



Annual Shareholders Meeting

Toronto, April 15, 2010

Disclaimer

This presentation contains forward-looking statements which reflect management's expectations regarding Patheon's future growth, results of operations, performance (both operational and financial) and business prospects and opportunities. Where possible words such as "plans," "expects" or "does not expect," "budget," "forecasts," "anticipates" or "does not anticipate," "believes," "intends" and similar expressions or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this presentation reflect management's current assumptions based upon information currently available to management and based upon that which management believes to be reasonable assumptions, Patheon cannot be certain that actual results will be consistent with these forward-looking statements. Current material assumptions relate to foreign exchange rates, customer volumes and regulatory compliance. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause Patheon's actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: international operations and foreign currency fluctuation; customer demand for Patheon's services; regulatory matters affecting manufacturing and pharmaceutical development services; divestiture of the Carolina site; exposure to complex production issues; substantial financial leverage; interest rate risks; potential environmental, health and safety liabilities; credit and customer concentration; competition; rapid technological change; product liability claims; intellectual property; use of non-GAAP financial measures; significant shareholder; supply arrangements; pension plans; derivative financial instruments; international operations; and dependence upon key management personnel and executives. For more details, please see the "Description of the Business – Risk Factors" section of the Annual information Form and the "Risk factors" section of Patheon's MD&A for the year ended October 31, 2009. Although Patheon has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, as noted above, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this presentation and, except as required by law, Patheon assumes no obligation to update or revise them to reflect new events or circumstances.

Patheon at a glance

- ❖ Market leader in a growing outsourcing industry
 - ❖ No. 2 pharmaceutical contract manufacturer
 - ❖ No. 1 pharmaceutical formulation service provider
- ❖ 4,200 employees in 14 locations
- ❖ More than 300 pharma clients
- ❖ Develop & manufacture 40 different dose forms
- ❖ Well diversified portfolio of products
- ❖ ~25% of our capacity is still available to sell

Patheon operates two businesses



Total LTM 1/31/10 sales = \$663 million

Our market was challenging in 2009

- ❖ Pharma consolidations delayed outsourcing decisions
- ❖ R&D funding declined sharply
- ❖ Pharma continued to reduce inventory
- ❖ Competitors priced business to cover fixed costs
- ❖ FDA product approvals were at historically low levels
- ❖ Currency fluctuations impacted revenue in dollars

2009 Headlines

- ✓ Revenue declined 9% due to currency, PDS
- ✓ Delivered 'flat' EBITDA on reduced revenue
 - Despite Puerto Rico still operating at a loss
- ✓ Restructuring program nearing completion
- ✓ Improved all operating metrics
- ✓ Strengthened management team
- ✓ Added 45 new clients
- ✓ Re-financed the company for the long term

2009 performance

USD millions	FY2008	FY2009	Variance	
Commercial Revenue	578	530	(48)	-8%
PDS Revenue	140	125	(14)	-10%
Total Revenues	718	655	(62)	-9%
Operating Income	16	36	20	128%
<i>Operating margin</i>	<i>2%</i>	<i>6%</i>		
Special Committee Costs (SCC)	-	8		
Operating Income excluding SCC*	16	44	28	179%
<i>Operating margin</i>	<i>2%</i>	<i>7%</i>		
Adjusted EBITDA excluding SCC*	83	82	(1)	-1%
<i>EBITDA margin</i>	<i>11.5%</i>	<i>12.5%</i>		

Restructuring nearing completion

Facility rationalizations

- Sold the OTC business with two sites in Canada
- Closed and sold York Mills
- Closed and mothballed Carolina
- Will close and sell Caguas operations by 2011

Cost reduction initiatives

- Reduced headcount by 15 percent since Dec. 2007.
- Global Procurement team established in Zug
- LeanSixSigma program delivering significant savings
- SG&A reduced

Optimized operations

- Improved on-time delivery average from 84.6% to 94.6% in past two years.
- Gross margins increased from 20.5% to 22.0% since 2007.
- 'Go-live' SAP in Canada ... driving to one SAP instance across company
- New European and US headquarters established.

Continued focus on quality

- Sites audited or inspected 448 times in past two years.
- 43 successful regulatory agency inspections over last two years.
- Best compliance record in the CMO industry

We guarantee delivery

No Other Contract Manufacturer in the Industry Can Match Our Performance.

Guaranteed.

Patheon isn't satisfied with being just another Contract Manufacturer... we want to be the **BEST**. So, over the past year, we've transformed ourselves into a world leader in contract development and manufacturing.

