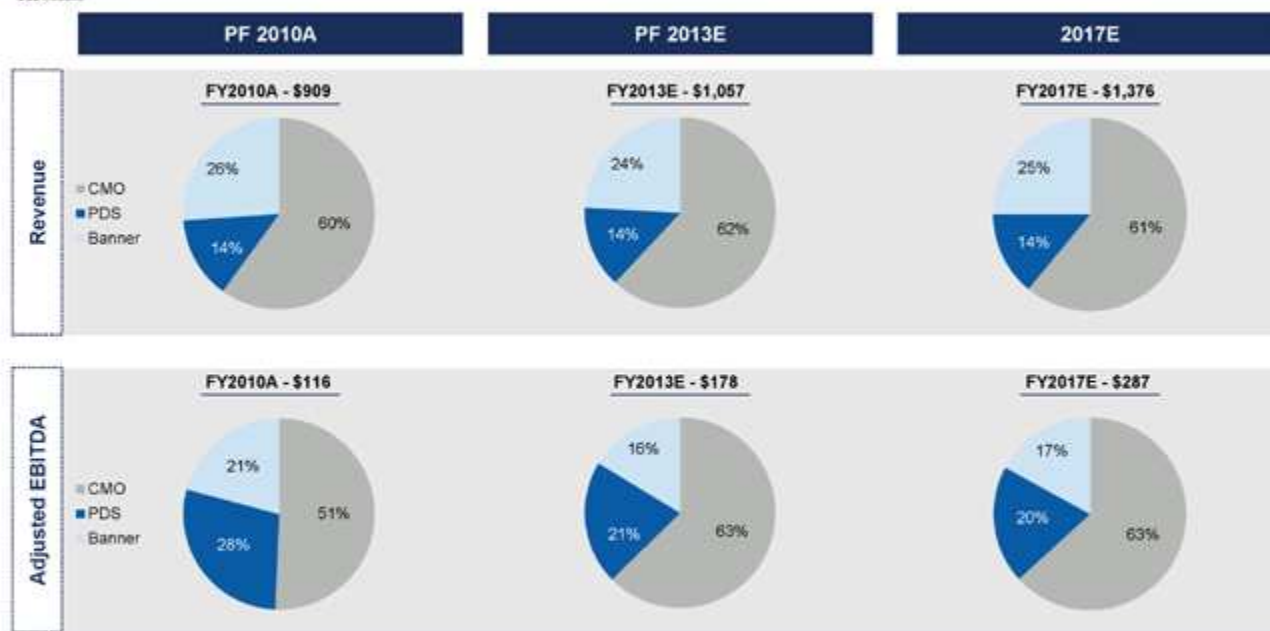


\$6B Market Size (U.S.) (2012A)

Sources: Company filings; Company confidential information package; Company management presentation; Company market intelligence presentation; "Global Pharmaceutical Contract Manufacturing Market," Frost & Sullivan, August 2013; GBI Research, April 2012; Jefferies equity research, March 2013; Wells Fargo equity research, September 2011; Sterne Agee equity research, June 2013; and PARDEX International Investor Day Presentation, June 2013.

Business Mix Perspectives

US\$ millions



Source: Company data, Financial Forecast
 Note: 2010A is shown PF Banner acquisition.

Patheon's business mix is forecasted to remain relatively stable during the Forecast Period



Company Overview and Capital Markets Profile

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Financial Perspectives

Summary Perspectives

CMO – Financial Forecast Themes

Favorable Global Diversification

300+ PRODUCTS ACROSS 125 CUSTOMERS – MINIMAL CONCENTRATION

Revenue by Product (YTD 2Q'13)

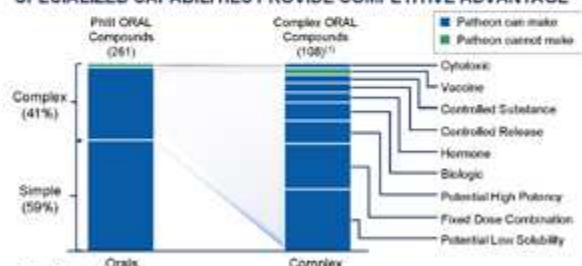
Revenue by Customer⁽¹⁾ (2014E)

Sources: Company data
1. 2014Q2 customer details for revenue & total contract

Customer base spanning large pharma to emerging biotech

Comprehensive Manufacturing Capabilities

SPECIALIZED CAPABILITIES PROVIDE COMPETITIVE ADVANTAGE



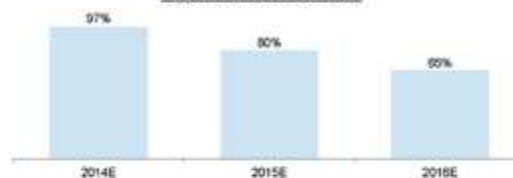
1. Select compounds may be included in more than one category.

Capability to produce 98% of Phill oral compounds with known formulation

Strong Visibility / Long Contract Cycle

-97% OF 2014 FORECAST UNDER CONTRACT

Revenue Under Contract

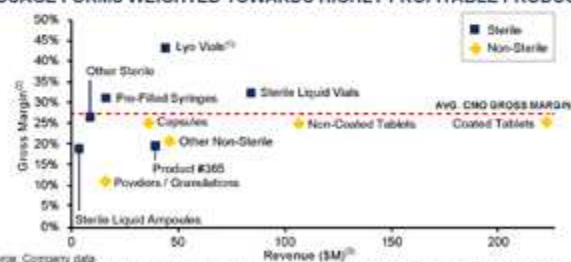


Source: Data per management estimates provided on October 1, 2013.

Good visibility to short-term revenue and gross margin forecast

Product Mix Provides Sustainable Gross Margins

DOSAGE FORMS WEIGHTED TOWARDS HIGHLY PROFITABLE PRODUCTS



Source: Company data.

Expanding mix to high-margin sterile products

CMO – Financial Summary

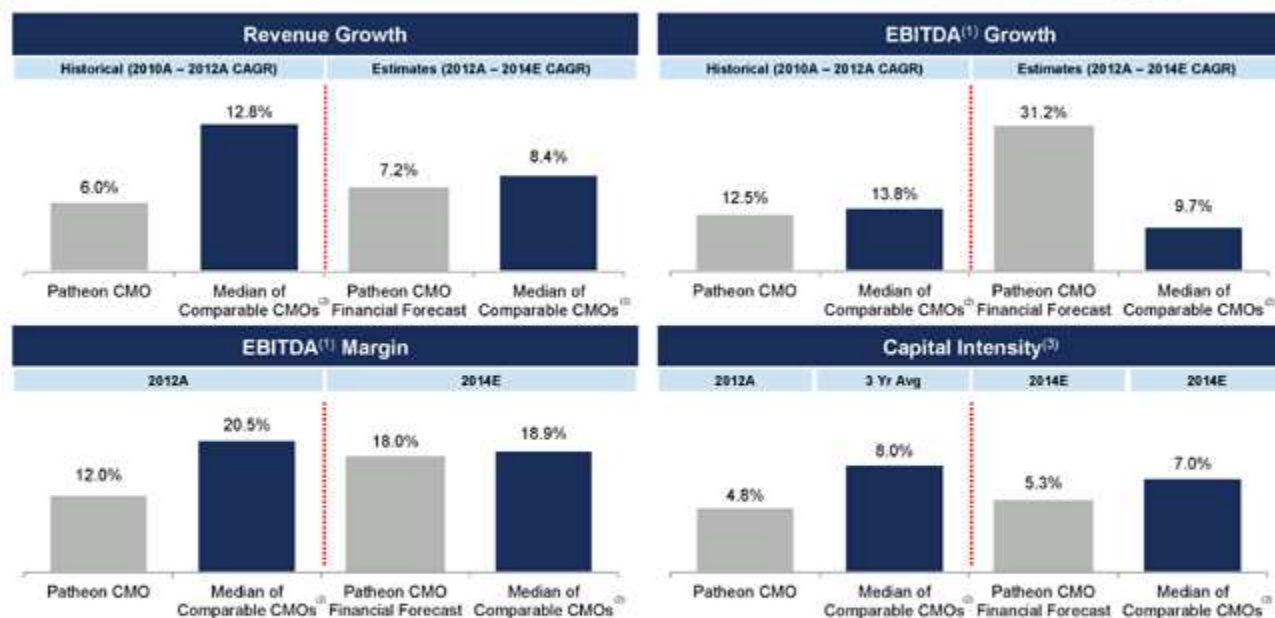
	Actual (Pst-Forma)			Pst-Forma		Projected			CAGR	
(US\$ million)	FY2016A	FY2017A	FY2018A	FY2019E	FY2020E	FY2021E	FY2022E	FY2023E	16A-19E	19E-23E
Revenue	\$545	\$573	\$613	\$655	\$705	\$747	\$792	\$840	6.3%	6.4%
% Growth	—	5.0%	7.1%	6.8%	6.0%	6.0%	6.0%	6.0%		
Cost of Goods Sold (excl. D&A)										
Raw Materials	\$123	\$122	\$135	\$142	\$152	\$162	\$172	\$182		
Inventory/PPV Provisions	\$9	\$8	\$9	\$7	\$8	\$8	\$8	\$10		
Direct Labor	\$79	\$80	\$91	\$91	\$98	\$104	\$113	\$117		
Factory Overhead	\$153	\$154	\$166	\$168	\$185	\$190	\$195	\$191		
Quality	\$50	\$52	\$57	\$57	\$61	\$63	\$66	\$69		
Technical Affairs / PD&S	\$4	\$4	\$3	\$5	\$5	\$5	\$5	\$5		
Total Cost of Goods Sold (excl. D&A)	\$412	\$420	\$452	\$463	\$499	\$513	\$537	\$563	5.8%	5.1%
COGS (% of revenue)	75.6%	73.2%	74.6%	70.6%	69.4%	68.6%	67.6%	67.1%		
Gross Margin (excl. D&A)	\$133	\$142	\$150	\$163	\$218	\$225	\$225	\$227	13.3%	8.4%
Gross Margin (%)	24.4%	24.8%	24.4%	25.0%	30.9%	30.1%	28.2%	27.9%		
SG&A (excl. D&A and stock comp)	\$59	\$58	\$54	\$57	\$59	\$60	\$62	\$63	5.9%	5.7%
SG&A (% of revenue)	10.8%	10.2%	8.8%	8.7%	8.4%	8.0%	7.7%	7.5%		
R&D	—	—	—	—	—	—	—	—		
Other Expense (Income)	\$1	(\$2)	\$1	(\$0)	—	—	—	—		
Segment Adj. EBITDA	\$72	\$86	\$95	\$136	\$157	\$174	\$193	\$213	23.5%	11.9%
% Margin	13.2%	15.0%	15.5%	20.8%	22.3%	23.3%	24.4%	25.4%		
Corporate D&A Allocation	(\$14)	(\$15)	(\$21)	(\$20)	(\$20)	(\$21)	(\$21)	(\$22)		
Segment Adj. EBITDA (Post-Allocation)	\$58	\$71	\$74	\$116	\$137	\$154	\$172	\$191	24.1%	13.0%
% Margin	10.7%	12.4%	12.0%	17.6%	19.4%	20.6%	21.8%	22.6%		
Total D&A	\$49	\$45	\$35	\$32	\$35	\$37	\$38	\$42		
Adj. EBIT	\$9	\$25	\$39	\$75	\$82	\$107	\$123	\$140		
% Margin	1.7%	4.3%	6.3%	11.4%	11.6%	14.3%	15.5%	16.7%		
Capital Expenditure										
Growth	\$9	\$13	\$17	\$20	\$22	\$23	\$24	\$26		
Maintenance	\$19	\$10	\$12	\$15	\$16	\$17	\$18	\$19		
Total	\$27	\$23	\$29	\$35	\$38	\$40	\$42	\$45	8.9%	6.9%
Capex (% of sales)	5.0%	4.0%	4.6%	5.3%	5.4%	5.3%	5.3%	5.3%		
Growth Capex (% of capex)	31.6%	57.4%	58.5%	57.6%	57.6%	57.6%	57.7%	57.6%		

Source: Financial Forecast

Note: 2013E shows PF impact from OE savings, Cargus site closure and bonus reversals. Corporate expenses allocated between CMO, PDG and Banner based on revenue contribution.

