



TRADING POLICY FOR DIRECTORS AND SENIOR OFFICERS

The following policies and procedures relating to trading in Company Securities apply to the Board of Directors and Senior Officers (generally vice-presidents and above of the Company) of Patheon Inc. or its subsidiaries (“Patheon” or “Company”). This policy is designed to ensure that Directors and Senior Officers comply with their statutory and common law obligations relating to use of insider information in connection with trading in Company Securities. For the purpose of this policy, the term “Company Securities” refers to Patheon Inc. shares, options and warrants, any publicly traded bonds of Patheon or its subsidiaries, and any other debt or equity securities of Patheon or its subsidiaries

1. Compliance Officers

The Chief Executive Officer and the General Counsel – North America & Corporate Secretary shall be responsible for monitoring of compliance with Patheon’s insider trading policies by Patheon Directors, Senior Officers and employees.

2. Prior Notification of Trades

Directors and Senior Officers may not buy or sell Company Securities (including pursuant to the exercise of options) without first notifying the Chief Executive Officer or the General Counsel – North America & Corporate Secretary, and receiving the approval of the Chief Executive Officer or the General Counsel – North America & Corporate Secretary for the proposed purchase or sale.

The Chief Executive Officer may not buy or sell Company Securities (including pursuant to the exercise of options) without first notifying the General Counsel – North America & Corporate Secretary, and receiving the approval of the General Counsel for the proposed purchase or sale.

The General Counsel – North America & Corporate Secretary may not buy or sell Company Securities (including pursuant to the exercise of options) without first notifying the Chief Executive Officer and receiving the approval of the Chief Executive Officer for the proposed purchase or sale.

The fact that approval for a proposed purchase or sale of Company Securities (including pursuant to the exercise of options) has been given by the Chief Executive Officer or the General Counsel – North America & Corporate Secretary

does not in any way reduce the obligation on Directors and Senior Officer to comply with their statutory and common law obligations relating to use of insider information in connection with trading in Company Securities.

All (i) notifications of a proposed purchase or sale of Company Securities (including pursuant to the exercise of options) made to the Chief Executive Officer or General Counsel – North America & Corporate Secretary under this Section 2 shall be made in writing and retained by General Counsel – North America & Corporate Secretary and (ii) approvals (or denials) made by the Chief Executive Officer or General Counsel – North America & Corporate Secretary shall be made in writing and delivered to the recipient and a copy retained by the General Counsel – North America & Corporate Secretary.

3. Blackout Periods

Generally, approval will not be given for the purchase or sale of Company Securities by Directors and Senior Officers:

- (a) during the period commencing on the close of business on the last day of a fiscal quarter and ending at the close of business on the first business day following the release of quarterly results. For example, if the quarterly results are released on a Thursday then trading can resume on the following Monday;
- (b) following the dissemination of material information on the status of the Company and current results, until sufficient time has elapsed to allow for the information to have been received. Generally, sufficient time will not have elapsed until the close of business on the first business day following the day of the release of the information. For example, if the dissemination of material information is made on a Thursday then trading can resume on the following Monday.
- (c) whenever the Chief Executive Officer or the General Counsel – North America & Corporate Secretary has determined, or has been advised, that there should be an insider trading blackout as a result of the development of any material information regarding the Company that has not been disclosed and until the blackout is terminated. Blackouts may not be broadly communicated to Directors and Senior Officers. Before effecting a trade in Company Securities a Director or Senior Officer must notify and receive the approval of the Chief Executive Officer or the General Counsel – North America & Corporate Secretary in accordance with Section 2 of this policy.

4. No Short Term Trading

Except with prior approval of the Chief Executive Officer or the General Counsel – North America & Corporate Secretary, Directors and Senior Officers may not buy and sell, or sell and buy securities of the Company within a six month time period, except that shares acquired upon the exercise of options granted pursuant to the Share Option Plan may be sold thereafter without regard to the six month limitation. Directors and Senior Officers are prohibited from short selling Company Securities.

5. Insider Reports

Within ten days after any transaction involving Company Securities (including a grant of options), a Director or Senior Officer (other than those who are exempt as described below) must file an Insider Report on the prescribed form with the applicable securities regulatory authorities. It is the responsibility of such Director or Senior Officer to file such a report within the prescribed time period and to provide a copy of such report to the General Counsel – North America & Corporate Secretary so that the reports Patheon are required to file are accurate. The Company will assist any Director or Senior Officer with this process, if required.

6. Exemption from Insider Reports

Subject to the following paragraph and in accordance with National Instrument 55-101 of the Canadian Securities Administrators, the requirement to file Insider Reports does not apply to a Senior Officer in respect of Company Securities if the Senior Officer (i) does not in the ordinary course receive or have access to information as to material facts or material changes concerning Patheon before the material facts or material changes are generally disclosed and (ii) is not an ineligible insider in relation to Patheon. The term “ineligible insider” means (a) an individual performing the functions of the chief executive officer, the chief operating officer or the chief financial officer of Patheon; (b) a Director of Patheon; (c) a Director of a major subsidiary of Patheon; (d) a Senior Officer in charge of the principal business unit, division or function of Patheon or a major subsidiary of Patheon; or (e) a person that has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of, and control or direction over, Company Securities carrying more than 10% of the voting rights attached to all of Patheon’s outstanding voting securities.

Insiders of Patheon who qualify for the foregoing exemption may do so by advising Patheon that the insider intends to rely on the exemption. Patheon will also maintain (i) a list of insiders who are exempted from the requirement to file Insider Reports and (ii) a list of insiders of Patheon who are not exempted from the requirement to file Insider Reports.

7. Insider Trading Policy for all Patheon Personnel

Directors and Senior Officers are also required to comply with the provisions of Patheon's Insider Trading Policy for all Personnel.

8. Review of Trading Policy

This policy shall be reviewed by the Board of Directors at least every two years following its approval. In conducting the review, the Board of Directors will consult with the General Counsel – North America & Corporate Secretary, and external counsel as required, to ensure continued compliance with regulatory standards for policies of this nature.

Approved by the Board of Directors
Patheon Inc.
September 4, 2008