CURRENT KPIs

On-time delivery performance at **95%**

Batches Right First Time at **93%**

Average annual site's through 2010 FYTD

Patheon
Performance
GUARANTEE

Security of Supply
- On Time Delivery is 95%

Unparalleled Quality
- Batches Right First Time is 93%

Backed up by our new performance-based contracts, this guarantee proves that Patheon **Delivers**.


Wesley P. Wheeler, Chief Executive Officer & President


Antonella Marra, Senior Vice President and Managing Director, European Operations

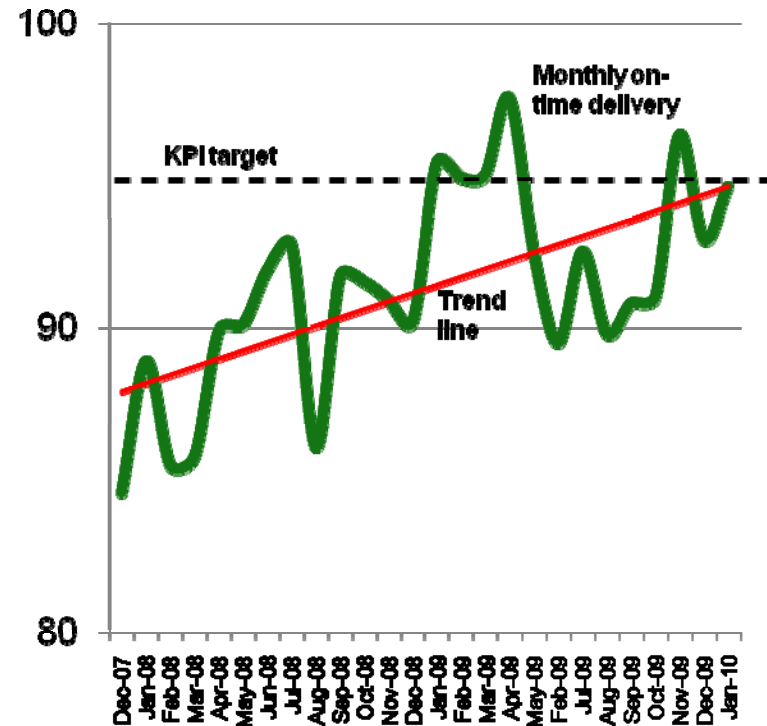

Peter T. Bigelow, President, North American Operations

For more information on our Performance Guarantee, contact your Patheon representative or email us at doingbusiness@patheon.com

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Patheon.
Performance the World Over



Strengthened management team

Replaced 12 of 15 top positions with industry veterans

Wesley P. Wheeler

Chief Executive Officer and President

- 33 years operating experience, 21 years in pharmaceutical industry
- Valeant Pharmaceuticals, DSM and GSK
- Joined Patheon in late 2007

Eric W. Evans

Chief Financial Officer and Executive Vice President

- 10 years in the industry;
- Novartis and Sandoz
- Joined Patheon in 2008

Peter T. Bigelow

President, North American Operations

- 30 years in the industry;
- Wyeth and GlaxoSmithKline
- Joined Patheon in 2010

Antonella Mancuso

Executive Vice President and Managing Director, European Operations

- 25 years in industry;
- Bristol Myers Squibb
- Promoted into position in 2008

Mark Kontny, PhD

President, Pharmaceutical Development Services and Chief Scientific Officer

- 25 years in industry;
- Abbott, Boehringer-Ingelheim, Monsanto-G.D. Searle, Pharmacia and Pfizer
- Joined Patheon today!

Re-financing overview

- **Re-financing existing debt through:**
 - Issuance of \$280 million of 8.625% senior secured notes, due 2017
 - Amending existing \$75 million ABL revolver, extending term to 2014
- **New debt structure:**
 - Increases liquidity to ~\$150 million
 - Significantly extends debt maturities
 - Converts most debt to fixed rate
 - Streamlines current capital structure – increases cash management and tax efficiency
 - Cash neutral vs. existing interest, cash tax and debt amortization cash cost
 - More flexible covenants than current agreements

New capital structure provides solid base for future growth

Refinancing overview

Estimated sources and uses of funds – as of January 31, 2010 (USD millions)