EBITDA margins expanding from 17% to 22%, with capex increasing to \$45 million by FY2017E

CMO – Benchmarking the Financial Forecast



Source: Company filings, Financial Forecast

1. Excludes synergies and restructuring expenses

2. Average of CMOs based on calendarized financial metrics. CMOs include Albany Molecular Research, Biogen, Cambrex, Cargene, Jubilant Life Sciences and Lonza Group

3. Capital intensity defined as capital expenditures divided by revenue

Patheon EBITDA growth outpacing peers; growth driven by OE initiatives that expand EBITDA margins to be more in-line with peers



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast
- CMO Forecast
- **PDS Forecast**
- Banner Forecast
- Other Considerations

Financial Perspectives

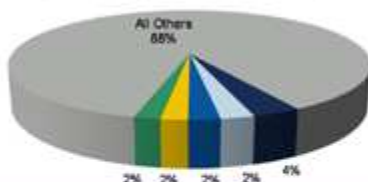
Summary Perspectives

PDS – Financial Forecast Themes

Significant Diversification

450+ PROJECTS ACROSS 250 CUSTOMERS – MINIMAL CONCENTRATION

Revenue by Product (YTD Q2'13)



Source: Company data

Customer base generally earlier stage emerging biotech

Full Spectrum of Drug Development Services

COMPREHENSIVE OFFERING CREATES A "ONE-STOP SHOP"

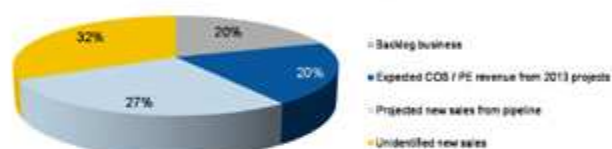
- Clinical trial material manufacturing and packaging
- Pre-formulation
- Analytical development
- Formulation
- Stability
- Scale-up and validation
- Product registration

28 NMEs worldwide since 2001

Project-Based / CRO-Like Visibility

LESS CERTAINTY OF REVENUE GIVEN PROJECTS SIZE / TERM

2014E PDS Revenue



Source: Company data

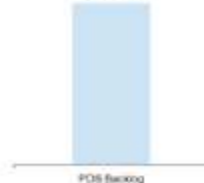
Smaller and shorter contractual relationships

Strong Pipeline of New Business

+\$100 mm BACKLOG SUPPORTS A CRITICAL SOURCE OF CMO BUSINESS

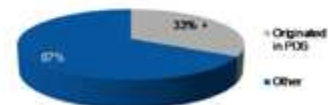
PDS Backlog

+\$100 mm



Source: Data per management estimates provided on October 1, 2013

CMO Revenue by Source



>1/3 of CMO business originates in PDS – 'sticky' business model

PDS – Financial Summary

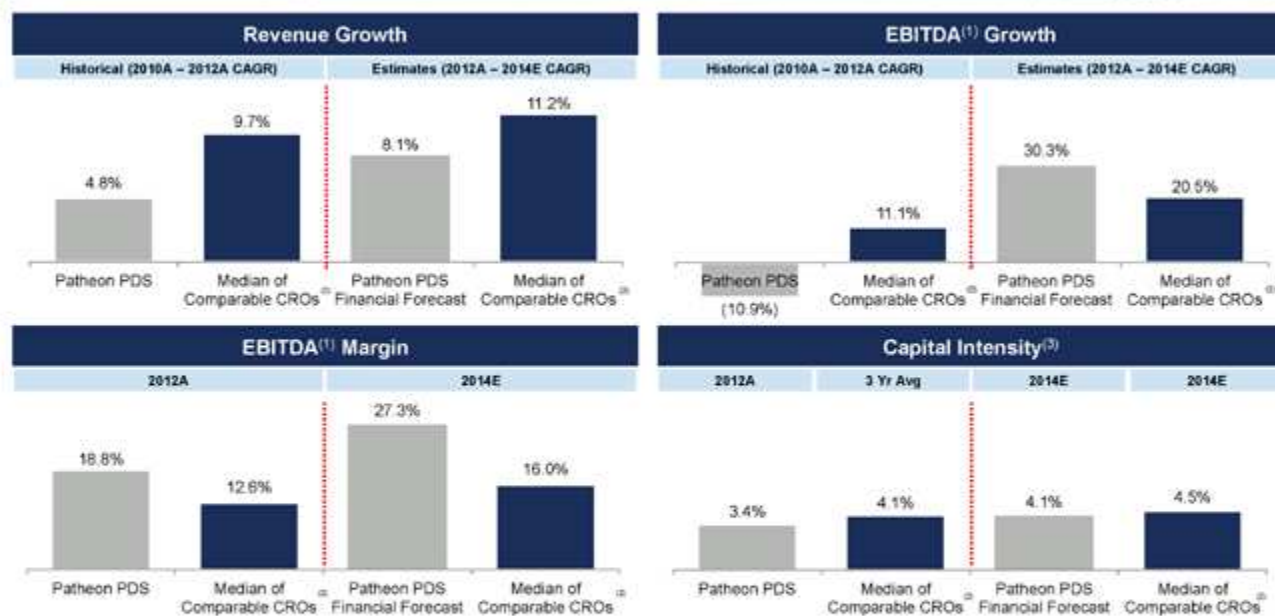
	Actual (Pro Forma)			Pro Forma	Projected				CAGR	
(US\$ million)	FY2010A	FY2011A	FY2012A	FY2013E	FY2014E	FY2015E	FY2016E	FY2017E	10A-13E	13E-17E
Revenue	\$128	\$127	\$138	\$147	\$162	\$171	\$182	\$193	5.3%	7.0%
% Growth	—	1.2%	8.7%	6.1%	10.0%	6.0%	6.0%	6.0%		
Cost of Goods Sold (excl. D&A)										
Raw Materials	\$1	\$1	\$2	\$2	\$2	\$2	\$2	\$2		
Inventory/PPV Provisions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Direct Labor	\$5	\$8	\$8	\$7	\$7	\$8	\$8	\$9		
Factory Overhead	\$29	\$23	\$23	\$22	\$24	\$25	\$27	\$28		
Quality	\$10	\$12	\$11	\$10	\$11	\$12	\$12	\$13		
Technical Affairs / PDS	\$41	\$46	\$48	\$44	\$48	\$48	\$51	\$54		
Total Cost of Goods Sold (excl. D&A)	\$77	\$88	\$89	\$85	\$91	\$96	\$101	\$107	5.1%	5.9%
COGS (% of revenue)	61.0%	69.1%	64.2%	57.8%	56.0%	55.9%	55.7%	55.3%		
Gross Margin (excl. D&A)	\$48	\$39	\$49	\$62	\$71	\$76	\$81	\$86	8.0%	6.4%
Gross Margin (%)	38.0%	30.9%	35.8%	42.2%	44.0%	44.7%	44.7%	44.9%		
SG&A (excl. D&A and stock comp)	\$14	\$17	\$19	\$20	\$20	\$21	\$21	\$22	13.0%	3.5%
SG&A (% of revenue)	11.0%	13.1%	14.0%	13.7%	12.7%	12.5%	12.0%	11.5%		
R&D	—	—	—	—	—	—	—	—		
Other Expense (Income)	(\$2)	(\$1)	\$0	(\$0)	—	—	—	—		
Segment Adj. EBITDA	\$36	\$24	\$31	\$43	\$51	\$55	\$59	\$64	4.4%	11.1%
% Margin	28.0%	19.0%	22.2%	29.1%	31.5%	32.1%	32.7%	33.3%		
Corporate G&A Allocation	(\$3)	(\$3)	(\$5)	(\$6)	(\$7)	(\$7)	(\$7)	(\$7)		
Segment Adj. EBITDA (Post Allocation)	\$33	\$21	\$26	\$37	\$44	\$48	\$52	\$57	4.4%	11.1%
% Margin	26.0%	16.2%	19.0%	25.3%	27.3%	28.0%	28.8%	29.2%		
Total D&A	\$6	\$6	\$5	\$4	\$4	\$5	\$5	\$5		
Adj. EBIT	\$27	\$15	\$21	\$33	\$40	\$43	\$47	\$51		
% Margin	21.3%	11.7%	15.3%	22.8%	24.9%	25.3%	26.0%	26.7%		
Capital Expenditure										
Growth	\$7	\$5	\$3	\$3	\$4	\$4	\$4	\$5		
Maintenance	\$2	\$4	\$2	\$3	\$3	\$3	\$3	\$3		
Total	\$9	\$9	\$5	\$6	\$7	\$7	\$7	\$8	(11.6%)	7.0%
Capex (% of sales)	6.9%	6.9%	3.4%	4.1%	4.1%	4.1%	4.1%	4.1%		
Growth Capex (% of capex)	78.3%	50.3%	66.3%	57.8%	57.8%	57.8%	57.7%	57.9%		

Source: Financial Forecast

Note: 2013E shows PF impact from OE savings and bonus reversals. Corporate expenses allocated between CMO, PDS and Banner based on revenue contribution.

EBITDA margins expanding from 25% to 30%, with capex increasing to \$8 million by FY2017E

PDS – Benchmarking the Financial Forecast



Source: Company filings, Financial Forecast

1. Excludes synergies and restructuring expenses

2. Average of CROs based on calendarized financial metrics. CROs include Charles River Laboratories, Covance, Quintiles, Parexel, ICON and WuXi

3. Capital intensity defined as capital expenditures divided by revenue

Patheon's OE initiatives driving margin outperformance versus peers



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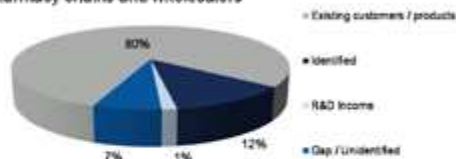
Summary Perspectives

Banner – Financial Forecast Themes

Significant Revenue from Existing Customers / Products

80% OF 2014 REVENUE PROJECTED FROM EXISTING BUSINESS

- Broad set of customers – traditional pharmaceuticals, major retail pharmacy chains and wholesalers



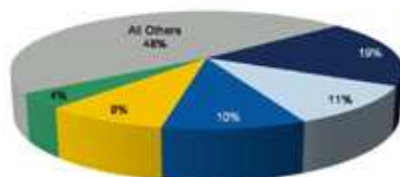
Source: Company data

Stable, recurring stream of revenue diversified across geographic footprint

Product Concentration

RISK OF PRODUCT CONCENTRATION RELATIVE TO OTHER SEGMENTS

Revenue by Product (2014E)



Source: Company data

Top 2 products represent ~30% of segment revenue

Favorable Product Portfolio

70+ PRODUCTS IN PORTFOLIO ACROSS 60 CUSTOMERS (MANY OWNED)

- Largely private label OTC and nutritional products
- 7 proprietary soft-gel technologies



High margin proprietary technology portfolio in soft-gels

Strong Pipeline of New Products

IMPROVED BUSINESS MIX TOWARDS HIGHER MARGIN RX PRODUCTS

Product	Filing Date	Expected Approval
Rx	December 2010	November 2013
OTC	June 2011	January 2014
Rx	January 2011	January 2014
Rx	November 2012	November 2015
Rx	May 2010	January 2017