Sources	Amount	Uses	Amount
ABL revolver (\$75 million)	\$0.0	Repay Existing Term Loan	\$145.8
Senior secured notes	280.0	Repay Existing ABL Revolver	43.5
		Repay Italian Subsidiary Debt	53.0
		General corporate purposes	26.5
		Fees and expenses ¹	11.2
Total sources	\$280.0	Total uses	\$280.0

¹ Includes \$1.0 million in estimated swap breakage costs and refinancing expenses

Refinancing overview

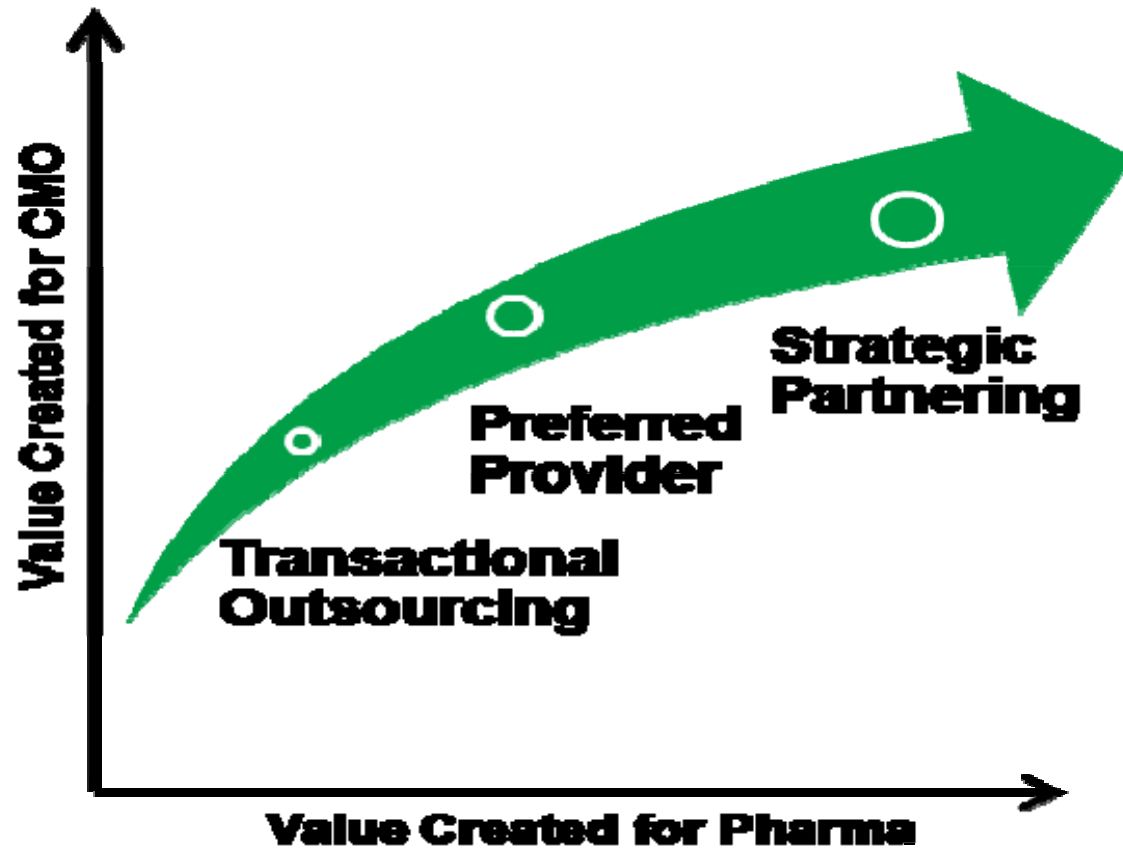
Actual and pro forma capitalization – as of January 31, 2010 (USD millions)

	Actual	Pro forma	Pro forma % of cap.
Cash and cash equivalents	\$20.3	\$46.8	–
Revolver	43.5	–	–
Existing term loan	145.8	–	–
Senior secured notes	–	280.0	45.4%
Capital leases	6.9	6.9	1.1%
Italian Subsidiary Debt	55.9	2.9	0.5%
Other short-term borrowings	0.6	0.6	0.1%
Unamortized transaction costs ¹	(2.1)	–	–
Total debt	250.6	290.4	47.1%
Market capitalization ²	326.8	326.8	52.9%
Total capitalization	\$577.4	\$617.2	100.0%

¹ Fees and expenses for the Refinancing Transactions are not reflected in the pro forma column

² Market capitalization as of April 2, 2010

Where do we go from here?