Source: Company data

Pipeline of 27 Rx, OTC and nutritional products

Banner – Financial Summary

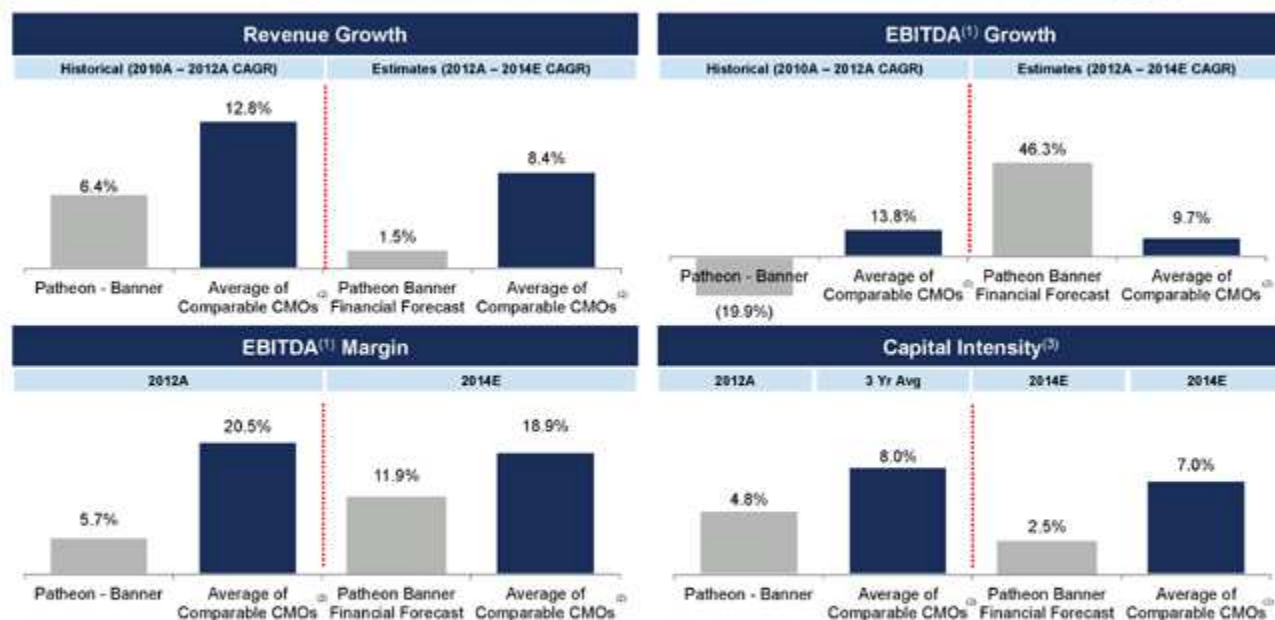
	Actual (Pre-Formis)			Pre-Formis		Proposed			CAGR	
(USD millions)	FY2015A	FY2016A	FY2017A	FY2018E	FY2019E	FY2019E	FY2019E	FY2017E	15A-18E	18E-17E
Revenue	\$237	\$281	\$269	\$255	\$277	\$289	\$322	\$344	2.4%	7.8%
% Growth	-	18.5%	-4.3%	(3.2%)	8.7%	4.0%	7.5%	7.0%		
Cost of Goods Sold (excl. D&A)										
Raw Materials	\$86	\$110	\$115	\$103	\$118	\$123	\$132	\$141		
Inventory/MP Provision	\$2	\$2	\$2	\$2	\$2	\$2	\$3	\$3		
Direct Labor	\$22	\$25	\$28	\$29	\$21	\$23	\$25	\$27		
Factory Overhead	\$36	\$40	\$42	\$33	\$38	\$38	\$41	\$43		
Quality	\$16	\$16	\$18	\$15	\$18	\$17	\$18	\$19		
Technical Affairs / PDSS	-	-	-	-	-	-	-	-		
Total Cost of Goods Sold (excl. D&A)	\$170	\$190	\$203	\$173	\$190	\$203	\$218	\$232	6.5%	7.7%
COGS (% of revenue)	71.8%	67.6%	75.5%	67.8%	74.1%	69.9%	67.7%	67.5%		
Gross Margin (excl. D&A)	\$67	\$90	\$65	\$82	\$88	\$96	\$104	\$112	7.0%	8.1%
Gross Margin (%)	28.2%	32.4%	24.5%	32.1%	31.8%	30.1%	32.3%	32.5%		
SG&A (excl. D&A and stock comp)	\$26	\$28	\$28	\$29	\$28	\$28	\$31	\$32	6.0%	4.7%
SG&A (% of revenue)	11.2%	10.0%	10.5%	11.4%	10.3%	10.0%	10.0%	10.1%		
R&D	\$12	\$15	\$14	\$14	\$18	\$16	\$17	\$19		
Other Expense (Income)	\$(1)	\$(1)	\$(1)	\$1	-	-	-	-		
Segment Adj. EBITDA	\$30	\$24	\$25	\$39	\$45	\$50	\$46	\$42	8.5%	13.9%
% Margin	12.7%	8.5%	9.3%	15.3%	16.2%	17.0%	14.3%	12.2%		
Corporate G&A Allocation	\$(8)	\$(7)	\$(8)	\$(10)	\$(12)	\$(12)	\$(13)	\$(13)		
Segment Adj. EBITDA (Post-Allocation)	\$24	\$17	\$15	\$29	\$33	\$38	\$33	\$29	6.5%	13.9%
% Margin	10.1%	6.1%	5.6%	11.4%	13.0%	13.2%	10.3%	8.4%		
Total D&A	\$9	\$10	\$10	\$12	\$11	\$12	\$13	\$14		
Adj. EBIT	\$16	\$7	\$6	\$17	\$22	\$26	\$20	\$15	10.1%	13.9%
% Margin	6.8%	2.5%	2.2%	6.6%	7.3%	8.7%	6.2%	4.4%		
Capital Expenditure										
Growth	\$5	\$5	\$5	\$4	\$4	\$4	\$5	\$5		
Maintenance	\$7	\$7	\$7	\$5	\$7	\$5	\$3	\$4		
Total	\$12	\$12	\$12	\$9	\$11	\$9	\$8	\$9	(18.2%)	7.7%
Capex (% of sales)	4.8%	4.3%	4.5%	3.5%	4.3%	3.1%	2.5%	2.3%		
Growth Capex (% of capex)	42.7%	42.0%	42.2%	37.8%	37.8%	37.0%	37.7%	37.8%		

Source: 2.1.4 Banner_Historical PL_dpt_Financial Forecast

Note: Historical COGS breakdown based on 2013E COGS split; 2013E shown PF impact from unrealized Banner synergies, OE savings, ON's site closure and bonus reversals; Corporate expenses allocated between CMO, PDS and Banner based on revenue contribution

EBITDA margins expanding from 11% to 14%, with capex increasing to \$9 million by FY2017E

Banner – Benchmarking the Financial Forecast



Source: Company filings, Financial Forecast

1. Excludes synergies and restructuring expenses

2. Average of CMOs based on calendarized financial metrics. CMOs include Albany Molecular Research, Biogen, Cantel, Cingene, Jubilant Life Sciences and Lonza Group

3. Capital intensity defined as capital expenditures divided by revenue.

Short term revenue CAGR artificially low due to subpar 2013 – revenue CAGR at ~8% throughout Forecast Period; Capital Intensity lower than peers as Patheon's focus is on applying OE initiatives to expand margins



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

- Consolidated Forecast
- CMO Forecast
- PDS Forecast
- Banner Forecast
- Other Considerations

Financial Perspectives

Summary Perspectives

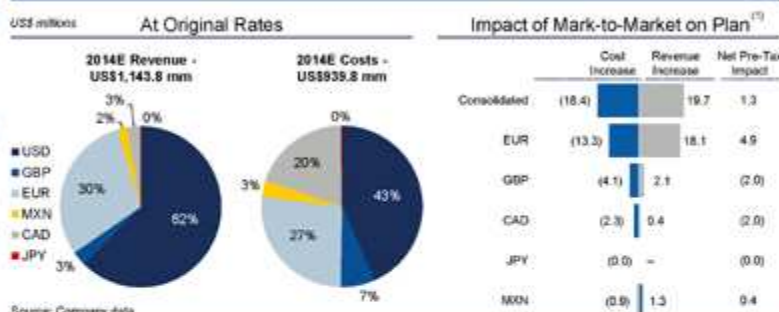
Foreign Exchange Considerations

- Financial Forecast was built with a flat FX assumption, based on FY2013 YTD exchange rates as at June, 2013

Foreign Exchange Historical and Forecast



Foreign Exchange Sensitivity – 2014E



EBITDA Bridge Analysis

US\$ millions	FY2014E	FY2015E	FY2016E	FY2017E
Financial Forecast				
Revenue	\$1,144	\$1,218	\$1,295	\$1,376
Adjusted EBITDA	\$204	\$230	\$257	\$287
Mark-to-Market (FX) ⁽¹⁾				
Revenue	\$20	\$21	\$22	\$24
Adjusted EBITDA	\$1	\$2	\$2	\$2
Financial Forecast - FX Adjusted				
Revenue	\$1,163	\$1,239	\$1,318	\$1,400
Adjusted EBITDA	\$205	\$231	\$259	\$289

1. Revenue and Adjusted EBITDA adjusted to reflect spot FX pricing as at 18-Oct-13

Revenue and EBITDA are somewhat sensitive to exchange rates forecast adjustment;
Mark-to-Market has a ~US\$1 mm positive impact on FY2014E EBITDA

Other Considerations

Working Capital

- Financial Forecast assumes net working capital as a percentage of Revenue is consistent over Forecast Period
- Net working capital estimated at 14.0% of revenue, an increase to the Company's historical run rate of approximately 7.5%
 - Increase primarily related to significant working capital requirements at the Banner segment due to inventory requirements to support retail distribution
- Net working capital of US\$146 mm at July 31, 2013 equal to approximately 14% of annualized Q2 and Q3 FY2013A revenue
 - Q2 and Q3 FY2013A are the only two quarters with 100% revenue contribution from Banner (i.e. no stub period)

(US\$ millions)	Historical				Forecasted
	FY2010A	FY2011A	FY2012A	Q3 FY2013A	FY2014E
Current Assets ⁽¹⁾					
Accounts Receivable	\$140	\$158	\$182	\$182	
Inventory	\$73	\$82	\$82	\$144	
Income taxes receivable	\$6	\$3	\$0	\$21	
Prepaid Expenses	\$10	\$11	\$12	\$22	
Current Liabilities ⁽²⁾					
Accounts Payable	(\$157)	(\$182)	(\$186)	(\$208)	
Income taxes payable	(\$0)	—	(\$8)	(\$2)	
Deferred Revenues	(\$27)	(\$9)	(\$14)	(\$15)	
Net Working Capital	\$45	\$63	\$51	\$148	\$180
Actual Patheon Revenue	\$671	\$700	\$752	\$1,039 ⁽³⁾	\$1,144
NWC - % Revenue	6.9%	9.0%	6.7%	14.0%	14.0%

Source: Company filings, Financial Forecast

1. Excl. "Deferred tax assets-short term" of \$9.0mm, \$8.1mm, \$4.3mm & \$6.6mm in FY2010-Q3 FY2013A, respectively

2. Excl. "Deferred tax liabilities-short term" of \$0.3mm in Q3 FY2013A

3. Q2-Q3 FY2013A annualized revenue

Tax

- The Company is currently organized through 25 legal entities and files tax returns in 11 jurisdictions
- Company is currently a tax payer in only four jurisdictions, including Italy, Netherlands, Japan and Mexico
- Tax planning strategies include the use of net operating loss carry forwards, R&D credits and "double-dip" tax shields, and are expected to keep cash taxes at a minimum throughout the Forecast Period
 - Sufficient tax assets and other tax strategies implemented to maintain low marginal tax rates beyond Forecast Period
- Management estimates 20% marginal cash tax rate in Forecast Period; 22.5% marginal cash tax rate in Terminal Period
- FY2013E – FY2015E estimated cash taxes are illustrated below

Implied Cash Tax Rate

	FY2013E	FY2014E	FY2015E
	(US\$ mm)	(US\$ mm)	(US\$ mm)
Revenue	\$1,057	\$1,144	\$1,218
Adjusted EBITDA	150	204	230
D&A	(52)	(52)	(55)
Interest Expense ⁽¹⁾	(42)	(42)	(42)
EBT	\$56	\$111	\$133
Cash Taxes	10.0 ⁽²⁾	20.0 ⁽²⁾	26.7
Implied Cash Tax Rate	17.7%	18.1%	20.0% ⁽²⁾

Source: Company filings, Financial Forecast

1. Q3 FY2013A interest expense annualized

2. Based on Patheon Management estimate

3. Patheon Management estimate for FY2015E-FY2017E



Company Overview and Capital Markets Profile

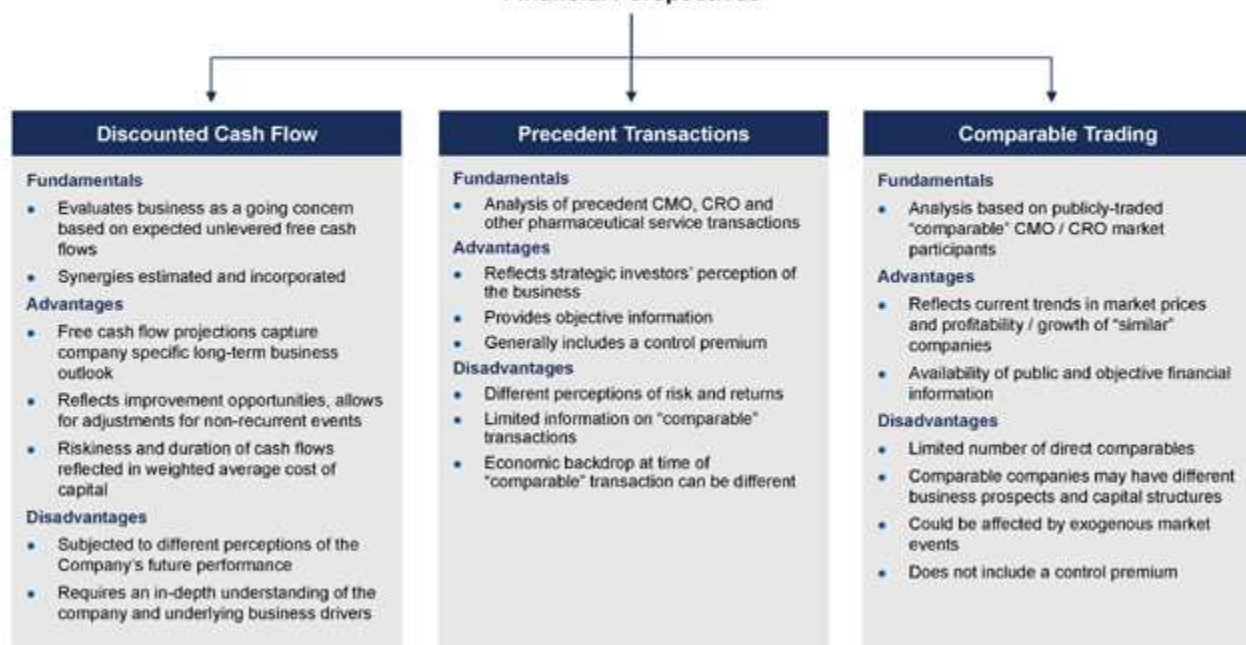
Financial Forecast Review and Benchmarking

Financial Perspectives

Summary Perspectives

BMO Capital Markets' Approach to Financial Perspectives

Financial Perspectives



Capital Structure Considerations

	Description	Implications
Restricted Voting Shares	<ul style="list-style-type: none"> 140.9 mm basic RVS outstanding as at July 31, 2013 <ul style="list-style-type: none"> 146.9 mm after adjusting for ITM options (Treasury stock method) Shareholders entitled to elect six of nine Directors of the Company 	<ul style="list-style-type: none"> n.a.
Series D Special Voting Preferred Shares	<ul style="list-style-type: none"> 150,000 Preferred Shares outstanding (100% held by JLL) as at July 31, 2013 Entitles JLL to designate three Directors of the Company On liquidation, dissolution or winding-up of the Company, holders of each Preferred Share receive C\$0.0001 Not transferable, except to an affiliate of JLL 	<ul style="list-style-type: none"> No value ascribed based on minimal liquidation value and non-transferability⁽¹⁾
Net Debt (Debt less Cash)	<ul style="list-style-type: none"> Senior Secured Term loan - Floating LIBOR plus 6.00% with LIBOR floor of 1.25% due December 14, 2018 <ul style="list-style-type: none"> US\$570.7 mm outstanding as at July 31, 2013 Senior Secured Revolving Facility - US\$85 mm maturing December 14, 2017, bearing interest ranging from 5.8% to 7.75% <ul style="list-style-type: none"> US\$42.3 mm outstanding as at July 31, 2013 Italian Bank Loans - Two loans outstanding as at July 31, 2013 <ul style="list-style-type: none"> Loan 1: Subsidized loan of US\$7.0 mm, interest rate of 0.5%, maturity date of June 30, 2020 Loan 2: US\$1.0 mm with interest rate of Euribor 6-month +7.1%, maturity date of June 30, 2020 Cash and equivalents - US\$40.9 mm as at July 31, 2013 	<ul style="list-style-type: none"> Face value of Debt less book value of Cash and equivalents
Pension Liability	<ul style="list-style-type: none"> Defined benefit pension plan deficit (US\$22.3 mm), Other post-employment benefit deficit (US\$7.8 mm) and unfunded termination indemnities (US\$5.7 mm) No significant changes in plan deficits since October 31, 2012 actuarial valuations 	<ul style="list-style-type: none"> October 31, 2012 book value (tax affected)
Investments	<ul style="list-style-type: none"> Holds 18% interest in two Italian entities known as BSP Pharmaceuticals <ul style="list-style-type: none"> 2013 EBITDA estimated at ~€20 mm, with estimated net debt of €28.3 mm Immaterial interests in certain U.S. retirement plans 	<ul style="list-style-type: none"> Book value
Financial Instruments	<ul style="list-style-type: none"> Foreign exchange forward contracts and collars Net liability position of US\$2.8 mm as at July 31, 2013 No significant changes in related underlying exchange rates since July 31, 2013 	<ul style="list-style-type: none"> Book value

Source: Company filings

1. MI 61-101 defines "fair market value" as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

Financial Perspectives

- DCF Analysis
- Precedent Transaction Analysis
- Comparable Trading Analysis

Summary Perspectives

Discounted Cash Flow Analysis – Assumptions

Key Assumptions		Terminal Growth Rate																												
Operating Assumptions	<ul style="list-style-type: none">FY2014E – FY2017E projections based on Patheon's Financial ForecastAssumed \$25mm of unlevered free cash flow in Q4 FY2013E, as per Patheon Management	<p>The chart displays terminal growth rates from various sources. A red line indicates the 'Selected Terminal Growth Rate: 2.50%'. Sources include Precedent Fairness Opinions (PPO, RBC, CIBC), OECD Economic Data (Canada, United States, Europe), and Street Consensus (Street CMO Industry Forecast, Street CRO Industry Forecast). Real rates are shown in blue and nominal rates in green.</p> <table><thead><tr><th>Source</th><th>Real Rate (%)</th><th>Nominal Rate (%)</th></tr></thead><tbody><tr><td>PPO / RBC / CIBC</td><td>2.00%</td><td>1.00%</td></tr><tr><td>Wardle / IFC</td><td>3.50%</td><td>2.00%</td></tr><tr><td>Wardle / THL</td><td>2.00%</td><td>2.00%</td></tr><tr><td>OECD Canada</td><td>3.90%</td><td>2.20%</td></tr><tr><td>OECD United States</td><td>3.90%</td><td>2.10%</td></tr><tr><td>OECD Europe</td><td>3.20%</td><td>2.00%</td></tr><tr><td>Street CMO Industry Forecast</td><td>4.00%</td><td>1.00%</td></tr><tr><td>Street CRO Industry Forecast</td><td>1.50%</td><td>1.00%</td></tr></tbody></table> <p>Source: Company filings, OECD Economic Outlook – May 2013, select Street research 1. Represent 2018-2030 Real GDP CAGR plus estimated inflation rates</p>		Source	Real Rate (%)	Nominal Rate (%)	PPO / RBC / CIBC	2.00%	1.00%	Wardle / IFC	3.50%	2.00%	Wardle / THL	2.00%	2.00%	OECD Canada	3.90%	2.20%	OECD United States	3.90%	2.10%	OECD Europe	3.20%	2.00%	Street CMO Industry Forecast	4.00%	1.00%	Street CRO Industry Forecast	1.50%	1.00%
Source	Real Rate (%)	Nominal Rate (%)																												
PPO / RBC / CIBC	2.00%	1.00%																												
Wardle / IFC	3.50%	2.00%																												
Wardle / THL	2.00%	2.00%																												
OECD Canada	3.90%	2.20%																												
OECD United States	3.90%	2.10%																												
OECD Europe	3.20%	2.00%																												
Street CMO Industry Forecast	4.00%	1.00%																												
Street CRO Industry Forecast	1.50%	1.00%																												
Discount Period	<ul style="list-style-type: none">Discounted to October 20, 2013Mid-year discounting appliedFour year Forecast Period, ending October 31, 2017																													
Discount Rate	<ul style="list-style-type: none">Selected WACC range of 10.25% - 11.25%Based on comparable beta analysis and adjustments for size premium																													
Terminal Value	<ul style="list-style-type: none">Based on perpetual growth of normalized terminal year unlevered free cash flowTerminal growth rate of 2.5% assumed																													
Capex	<ul style="list-style-type: none">4.5% annual capital intensity into perpetuity																													
Tax	<ul style="list-style-type: none">Flat cash tax rate of 20% in the Forecast Period22.5% cash tax rate in Terminal Period																													
Net Working Capital	<ul style="list-style-type: none">Net working capital requirements of 14% of revenue																													
Synergies	<ul style="list-style-type: none">50% of pre-tax net identified synergies included50% of US\$44.1 mm on a run-rate basis																													
Repositioning Expenses	<ul style="list-style-type: none">Repositioning expenses in FY2014E and FY2015E associated with closure of Olds, Caugas and Swindon facilities																													
FX	<ul style="list-style-type: none">Spot FX rates																													

MI 61-101 Approach to Synergies

- Assess any **"distinctive material benefit that might accrue to an interested party as a consequence of the transaction"**
 - Required to be disclosed in our Valuation
- Assess what synergies should be included in the Valuation
 - Guiding principal is the concept of "Fair Market Value"
 - The monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Synergy Perspectives

US\$ millions

Synergy Estimates				
Synergy Category	FY2014E	FY2015E	FY2016E	Description
1. Procurement	\$1 - \$2	\$6 - \$8	\$13 - \$16	- Procurement savings through increased volumes and strategic sourcing
2. G&A	7 - 9	13	13	- Headcount and non-headcount cost savings in various cost centres
3. IT	2 - 3	6 - 8	7 - 11	- Savings resulting from tech outsourcing and system alignment
4. Leadership, Public Company Costs, Facilities	3 - 5	5 - 8	5 - 8	- Cost savings from redundant leadership - Redundant office space currently occupied by DSM senior leadership - Patheon public company costs
Total Synergies	\$13 - \$19	\$30 - \$37	\$38 - \$48	
One-Time Costs to Realize Synergies				
Synergy Category	FY2014E	FY2015E	FY2016E	Description
1. Procurement	\$3 - \$4	\$0.5 - \$1	\$0	
2. G&A	3 - 4	0	0	- One-time costs associated with realizing above synergies
3. IT	3 - 4	1 - 2	0	
4. Leadership	2 - 4	0	0	- Severance associated with removal of DSM senior leadership
Total One-Time Costs	\$11 - \$16	\$1.5 - \$3	\$0	
Total Net Synergies	\$2 - \$3	\$28.5 - \$34	\$38 - \$48	

Source: JLL, Patheon Management and third party consultants

Selected Precedent Transaction Analysis				
Ann. Date	Target / Acquirer	EV (US\$)	Synergies / PF EBITDA	Description
Pending	Patheon / JLL	\$1.8 bn	13.7%	<ul style="list-style-type: none"> \$44.1 mm run-rate annual pre-tax synergies 2014E Adjusted EBITDA of \$234.3 mm⁽¹⁾
Oct-12	Baxter / Patheon	\$269 mm	1.9%	<ul style="list-style-type: none"> \$12.5 mm / \$19.2 mm Headcount reduction Other operational synergies
Aug-11	Aplis (Clinical Trial Business) / Calabrit	\$407 mm	1.8%	<ul style="list-style-type: none"> 11.8
Dec-08	Dorr Pharma / Valeant	\$308 mm	11.7%	<ul style="list-style-type: none"> \$20.0 mm Core R&D savings Non-core R&D, G&A and facility consolidation

1. 2014E Pro Forma for 2012A DSM OPP EBITDA (EUR 23 mm) as per Patheon Management presentation; converted from EUR to USD at a rate of 1.3687x

Minimum Synergies – Strategic Buyer

- A strategic buyer could reasonably be expected to accrue ~US\$10 mm of synergies from executive compensation and board fees following a transaction with the Company (exclusive of integration costs)

Synergy Description	Amount (US\$ mm)
Executive compensation (inclusive of stock based rewards) ⁽¹⁾	\$7.5
Director compensation (inclusive of stock based rewards) ⁽¹⁾	1.5
Other public company costs ⁽²⁾	1.4
Total	\$10.4

Source: Company filings, Patheon Management estimates
1. From Company's Management Information Circular dated 4-Mar-13
2. Other public company costs exclusive of board fees

Weighted Average Cost of Capital Analysis

Comparable Beta Analysis

In US\$ million unless otherwise noted

Company	Beta	R ²	Total Debt ⁽¹⁾	Equity Value ⁽²⁾	Debt Ratio	Tax Rate	Beta ⁽³⁾	BAPPA Beta
	Levered						Unlevered	Unlevered
Covance	1.25	0.50	\$325	\$5,160	6%	35%	1.20	0.85
Lonza Group	0.63	0.13	2,516	3,590	41%	22%	0.54	0.66
Parsons Interl	1.46	0.20	444	3,967	13%	35%	1.33	1.01
ICON	0.85	0.11	—	2,554	—	13%	0.85	0.83
Charles River	1.19	0.35	636	2,378	21%	35%	1.02	0.77
WuXi Pharma	1.66	0.30	85	2,113	3%	35%	1.65	1.06
Biocon	1.06	0.43	61	1,075	5%	30%	1.05	0.97
Cambridge	1.41	0.21	144	518	22%	35%	1.20	0.73
Altamira Molecular Research	1.49	0.20	17	431	4%	35%	1.45	1.27
Juliant Life Sciences	1.31	0.44	553	160	74%	30%	0.44	0.53
Cangene	(0.27)	0.01	—	177	—	27%	(0.27)	0.06
Mean (R² > 0.2)	1.26		\$381	\$1,871	16%		1.17	0.91
Selected Beta - Low							0.90	
Selected Beta - High							1.30	
Patheon (B3/B+)	1.32	0.11	\$810	\$872	41%	22%	0.86	0.52

Illustrative Cost of Capital

Selected Beta	βU = 0.90	βU = 1.05	βU = 1.20
Cost of Debt			
Nominal Risk Free Rate ⁽⁴⁾	2.58%	2.58%	2.58%
Borrowing Spread ⁽⁵⁾	4.50%	4.50%	4.50%
Country Risk Premium ⁽⁶⁾	—	—	—
Pre-tax Cost of Debt	7.08%	7.08%	7.08%
Tax Rate	23%	23%	23%
After-Tax Cost of Debt	5.5%	5.5%	5.5%
Cost of Equity			
Nominal Risk Free Rate ⁽⁴⁾	2.58%	2.58%	2.58%
Equity Risk Premium ⁽⁷⁾	6.11%	6.11%	6.11%
Country Risk Premium ⁽⁸⁾	—	—	—
Size Premium ⁽⁹⁾	1.73%	1.73%	1.73%
Selected Unlevered Beta	0.90	1.05	1.20
Optimal Debt in Capital Structure	25%	25%	25%
Levered Beta ⁽¹⁰⁾	1.13	1.32	1.51
Cost of Equity⁽¹⁰⁾	11.2%	12.4%	13.5%
Implied WACC⁽¹⁰⁾	9.8%	10.7%	11.5%

Source: Company filings, Bloomberg, BMO CM estimates

Note: Levered Betas are Bloomberg 5-year monthly raw Betas, unless otherwise noted; excludes Quintiles Transnational Holdings, due to limited historical trading data.