Favorable CMO industry trends

- Margin pressure driving lower cost development and manufacturing
- Recent pharma mergers creating need to rationalize manufacturing sites and reduce number of vendors
- Small 'biotechs' will not build internal manufacturing capabilities
- Most big pharma and generic companies do not maintain all dose form technologies
- Large pharma wants to reduce their CMO supply base

CMO market expected to grow to \$15 billion

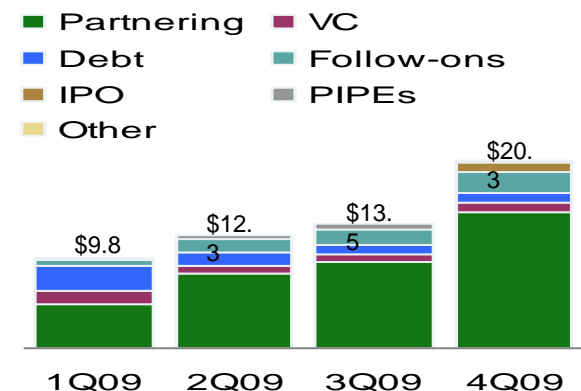
Global dosage form manufacturing market (USD billions)



Source: Based on PharmSource estimates for overall market growth and outsourcing penetration

Favorable PDS outsourcing trends

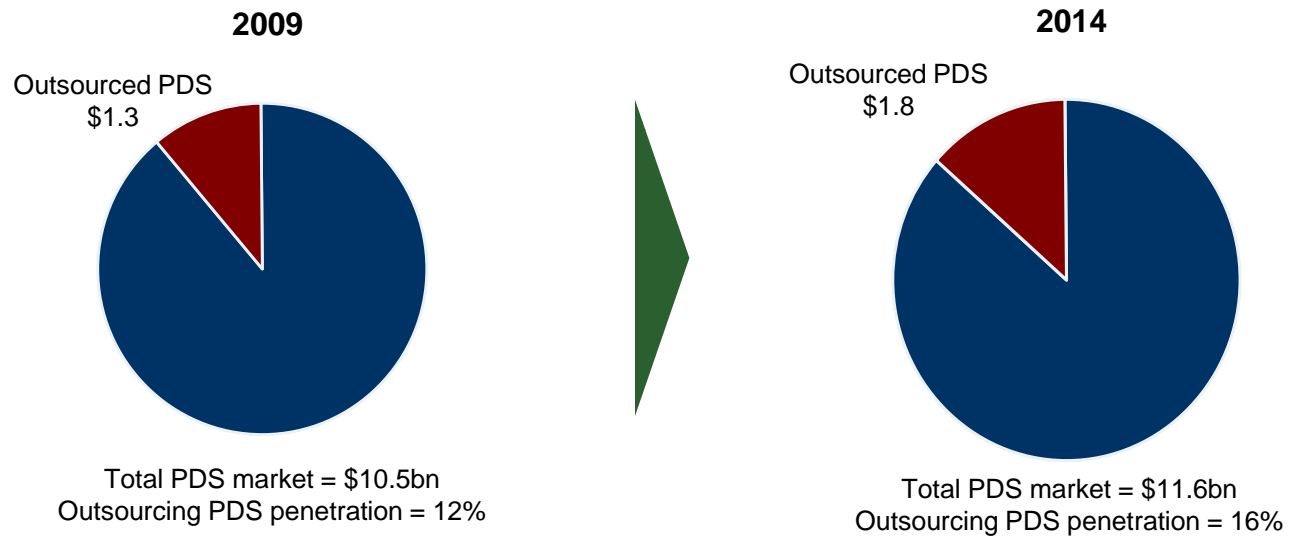
- Industry need for better R&D productivity
- ~50% of all clinical trials being run by emerging biotech
- Large pharma deciding 'core' and 'non-core' technologies.
- Large pharma mergers demanding cost synergies
- Acquisition of biotechs to fuel pipelines



¹ Jeffries & Company equity research analysis of Burrill and Co. data, January 2010; in USD billions
Source: Based on PharmSource estimates for overall market growth and outsourcing penetration
Note: PDS market definition does not include API and clinical packaging

PDS market expected to grow 6-7% annually

Global clinical development services market (USD billions)



Source: Based on PharmSource estimates for overall market growth and outsourcing penetration
Note: PDS market definition does not include API and clinical packaging

Our Goals

Clear market leader in both CMO and PDS services

The best supplier of services to the pharmaceutical industry

Establish industry leading operating margins

Maintain reputation for superior regulatory compliance

Achieve sustained revenue and profit growth