1. Total Debt (excluding preferred shares) at book value.

2. Equity value as of 18-Oct-13.

3. $\beta_U = \beta_L / (1 + (1 - \text{tax rate}) \times \text{Debt/Equity})$.

4. Yield on 10-year U.S. Treasury.

5. BMO CM estimate of 10-year borrowing spread at the optimal capital structure.

6. Assets and operations mainly located in the U.S. and Canada, not applicable.

7. BMO CM estimate based on data from Ibbotson Risk Premium Over Time report.

8. BMO CM estimate based on data from Ibbotson Risk Premium Over Time report.

9. Cost of equity = risk free rate + $\beta \times$ market risk premium + size premium + country risk premium.

10. WACC = $\text{debt}/(\text{debt} + \text{equity}) \times (1 - \text{tax rate}) \times \text{cost of debt} + \text{equity}/(\text{debt} + \text{equity}) \times \text{cost of equity}$.

Implied WACC range of 10.25% to 11.25%

Discounted Cash Flow Analysis – Financial Forecast

Discounted Cash Flow Summary

	Q4 2013E	Projected Fiscal Year Ending Oct-31				
		2014E	2015E	2016E	2017E	Terminal
Adjusted EBITDA	(\$M)	\$204	\$239	\$267	\$287	\$294
y-o-y growth		36.2%	12.7%	12.0%	11.4%	2.5%
Margin		17.0%	18.9%	19.9%	20.9%	20.8%
Other Items:						
Less: Unlevered Cash Taxes	(\$M)	(30)	(25)	(40)	(41)	(52)
Add (Less): Change in Working Capital	(\$M)	(12)	(10)	(11)	(11)	(12)
Less: After-Tax Repositioning Expenses	(\$M)	(10)	(8)	—	—	—
Less: After-Tax Other Cash Payments	(\$M)	(7)	—	—	—	—
Add (Less): Impact of After-Tax FX Forecast	(\$M)	1	1	2	2	2
Add: Realized After-Tax Net Gains/Losses ⁽¹⁾	(\$M)	1	13	18	18	18
Less: Total After-Tax Pension Funding	(\$M)	—	—	—	—	—
Less: Capex	(\$M)	(55)	(56)	(62)	(63)	(64) ⁽²⁾
Capital Intensity		4.6%	4.6%	4.6%	4.6%	4.5%
Unlevered Free Cash Flow	\$M	\$83	\$136	\$166	\$187	\$186
Terminal Value	—	—	—	—	\$2,372	—
Assumptions:						
WACC	10.75%	Present Value of Projected Cash Flows				
Terminal Growth Rate	2.50%	Present Value of Terminal Value				
		Enterprise Value				
		\$2,661				

Selected Range

		Sensitivity	
		Low	High
WACC	(%)	11.25%	10.25%
Terminal Growth Rate	(%)	2.80%	2.80%
PV of Projected CF	(\$M)	\$484	\$473
PV of Terminal Value	(\$M)	1,459	1,701
Enterprise Value	(\$M)	\$1,944	\$2,194
Less: Net Debt ⁽¹⁾	(\$M)	(500)	(500)
Less: Preferred Shares	(\$M)	—	—
Less: Pension Solvency Deficit	(\$M)	(28)	(28)
Less: Fair Value of FX Liabilities	(\$M)	(3)	(3)
Add: Proceeds from ATM Options	(\$M)	30	30
Add: Inv. in Unconsolid. Affiliates	(\$M)	9	9
Implied Equity Value ⁽²⁾	(\$M)	\$1,370	\$1,621
F.D. Shares Outstanding	(M)	152	152
Implied Equity Value per Share	(\$/share)	\$9.02	\$10.67

1. Based on Face Value of debt.
2. Balance sheet figures as at 31-Jul-13

Sensitivity Analysis

Enterprise Value				Implied Share Price				Implied Terminal Multiple			
Terminal Growth Rate				Terminal Growth Rate				Terminal Growth Rate			
WACC	2.0%	2.5%	3.0%	WACC	2.0%	2.5%	3.0%	WACC	2.0%	2.5%	3.0%
11.25%	\$1,856	\$1,944	\$2,042	11.25%	\$8.44	\$9.02	\$9.68	11.25%	6.6x	7.0x	7.5x
10.75%	\$1,962	\$2,061	\$2,173	10.75%	\$9.14	\$9.79	\$10.53	10.75%	7.0x	7.4x	7.9x
10.25%	\$2,081	\$2,194	\$2,323	10.25%	\$9.93	\$10.67	\$11.51	10.25%	7.4x	7.9x	8.5x

Source: Financial Forecast, J.L. Pothoven Management and third-party consultants.
1. Net synergies incorporated as per J.L. and Pothoven Management estimates. DCF incorporates 50% of after-tax net synergies.
2. 4.6% capital intensity in Terminal Period provided by Pothoven Management.

Selected DCF range of \$9.02 - \$10.67 per RVS

Discounted Cash Flow Analysis – Key Sensitivities

Sensitivity to Financial Forecast

All figures in US\$

\$9.02 ← → \$9.79 → \$10.67

WACC: 11.25% to 10.25%

TGR: 2.5%

Implied Terminal Multiple: 7.0x to 7.9x

Implied FY2013E EBITDA (\$150.6 mm): 12.9x to 14.6x

Implied FY2014E EBITDA (\$206.3 mm): 9.4x to 10.6x

Metric	Benchmark	Change	Share Sensitivity
Terminal Growth Rate	2.5%	+ / - 1.0%	(\$1.22) \$1.56
WACC	10.75%	+ / - 0.5%	(\$0.77) \$0.88
Revenue Growth	8.2% - 8.3% in Forecast Period	+ / - 1.0%	(\$0.85) \$0.85
EBITDA Margin	17.8% - 20.8% in Forecast Period	+ / - 1.0%	(\$0.84) \$0.84
FX Forecast	Spot Rates	+ / - 10.0% ⁽¹⁾	(\$0.61) \$0.61
Total Capex	\$58.1 mm (Forecast Period average)	+ / - 10.0%	(\$0.40) \$0.40
Terminal Period Tax Rate	22.5%	+ / - 2.5%	(\$0.35) \$0.35
Synergies Realized	\$44.1 mm (Pre-Tax Run Rate) ⁽²⁾	+ / - \$10.0 mm ⁽²⁾	(\$0.31) \$0.31

1. A 10% increase in FX forecast implies a 10% weakening of the USD against each of the EUR, CAD, GBP, MXN and JPY, respectively

2. Incorporating 50% of pre-tax net synergies in DCF

DCF highly sensitive to Terminal Growth Rate and WACC assumptions



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

Financial Perspectives

- DCF Analysis
- Precedent Transaction Analysis
- Comparable Trading Analysis

Summary Perspectives

Precedent Transactions

Contract Manufacturing Organizations



Sources: Company public filings, press releases, Street research, MergerMarket and Deal Pipeline

1. Enterprise value includes \$13 million milestone payment

2. Converted to US\$ at per exchange rate at announcement date

3. Based on estimate FY 2012 EBITDA

4. LTM EBITDA implied based on NTM EBITDA margin

5. Based on FY 2011 revenue and EBITDA

6. Enterprise value excludes \$16 million that Jubilant will pay for CooEx expansion reimbursement

7. Based on FY 2008 EBITDA

Selected CMO range of 10.0x to 11.0x EV / LTM EBITDA

Precedent Transactions

Contract Research Organizations



Sources: Company public filings, press releases, Wall Street equity research, MergerMarket and Deal Pipeline
 1. Converted in US\$ as per exchange rate at announcement date.
 2. LTM revenue and EBITDA implied based on management estimates of profit and margins.
 3. EBITDA is inclusive of fee and costs associated with the European acquisitions and Pharmas acquisition.
 4. Cash inclusive of restricted cash related to security deposits for the London office in the inVivo Communications segment.
 5. Based on FY 2006 revenue and EBITDA.

Selected CRO range of 11.0x to 13.0x EV / LTM EBITDA



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Comparable Trading Analysis

EV / 2014E EBITDA	CMO PEERS							CRO PEERS							Patheon	
	9.8x	9.1x	8.5x	7.8x	5.5x	n.a.	8.5x	12.3x	12.0x	11.4x	11.4x	10.4x	10.4x	11.4x	8.5x	7.2x
Company	Albany Molecular Research	Cambrex	Lanza Group	Biocon	Jubilant Life Sciences	Gargene	CMO Median	ICON	Corance	Papad Infr?	Quintiles Transcr?l Holdings	WuXi Pharma	Charles River	CRO Median	Patheon - Street ¹⁾	Patheon - Model
Country	USA	USA	Switzerland	India	India	Canada		Ireland	USA	USA	USA	China	USA		USA	
Enterprise Value	(USD mm)	\$408	\$628	\$7,197	\$927	\$704	\$120	\$996	\$2,372	\$5,049	\$3,257	\$7,394	\$1,860	\$2,887	\$3,077	\$1,476
Equity Value	(USD mm)	\$431	\$518	\$4,425	\$1,075	\$195	\$177	\$474	\$2,554	\$5,169	\$3,087	\$5,959	\$2,113	\$2,378	\$2,021	\$872
% Buy Ratings	(%)	100%	87%	15%	70%	70%	-	88%	67%	58%	69%	64%	87%	31%	88%	100.0%
Target Price Prem. / (Disc.)	(%)	7%	15%	(10%)	11%	158%	(4%)	9%	11%	0%	7%	18%	(2%)	4%	8%	23%
P / E 2014E	(x)	21.2x	16.5x	13.4x	14.8x	2.7x	n.a.	14.8x	21.3x	23.8x	23.8x	19.5x	18.5x	15.5x	20.4x	n.a.
12M - '14E EBITDA CAGR	(%)	15.8%	9.6%	9.2%	10.4%	9.7%	n.a.	8.7%	28.6%	29.2%	24.2%	14.4%	16.8%	2.1%	20.5%	33.0%
2013E EBITDA Margin	(%)	16.9%	20.7%	18.1%	22.0%	18.3%	n.a.	18.5%	12.6%	15.3%	13.1%	15.6%	28.5%	22.6%	16.4%	13.3%
Total Debt / 2014E EBITDA	(x)	0.4x	2.1x	3.7x	0.5x	2.8x	-	1.3x	-	0.8x	1.8x	3.2x	0.4x	2.3x	1.2x	3.8x
2014E Capex Intensity	(%)	4.3% ⁽²⁾	6.2%	7.8%	10.4%	4.9%	3.4% ⁽²⁾	5.6%	3.0%	5.9%	4.6%	2.5%	10.1%	4.3%	4.8%	6.8% ⁽²⁾

Source: FactSet and Company Filings

Note: Estimates are based on CY2013 & CY2014 EBITDA and EPS Street Consensus estimates.

1. Based on FY2014E EBITDA

2. LTM Capex Intensity used as a proxy, as 2014E capex estimates are unavailable

Selected CMO range of 7.75x – 8.75x EV / 2014E EBITDA;
Selected CRO range of 10.75x – 11.75x EV / 2014E EBITDA



Company Overview and Capital Markets Profile

Financial Forecast Review and Benchmarking

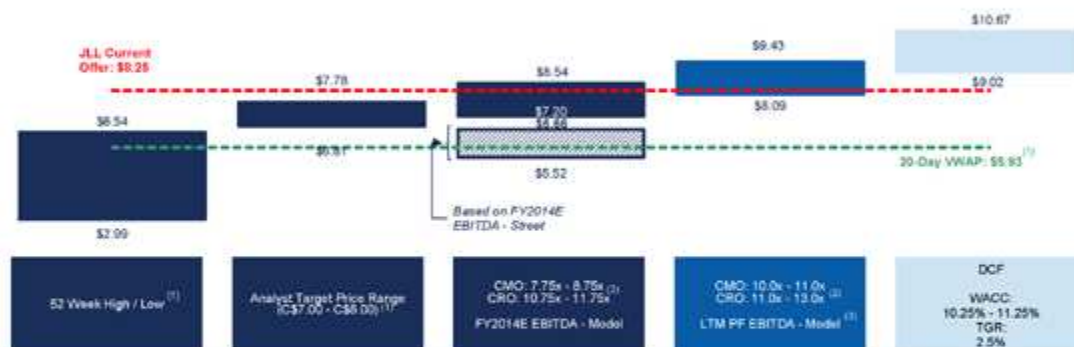
Financial Perspectives

Summary Perspectives

Summary Perspectives



Shown in US\$ per share, unless otherwise indicated



	(49%) - 10%	15% - 31%	21% - 44%	37% - 59%	52% - 80%
Implied Premium to 20-Day VWAP					
Implied EV / 2013E EBITDA - Model (\$149.6 mm)	6.9x - 10.5x	10.7x - 11.7x	11.1x - 12.5x	12.0x - 13.4x	13.0x - 14.7x
Implied EV / PF 2013E EBITDA - Model (\$177.5 mm)	5.8x - 8.8x	9.0x - 9.9x	9.4x - 10.5x	10.1x - 11.3x	10.9x - 12.3x
Implied EV / 2014E EBITDA - Model (\$203.9 mm)	5.0x - 7.7x	7.9x - 8.6x	8.2x - 9.2x	8.8x - 9.8x	9.5x - 10.8x
Implied EV / 2014E Revenue - Model (\$1.1 bn)	0.9x - 1.4x	1.4x - 1.5x	1.5x - 1.8x	1.6x - 1.8x	1.7x - 1.9x

Note: 20-Day VWAP of C\$6.22/share, converted to US\$ at the closing rate of the respective previous 20 trading days.

1. Converted to US\$ at 1.036x (as at 18-Oct-13 close)

2. Selected CMO and CRO multiples based on observed comparable peer trading and precedent transaction multiples. Applied Pethoon's 2014E CMO and CRO EBITDA weighting to the selected Trading Comparables multiple range and Pethoon's 2013E CMO and CRO EBITDA weighting to the selected Transaction Comparables multiple range.

3. FY2013E used as a proxy for LTM

Selected range of US\$8.75 - US\$10.25 per restricted voting share

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VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDER LISTED ON SCHEDULE A HERETO

(hereinafter called the “**Shareholder**”),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the “**Company**”)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the “**Purchaser**”), (collectively, the “**Parties**”)

WHEREAS the Shareholder is the beneficial owner of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the “**Arrangement Agreement**”) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the “**Shares**”) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the “**Arrangement**”);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholder (the “**Owned Shares**”) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. The Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, the Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.1.

2.2 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other

transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the Company in the Arrangement Agreement or of the Shareholder under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Waiver of Special Approval Rights. The Shareholder hereby waives any and all of its rights to approve the Arrangement or any of the other transactions contemplated by the Arrangement Agreement, including any such rights that it may have under the Investor Agreement dated April 27, 2007 between the Company and the Shareholder. The Shareholder further acknowledges that the Company or the Purchaser may take any and all steps necessary or desirable in connection with the completion of the Arrangement and any other transactions contemplated by the Arrangement Agreement without the approval of, or notice to, the Shareholder.

2.4 Restrictions on Transfer. The Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, "Transfer" means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

The Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. The Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.
- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
- (d) not to requisition or join in the requisition of any meeting of holders of Shares.
- (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
- (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then the Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholder, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholder in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholder's duties or responsibilities as a shareholder of the Company.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER

3.1 Representations and Warranties. The Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder.
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;

-
- (d) the Shareholder is the sole, unconditional legal and beneficial owner of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
 - (e) the Shareholder has the right to cause the sale and vote of all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by the Shareholder and its affiliates with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;
 - (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
 - (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind, except for the Purchase Agreement dated March 1, 2007 between the Company and JLL Partners Fund V, L.P. and the Investor Agreement dated April 27, 2007 between the Company and the Shareholder;
 - (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
 - (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
 - (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
 - (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and 150,000 Class I Preferred Shares, Series D and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law,

pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement;

- (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares; and
- (m) to the extent that it or any of its affiliates intends to, directly or indirectly, make an investment in securities of Purchaser using proceeds received in connection with the transactions contemplated by the Arrangement Agreement and the Contribution Agreement, including the acquisition of Restricted Voting Shares, Company Options or DSUs, or the forfeiture of Company Options and grant of options pursuant to an Option Cancellation Agreement (collectively, the "Purchaser Securities"): (a) it has such knowledge in financial and business affairs of Purchaser, including the business, assets and liabilities to be contributed by DSM to and assumed by Purchaser pursuant to the Contribution Agreement, as to be capable of evaluating the merits and risks of its, his or her proposed investment in the Purchaser Securities; (b) it is aware of the characteristics of the Purchaser Securities and any underlying securities, if applicable, and the risks relating to an investment therein and agrees that it, he or she must bear the economic risk of its, his or her investment in the Purchaser Securities; (c) it can afford the complete loss of such investment and acknowledges that it, he or she may be required to bear the financial risk of such investment for an indefinite period of time; (d) it has not received, nor has requested, nor has any need to receive, any prospectus, sales or advertising literature, offering memorandum or any other document describing or purporting to describe the business and affairs of Purchaser which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the purchase of the Purchaser Securities; (e) it is an "accredited investor" as defined in Regulation D promulgated under the U.S. Securities Act and was not organized for the specific purpose of acquiring the Purchaser Securities, unless it, he or she qualifies as an "accredited investor" under subparagraph (a)(8) of Rule 501 and it, he or she understands that no federal or state agency has passed upon such investment or upon the Purchaser, nor has any such agency made any finding or determination as to such investment; and (f) it understands that the Purchaser Securities may not be sold, transferred or otherwise disposed of without registration under the U.S. Securities Act and all applicable United States state securities laws or an exemption from such laws, and that in the absence of an effective registration statement covering the Purchaser Securities or an available exemption from registration under the U.S. Securities Act and all other applicable securities Laws, the Purchaser Securities must be held indefinitely.

3.2 Survival of Representations. The representations and warranties of the Shareholder set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

ARTICLE 4 TERMINATION

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

ARTICLE 5 GENERAL

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other parties, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

(a) to the Purchaser at:

JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attention: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholder at:

JLL Patheon Holdings, LLC
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attention: Daniel Agroskin
Michel Lagarde

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. The Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. The Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, being the voting of the Owned Shares, the supporting of the Arrangement and related matters, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect thereto. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter hereof, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank .]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Director

PATHEON INC.

By: _____

Name:
Title:

JLL PATHEON HOLDINGS, LLC

By: /s/ Daniel Agroskin
Name: Daniel Agroskin
Title: Authorized Person

[Counterpart to Voting and Support Agreement]

SCHEDULE A**OWNERSHIP OF SECURITIES OF THE COMPANY****Shares**

<u>Name</u>	<u>Shares Beneficially owned</u>	<u>Registered holder if different from beneficial owner</u>	<u>Total number of Shares owned or controlled</u>
JLL Patheon Holdings, LLC	78,524,986	JLL Patheon Holdings, Coöperatief U.A.	78,524,986

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or Conversion Price (CAD)</u>	<u>Total number of Shares Issuable upon Exercise/Conversion</u>
JLL Patheon Holdings, LLC	Nil.	Nil.	Nil.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDER LISTED ON SCHEDULE A HERETO

(hereinafter called the “**Shareholder**”),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the “**Company**”)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the “**Purchaser**”), (collectively, the “**Parties**”)

WHEREAS the Shareholder is the legal and beneficial owner of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the “**Arrangement Agreement**”) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act* , pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the “**Shares**”) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the “**Arrangement**”);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholder (the “**Owned Shares**”) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 **Non-Solicitation.** The Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. The Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, the Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholder under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. The Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, “**Transfer**” means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

The Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. The Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
- (d) not to requisition or join in the requisition of any meeting of holders of Shares.
- (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
- (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an **“Alternative Transaction”**), then the Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholder, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholder in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholder’s duties or responsibilities as a shareholder of the Company.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER

3.1 Representations and Warranties . The Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder.
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder is the sole, unconditional legal and beneficial owner of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder has the sole right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by the Shareholder with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

-
- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
 - (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
 - (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
 - (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
 - (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
 - (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
 - (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholder set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

**ARTICLE 4
TERMINATION**

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

**ARTICLE 5
GENERAL**

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:
JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholder at:

James C. Mullen
4721 Emperor Boulevard
Durham, NC 27703

Attention: James C. Mullen
Telephone: (919) 226-3200
Facsimile: (919) 474-2269

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law .

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies . The Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. The Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability . If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver . No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction . The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement . This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties . This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank .]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Director

PATHEON INC.

By: _____
Name: _____
Title: _____

SIGNED AND DELIVERED in the
presence of:

)))
)))
)))
)))
)))

/s/ James C. Mullen
James C. Mullen

Witness

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name: _____
Title: _____

PATHEON INC.

By: /s/ Derek J. Watchorn
Name: Derek J. Watchorn
Title: Director

SIGNED AND DELIVERED in the
presence of:

)))
)))
)))
)))
)))

/s/ **James C. Mullen**

James C. Mullen

Witness

[Counterpart to Voting and Support Agreement]

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JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

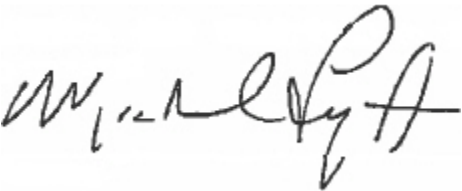
By: _____
Name:
Title:

PATHEON INC.

By: _____
Name:
Title:

SIGNED AND DELIVERED in the
presence of:

))
))
))



)) /s/ James C. Mullen
)) James C. Mullen

Witness

SCHEDULE A**OWNERSHIP OF SECURITIES OF THE COMPANY****Shares**

<u>Name</u>	<u>Shares Beneficially owned</u>	<u>Registered holder if different from beneficial owner</u>	<u>Total number of Shares owned or controlled</u>
James C. Mullen	2,312,085	—	2,312,085

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or Conversion Price (CAD)</u>	<u>Total number of Shares Issuable upon Exercise/Conversion</u>
James C. Mullen	Options (Restricted Voting Shares)	\$ 2.62	4,000,000*

* Certain of these options will be voluntarily cancelled by the Shareholder immediately prior to the Effective Time.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDERS LISTED ON SCHEDULE A HERETO

(hereinafter called the “**Shareholders**” and each a “**Shareholder**”),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the “**Company**”)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the “**Purchaser**”), (collectively, the “**Parties**”)

WHEREAS the Shareholders are the joint, legal and beneficial owners of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the “**Arrangement Agreement**”) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the “**Shares**”) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the “**Arrangement**”);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholders to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholders (the “**Owned Shares**”) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholders set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2
CERTAIN COVENANTS OF THE SHAREHOLDERS

2.1 **Non-Solicitation.** Each Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholders shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. Each Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, each Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If either Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, such Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholders shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholders under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If either Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. Each Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, **“Transfer”** means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

Each Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. Each Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

-
- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
 - (d) not to requisition or join in the requisition of any meeting of holders of Shares.
 - (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
 - (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholders that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then each Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholders, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholders in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholders’ duties or responsibilities as shareholders of the Company.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

3.1 Representations and Warranties. Each Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder;
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder, together with the other Shareholder named on Schedule A to this Agreement, are the sole joint, unconditional legal and beneficial owners of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and the Shareholder has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder, together with the other Shareholder named on Schedule A to this Agreement, have the sole joint right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by such Shareholders jointly with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
- (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
- (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
- (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
- (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
- (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
- (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholders set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and

effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

ARTICLE 4 TERMINATION

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

ARTICLE 5 GENERAL

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:
JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP

One Rodney Square
P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholders at:

Michael E. Lytton/Meghan Lytton
4721 Emperor Boulevard
Durham, NC 27703

Attention: Michael E. Lytton
Telephone: (919) 226-3200
Facsimile: (919) 474-2269

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5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. Each Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. Each Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde
Name : Michel Lagarde
Title: Director

PATHEON INC.

By: _____
Name:
Title:

SIGNED AND DELIVERED in the presence of:))
))
))
)) /s/ Michael E. Lytton

Witness)) **Michael E. Lytton**

SIGNED AND DELIVERED in the presence of:))
))
))
)) /s/ Meghan Lytton

Witness)) **Meghan Lytton**

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name: _____
Title: _____

PATHEON INC.

By: /s/ Derek J. Watchorn
Name: Derek J. Watchorn
Title: Director

SIGNED AND DELIVERED in the presence of:

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))
)) /s/ Michael E. Lytton

Witness)) Michael E. Lytton

SIGNED AND DELIVERED in the presence of

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))
))
)) /s/ Meghan Lytton

Witness)) **Meghan Lytton**

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
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By: _____
Name:
Title:

PATHEON INC.

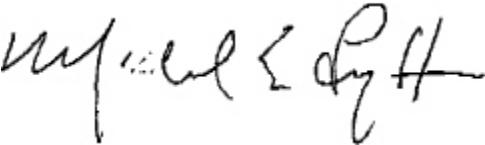
By: _____
Name:
Title:

SIGNED AND DELIVERED in the presence of:))
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Witness)) /s/ Michael E. Lytton
Michael E. Lytton

SIGNED AND DELIVERED in the presence of:))
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Witness)) /s/ Meghan Lytton
Meghan Lytton

SCHEDULE A**OWNERSHIP OF SECURITIES OF THE COMPANY****Shares**

<u>Name</u>	Registered holder if		Total number of Shares owned or controlled
	Shares Beneficially owned	different from beneficial owner	
Michael E. Lytton and Meghan Lytton, jointly	379,030	—	379,030

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	Exercise or Conversion Price (CAD)		Total number of Shares Issuable upon Exercise/Conversion
Michael E. Lytton	Options (Restricted Voting Shares)	\$	2.09	240,000
Michael E. Lytton	Options (Restricted Voting Shares)	\$	2.05	175,000
Total				415,000*

* Certain of these options will be voluntarily cancelled by the Shareholder immediately prior to the Effective Time.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDER LISTED ON SCHEDULE A HERETO

(hereinafter called the “**Shareholder**”),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the “**Company**”)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the “**Purchaser**”), (collectively, the “**Parties**”)

WHEREAS the Shareholder is the legal and beneficial owner of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the “**Arrangement Agreement**”) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the “**Shares**”) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the “**Arrangement**”);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholder (the “**Owned Shares**”) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 **Non-Solicitation.** The Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. The Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, the Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholder under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. The Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, “**Transfer**” means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

The Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. The Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

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- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
 - (d) not to requisition or join in the requisition of any meeting of holders of Shares.
 - (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
 - (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then the Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholder, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholder in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholder’s duties or responsibilities as a shareholder of the Company.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER

3.1 Representations and Warranties. The Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder.
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder is the sole, unconditional legal and beneficial owner of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder has the sole right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by the Shareholder with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

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- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
 - (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
 - (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
 - (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
 - (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
 - (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
 - (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholder set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

**ARTICLE 4
TERMINATION**

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

**ARTICLE 5
GENERAL**

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:

JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square

P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholder at:

Brian G. Shaw

Attention: Brian G. Shaw
Telephone:
Facsimile:

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. The Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. The Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rule of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde

Name: Michel Lagarde

Title: Director

PATHEON INC.

By:

Name: _____

Title:

SIGNED AND DELIVERED in the
presence of:

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)) /s/ Brian G. Shaw

Witness

)) **Brian G. Shaw**

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name: _____
Title: _____

PATHEON INC.

By: /s/ Derek. J. Watchorn
 Name: Derek. J. Watchorn
 Title: Director

SIGNED AND DELIVERED in the
presence of:

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Witness

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name: _____
Title: _____

PATHEON INC.

By: _____
Name: _____
Title: _____

SIGNED AND DELIVERED in the presence of:

Frank B.

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/s/ Brian G. Shaw

Witness

)) **Brian G. Shaw**

[Counterpart to Voting and Support Agreement]

SCHEDULE A

OWNERSHIP OF SECURITIES OF THE COMPANY

Shares

<u>Name</u>	<u>Shares Beneficially owned</u>	<u>Registered holder if different from beneficial owner</u>	<u>Total number of Shares owned or controlled</u>
Brian G. Shaw	110,939	—	110,939

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or Conversion Price (CAD)</u>	<u>Total number of Shares Issuable upon Exercise/Conversion</u>
Brian G. Shaw	Nil.	Nil.	Nil.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDER LISTED ON SCHEDULE A HERETO

(hereinafter called the **“Shareholder”**),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the **“Company”**)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the **“Purchaser”**), (collectively, the **“Parties”**)

WHEREAS the Shareholder is the legal and beneficial owner of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the **“Arrangement Agreement”**) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the **“Shares”**) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the **“Arrangement”**);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholder (the **“Owned Shares”**) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 **Non-Solicitation.** The Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. The Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, the Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholder under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. The Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, “**Transfer**” means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

The Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. The Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

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- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
 - (d) not to requisition or join in the requisition of any meeting of holders of Shares.
 - (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
 - (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then the Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholder, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholder in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholder’s duties or responsibilities as a shareholder of the Company.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER

3.1 Representations and Warranties. The Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder.
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder is the sole, unconditional legal and beneficial owner of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder has the sole right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by the Shareholder with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

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- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
 - (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
 - (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
 - (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
 - (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
 - (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
 - (I) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholder set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

**ARTICLE 4
TERMINATION**

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

**ARTICLE 5
GENERAL**

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:
JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square

P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholder at:

David E. Sutin

Attention: David E. Sutin
Telephone: _____
Facsimile: _____

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. The Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. The Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement . This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde

Name : Michel Lagarde

Title: Director

PATHEON INC.

By:

Name:

Title:

SIGNED AND DELIVERED in the
presence of:

))

))

))

)) /s/ David E. Sutin

Witness

))

David E. Sutin

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: /s/ Derek J. Watchorn _____
Name: Derek J. Watchorn
Title: Director

SIGNED AND DELIVERED in the)
presence of:)
)
) /s/ David E. Sutin
_____	_____
Witness) David E. Sutin

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: _____
Name:
Title:

SIGNED AND DELIVERED in the
presence of:



Witness

))
))
))
)) /s/ David E. Sutin

)) **David E. Sutin**

[Counterpart to Voting and Support Agreement]

SCHEDULE A

OWNERSHIP OF SECURITIES OF THE COMPANY

Shares

<u>Name</u>	<u>Shares</u> <u>Beneficially owned</u>	<u>Registered holder if</u> <u>different from</u> <u>beneficial owner</u>	<u>Total number of</u> <u>Shares owned or</u> <u>controlled</u>
David E. Sutin	56,454	—	56,454

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or</u> <u>Conversion Price</u> <u>(CAD)</u>	<u>Total number of</u> <u>Shares Issuable upon</u> <u>Exercise/Conversion</u>
David E. Sutin	Nil.	Nil.	Nil.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDERS LISTED ON SCHEDULE A HERETO

(hereinafter called the “**Shareholders**” and each a “**Shareholder**”),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the “**Company**”)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the “**Purchaser**”), (collectively, the “**Parties**”)

WHEREAS the Shareholders are the joint, legal and beneficial owners of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the “**Arrangement Agreement**”) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the “**Shares**”) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the “**Arrangement**”);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholders to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholders (the “**Owned Shares**”) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholders set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDERS

2.1 **Non-Solicitation.** Each Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholders shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. Each Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, each Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If either Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, such Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholders shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholders under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If either Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. Each Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, “**Transfer**” means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

Each Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. Each Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

-
- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
 - (d) not to requisition or join in the requisition of any meeting of holders of Shares.
 - (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
 - (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholders that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then each Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholders, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the

Shareholders in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholders' duties or responsibilities as shareholders of the Company.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

3.1 Representations and Warranties. Each Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder;
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder, together with the other Shareholder named on Schedule A to this Agreement, are the sole joint, unconditional legal and beneficial owners of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and the Shareholder has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder, together with the other Shareholder named on Schedule A to this Agreement, have the sole joint right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by such Shareholders jointly with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
- (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
- (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
- (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
- (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
- (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
- (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholders set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and

effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

ARTICLE 4 TERMINATION

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

ARTICLE 5 GENERAL

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:
JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31 st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholders at:

Joaquin B. Viso/Olga Lizardi

Attention:
Telephone:
Facsimile:

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. Each Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. Each Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Director

PATHEON INC.

By: _____
Name: _____
Title: _____

SIGNED AND DELIVERED in the presence of:

_____) /s/ Joaquin B. Viso

Witness _____) **Joaquin B. Viso**

SIGNED AND DELIVERED in the presence of:

_____) /s/ Olga Lizardi

Witness _____) **Olga Lizardi**

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name: _____
Title: _____

PATHEON INC.

By: /s/ Derek J. Watchorn
Name: Derek J. Watchorn
Title: Director

SIGNED AND DELIVERED in the presence of:

_____) /s/ Joaquin B. Viso

Witness _____) **Joaquin B. Viso**

SIGNED AND DELIVERED in the presence of:

_____) /s/ Olga Lizardi

Witness _____) **Olga Lizardi**

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: _____
Name:
Title:

SIGNED AND DELIVERED in the presence of:

Witness

))
)
)
)
) /s/ Joaquin B. Viso
) **Joaquin B. Viso**

/s/ Olga Lizardi
Olga Lizardi

[Counterpart to Voting and Support Agreement]

SCHEDULE A

OWNERSHIP OF SECURITIES OF THE COMPANY

Shares

<u>Name</u>	<u>Shares Beneficially owned</u>	<u>Registered holder if different from beneficial owner</u>	<u>Total number of Shares owned or controlled</u>
Joaquin B. Viso and Olga Lizardi, jointly	11,689,698	—	11,689,698

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or Conversion Price (CAD)</u>	<u>Total number of Shares Issuable upon Exercise/Conversion</u>
Joaquin B. Viso	Nil.	Nil.	Nil.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDER LISTED ON SCHEDULE A HERETO

(hereinafter called the **“Shareholder”**),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the **“Company”**)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the **“Purchaser”**), (collectively, the **“Parties”**)

WHEREAS the Shareholder is the legal and beneficial owner of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the **“Arrangement Agreement”**) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the **“Shares”**) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the **“Arrangement”**);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholder (the **“Owned Shares”**) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Purchaser's and the Company's respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 **Non-Solicitation.** The Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. The Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, the Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholder under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. The Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, “**Transfer**” means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

The Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. The Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
- (d) not to requisition or join in the requisition of any meeting of holders of Shares.
- (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
- (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then the Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholder, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholder in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholder’s duties or responsibilities as a shareholder of the Company.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER

3.1 Representations and Warranties. The Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder.
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder is the sole, unconditional legal and beneficial owner of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder has the sole right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by the Shareholder with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

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- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
 - (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
 - (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
 - (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
 - (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
 - (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
 - (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholder set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

**ARTICLE 4
TERMINATION**

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

**ARTICLE 5
GENERAL**

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:
JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square

P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholder at:

DJW Investment Holdings Limited

Attention: Derek J. Watchorn
Telephone:
Facsimile:

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. The Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. The Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON G P LTD.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Director

PATHEON INC.

By: _____
Name:
Title:

DJW INVESTMENT HOLDINGS LIMITED

By: _____
Name:
Title:

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: /s/ Derek J. Watchorn _____
Name: Derek J. Watchorn
Title: Director

DJW INVESTMENT HOLDINGS LIMITED

By: /s/ Derek J. Watchorn _____
Name: Derek J. Watchorn
Title: President

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: _____
Name:
Title:

DJW INVESTMENT HOLDINGS LIMITED

By: /s/ Derek J. Watchorn _____
Name: Derek J. Watchorn
Title: President

[Counterpart to Voting and Support Agreement]

SCHEDULE A

OWNERSHIP OF SECURITIES OF THE COMPANY

Shares

<u>Name</u>	<u>Shares</u> <u>Beneficially owned</u>	<u>Registered holder if</u> <u>different from</u> <u>beneficial owner</u>	<u>Total number of</u> <u>Shares owned or</u> <u>controlled</u>
DJW Investment Holdings Limited	21,054	—	21,054

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or</u> <u>Conversion Price</u> <u>(CAD)</u>	<u>Total number of</u> <u>Shares Issuable upon</u> <u>Exercise/Conversion</u>
DJW Investment Holdings Limited	Nil.	Nil.	Nil.

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT made the 18th day of November, 2013.

BETWEEN:

THE SHAREHOLDER LISTED ON SCHEDULE A HERETO

(hereinafter called the “**Shareholder**”),

- and -

PATHEON INC.

a corporation incorporated under the laws of Canada (the “**Company**”)

- and -

JLL/DELTA PATHEON HOLDINGS, L.P.,

an exempt limited partnership organized under the laws of the Cayman Islands

(hereinafter called the “**Purchaser**”), (collectively, the “**Parties**”)

WHEREAS the Shareholder is the legal and beneficial owner of restricted voting shares of the Company, as more particularly described herein;

AND WHEREAS on the date hereof, the Purchaser is concurrently entering into an arrangement agreement (the “**Arrangement Agreement**”) with the Company which provides for, among other things, a business combination involving the Purchaser and the Company by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*, pursuant to which the Purchaser will directly or indirectly acquire all of the restricted voting shares (the “**Shares**”) of the Company, other than Shares held by affiliates of the Purchaser, at a purchase price of US\$9.32 in cash per Share (the “**Arrangement**”);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote, or cause to be voted, all Shares, now or hereafter, beneficially owned (including any shares issued upon the exercise of any stock options or other convertible securities), or over which control or direction is exercised, by the Shareholder (the “**Owned Shares**”) in favour of the Arrangement and any matter that is necessary or desirable for the consummation of the Arrangement and (ii) abide by the restrictions and covenants set forth herein;

AND WHEREAS the Purchaser and the Company are relying on the covenants, representations and warranties of the Shareholder set forth in this Agreement in connection with the Purchaser’s and the Company’s respective execution and delivery of the Arrangement Agreement;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Arrangement Agreement.

ARTICLE 2 CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 **Non-Solicitation.** The Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 4 and (ii) the Effective Time:

- (a) not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent or otherwise, and shall not permit any such person to:
 - (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than any Purchaser Party or Purchaser Party Representative) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute an Acquisition Proposal;
 - (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any public Acquisition Proposal; or
 - (iv) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal.
- (b) immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than any Purchaser Party or Purchaser Party Representative) with respect to any Acquisition Proposal; and
- (c) immediately notify the Purchaser and the Company, at first orally, and then promptly and in any event within 24 hours in writing, of any Acquisition Proposal, and shall provide the Purchaser and the Company with copies of all

written documents, correspondence or other material received by the Shareholder, its affiliates or its, his, or her Representatives in respect of, from or on behalf of any such Person in connection therewith and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Shareholder, its affiliates or its, his, or her Representatives.

2.2 Agreement to Vote in Favor. At any meeting of shareholders of the Company (including the Company Meeting) called to vote upon the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any of the other transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares (i) in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement, and (ii) in favour of any other matter necessary or desirable for the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. The Shareholder will not commit any act that could restrict or affect the Shareholder's legal power, authority, and right to vote all of the Owned Shares or otherwise prevent or disable the Shareholder from performing any of his or her obligations under this Agreement. Without limiting the generality of the foregoing, except for this Agreement, the Shareholder shall not enter into any voting agreement with any person or entity with respect to any of the Owned Shares, grant any person or entity any proxy (revocable or irrevocable) or power of attorney with respect to any of the Owned Shares, deposit any Owned Shares in a voting trust, or otherwise enter into any agreement or arrangement with any person or entity limiting or affecting the Shareholder's legal power, authority, or right to vote the Owned Shares in favour of the approval of the Arrangement and each of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.2.

2.3 Agreement to Vote Against. At any meeting of shareholders of the Company (including the Company Meeting) or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the shareholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause the Owned Shares to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) the Owned Shares against (i) any merger agreement or merger, consolidation, combination, sale or transfer of a material amount of assets, amalgamation, plan of arrangement, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or any other Acquisition Proposal (other than the Arrangement or any of the other transactions contemplated by the Arrangement Agreement), (ii) any amendment of the Company's charter document or bylaws or other proposal or transaction involving the Company or any of its Subsidiaries, which amendment or other proposal or transaction would in any manner delay, impede, frustrate, prevent or nullify the Arrangement or any of the other transactions contemplated by the Arrangement Agreement or change in any manner the voting rights of the holders of Shares, and (iii) any action, agreement, transaction or proposal that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the

Company in the Arrangement Agreement or of the Shareholder under this Agreement or otherwise impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Arrangement or any of the other transactions contemplated by the Arrangement Agreement. If the Shareholder is the beneficial owner, but not the registered holder, of any of the Owned Shares, the Shareholder agrees to take all actions necessary to cause the registered holder and any nominees to vote all of the Owned Shares in accordance with this Section 2.3.

2.4 Restrictions on Transfer. The Shareholder agrees to not directly or indirectly, (i) Transfer (as defined below), or enter into any agreement, option or other arrangement (including any profit-sharing arrangement) with respect to the Transfer of any of the Owned Shares to any Person other than pursuant to the Arrangement Agreement, which, for greater certainty, shall include any Transfer made to an affiliate of the Shareholder as part of any pre-closing tax or other structuring relating to the Arrangement that has been discussed with the Company and the Purchaser prior to the date hereof or (ii) grant any proxies, deposit any of the Owned Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Owned Shares, other than pursuant to this Agreement. For the purposes of this Agreement, “**Transfer**” means, with respect to any security, (a) any direct or indirect assignment, sale, transfer, tender, exchange, pledge, hypothecation, or the grant, creation, or suffrage of a Lien in or upon, or the gift, grant, or placement in trust or other disposition of such security (including transfers by testamentary or intestate succession, by domestic relations order or other court order, or otherwise by operation of law) or any right, title, or interest therein (including any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise) (b) any short sale with respect to such security, entering into or acquiring a derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of either directly or indirectly materially changing the economic benefits or risks of ownership of such security, and (c) each agreement, arrangement, or understanding, whether or not in writing, to effect any of the foregoing.

2.5 Revocation of Prior Proxies

The Shareholder hereby revokes any proxies heretofore given by it in respect of the Owned Shares.

2.6 Other Covenants. The Shareholder agrees:

- (a) not take any other action of any kind, directly or indirectly, which could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement.
- (b) not do indirectly that which it may not do directly by the terms of Article 2.

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- (c) not to, directly or indirectly, exercise or cause to be exercised any rights of appraisal or dissent or otherwise oppose in any manner the treatment of any Owned Shares pursuant to the Arrangement.
 - (d) not to requisition or join in the requisition of any meeting of holders of Shares.
 - (e) to provide the Company or the Purchaser, upon request, with evidence that the Shareholder has complied with its, her or his obligations to vote in favour of the approval, consent, ratification and adoption of the Arrangement and the Arrangement Resolution (as applicable) and not to revoke any voting instructions or proxy executed and delivered in respect thereto.
 - (f) to the following disclosure matters:
 - (i) details of this Agreement being set out in the Company Circular and/or any press release of the Company or the Purchaser relating to the Company Meeting or the Arrangement;
 - (ii) this Agreement being publicly filed on SEDAR and/or EDGAR, and/or available for inspection to the extent required by Law; and
 - (iii) details of this Agreement being set out in an early warning report to be filed by the Purchaser.

2.7 Alternative Transaction. If the Purchaser concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Arrangement whereby the Purchaser and/or its affiliates would effectively acquire all the Shares or all or substantially all of the business, properties and assets of the Company on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are, in its, his or her reasonable objective opinion, equivalent to or better than those contemplated by this Agreement and the Arrangement Agreement (any such transaction is referred to as an “**Alternative Transaction**”), then the Shareholder agrees to support the completion of the Alternative Transaction, including, if necessary, by tendering or voting the Owned Shares to a take-over bid or in favour of a special resolution approving the Alternative Transaction.

2.8 No Fettering of Discretion. Notwithstanding any other provision of this Agreement, the Company and the Purchaser hereby agree and acknowledge that the Shareholder is bound hereunder solely in his or her capacity as a securityholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Company.

2.9 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in the Purchaser any direct or indirect economic benefit or ownership or incidence of ownership of, or relating to, any Owned Shares. All rights, ownership and economic benefits of and relating to the Owned Shares shall remain vested in and belong to the Shareholder, and the Purchaser shall have no authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Company or exercise any power or authority to direct the Shareholder in the voting of any of the Owned Shares, except as otherwise provided herein, or in the performance of the Shareholder’s duties or responsibilities as a shareholder of the Company.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER

3.1 Representations and Warranties. The Shareholder represents, warrants and, where applicable, covenants to the Purchaser and the Company as follows and acknowledges that the Purchaser and the Company are relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Arrangement Agreement and the purchase by the Purchaser of the Owned Shares under the Arrangement:

- (a) if the Shareholder is not an individual:
 - (i) the Shareholder has been duly formed and is validly existing under the laws of the jurisdiction of its incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and
 - (ii) the execution and delivery of this Agreement by the Shareholder and the performance by it of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder.
- (b) if the Shareholder is an individual, the Shareholder has the legal capacity to execute and deliver this Agreement and performance of his or her obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Purchaser and the Company, constitutes a legal, valid and binding obligation, enforceable by the Purchaser and the Company against the Shareholder in accordance with its terms, subject, however, to limitations imposed by Law in connection with bankruptcy, insolvency or similar proceedings and to the extent that the award of equitable remedies such as specific performance and injunction is within the discretion of the court from which they are sought;
- (d) the Shareholder is the sole, unconditional legal and beneficial owner of the number of Owned Shares and the stock options or other securities or rights exercisable, directly or indirectly, to acquire Shares listed on Schedule A to this Agreement, and has no legal or beneficial interest in, or control or direction over, any other Shares or such options, securities or rights;
- (e) the Shareholder has the sole right to sell and vote all the Owned Shares and all the Owned Shares shall, at the Effective Time, be beneficially owned solely by the Shareholder with good and marketable title thereto, free and clear of any Liens of any nature or kind whatsoever;

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- (f) no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or Transfer from the Shareholder of any of the Owned Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement;
 - (g) none of the Owned Shares are subject to any power of attorney or attorney in fact, proxy, voting trust, vote pooling or other agreement, or any right or privilege capable of becoming an agreement, with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind;
 - (h) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of (i) the constating documents of the Shareholder, if the Shareholder is not an individual; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (iii) to the knowledge of the Shareholder, any judgment, decree, order or award of any Governmental Entity; or (iv) to the knowledge of the Shareholder, any Law, relevant in the context of the Arrangement or this Agreement;
 - (i) the Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to the Agreement and the Arrangement;
 - (j) the Shareholder has received, and is familiar with, the terms of the Arrangement Agreement;
 - (k) (i) the only securities of the Company owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement and (ii) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares other than upon the exercise of stock options, if any set forth on Schedule A to this Agreement; and
 - (l) there are no Proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Owned Shares.

3.2 Survival of Representations. The representations and warranties of the Shareholder set forth in Article 3 shall survive the completion of the purchase by the Purchaser of the Owned Shares under the Arrangement and, despite such completion, shall continue in full force and effect for the benefit of the Purchaser and the Company for a period of one year from the date of this Agreement, except for the representation and warranty in Section 3.1(e) above, which shall survive indefinitely.

**ARTICLE 4
TERMINATION**

4.1 Termination. This Agreement shall terminate upon the earliest of:

- (a) written agreement of the Parties to terminate the Agreement;
- (b) the Arrangement Agreement has been terminated in accordance with its terms; or
- (c) the Effective Time.

**ARTICLE 5
GENERAL**

5.1 Further Assurances. The Parties shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

5.2 Amendment. This Agreement may only be amended by mutual written agreement of the Parties hereto.

5.3 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the other party, other than by the Purchaser to one of its direct or indirect Subsidiaries. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the Parties hereto and their respective successors and permitted assigns.

5.4 Time. Time shall be of the essence of this Agreement.

5.5 Notices. Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Purchaser at:
JLL/Delta Patheon Holdings, L.P.
c/o JLL Partners, Inc.
450 Lexington Avenue, 31st Floor
New York, NY 10017
Attn: Daniel Agroskin
Michel Lagarde

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square

P.O. Box 636
Wilmington, Delaware, U.S.A.
19899-0636

Attention: Robert B. Pincus
Telephone: (302) 651-3090
Facsimile: (302) 434-3090

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Canada M5H 3Y4

Attention: Paul A.D. Mingay/Jason Saltzman
Telephone: (416) 367-6006/(416) 367-6196
Facsimile: (416) 367-7098/(416) 361-2770

(b) to the Company at:

Patheon Inc.
4721 Emperor Boulevard
Durham, NC 27703

Attention: Jason Conner
Telephone: (919) 226-3340
Facsimile: (919) 474-2269

with a copy to:

Dentons LLP
99 Bank Street, Suite 1420
Ottawa, Canada K1P 1H4

Attention: Andrea C. Johnson
Telephone: (613) 783-9655
Facsimile: (613) 614-0292

(c) to the Shareholder at:

Derek J. Watchorn

Attention: Derek J. Watchorn
Telephone:
Facsimile:

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile.

5.6 Governing Law.

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.7 Remedies. The Shareholder agrees and acknowledges that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by it; (ii) in addition to any other remedies at law or in equity that the Purchaser and the Company may have, the Purchaser and the Company shall be entitled to seek equitable relief, including injunction and specific performance, in addition to any other remedies available to the Purchaser and the Company, in the event of any breach of the provisions of this Agreement; and (iii) if it is a defendant or respondent, it shall waive any requirement for the securing or posting of any bond in connection with such remedy. The Shareholder hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

5.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.9 Waiver. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

5.10 Rules of Construction. The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

5.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

5.12 Counterparties. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: /s/ Michel Lagarde
Name: Michel Lagarde
Title: Director

PATHEON INC.

By: _____
Name:
Title:

SIGNED AND DELIVERED in the presence of:))

_____) /s/ Derek J. Watchorn
Witness)) **Derek J. Watchorn**

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: /s/ Derek J. Watchorn _____
Name: Derek J. Watchorn
Title: Director

SIGNED AND DELIVERED in the presence of:))
))
))
)	/s/ Derek J. Watchorn
_____ Witness)	Derek J. Watchorn

[Counterpart to Voting and Support Agreement]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

JLL/DELTA PATHEON HOLDINGS, L.P.
By its general partner,
JLL/DELTA PATHEON GP, LTD.

By: _____
Name:
Title:

PATHEON INC.

By: _____
Name:
Title:

SIGNED AND DELIVERED in the
presence of:



Witness

))
))
))
)) /s/ Derek J. Watchorn
)) **Derek J. Watchorn**

[Counterpart to Voting and Support Agreement]

SCHEDULE A

OWNERSHIP OF SECURITIES OF THE COMPANY

Shares

<u>Name</u>	<u>Shares Beneficially owned</u>	<u>Registered holder if different from beneficial owner</u>	<u>Total number of Shares owned or controlled</u>
Derek J. Watchorn	30,384	—	30,384

Options or Other Convertible Securities

<u>Name</u>	<u>Type of Security</u>	<u>Exercise or Conversion Price (CAD)</u>	<u>Total number of Shares Issuable upon Exercise/Conversion</u>
	Options (Restricted)		
Derek J. Watchorn	Voting Shares)	\$ 11.04	5,000
	Options (Restricted)		
Derek J. Watchorn	Voting Shares)	\$ 9.43	5,000
Total			10,000