

April 24, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, QUÉBEC, NEW
BRUNSWICK, PRINCE EDWARD ISLAND, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
YUKON, NORTHWEST TERRITORIES AND NUNAVUT
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
PATHEON INC. (THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer (the **Exemptive Relief Sought**).

Under National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the decision is the decision of the principal regulatory and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is an amalgamated entity formed on March 11, 2014 pursuant to Articles of Arrangement filed in connection with a statutory plan of arrangement under section 192 of the *Canada Business Corporations Act (CBCA)*.

2. The Filer is the entity resulting from the amalgamation (the **Amalgamation**) of Patheon Inc. and JLL/Delta Canada Inc. (**Canco**) and continues to operate under the name "Patheon Inc." following the Amalgamation. References to "**the Filer**" refer to Patheon Inc. following the Amalgamation. References to "**Pre-Amalco Patheon**" refer to Patheon Inc. prior to the Amalgamation
3. Pre-Amalco Patheon was incorporated on January 11, 1993 under the CBCA and has its head office in Mississauga, Ontario
4. The Filer is a reporting issuer in each of the Jurisdictions.
5. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer.
6. The restricted voting shares of Pre-Amalco Patheon were registered under the United States Securities Exchange Act of 1934 (the **Exchange Act**).
7. Pre-Amalco Patheon entered into an arrangement agreement with JLL/Delta Patheon Holdings, L.P. (**DPx**), on November 18, 2013 (the **Arrangement Agreement**), under which Pre-Amalco Patheon would be taken private pursuant to a court-approved plan of arrangement (the **Arrangement**) pursuant to the CBCA. The Arrangement was approved by holders of restricted voting shares (**Shareholders**) of Pre-Amalco Patheon at a special meeting of Shareholders held on March 6, 2014, and by the Ontario Superior Court of Justice (Commercial List) by way of a final order issued on March 10, 2014. The Arrangement closed on March 11, 2014 (the **Closing**).
8. In connection with the Closing, Canco, as assignee of DPx under the Arrangement Agreement, acquired all of the outstanding restricted voting shares of Pre-Amalco Patheon, and Pre-Amalco Patheon and Canco were amalgamated under the CBCA and continued as one corporation with the name "Patheon Inc."
9. Prior to the Closing and the Amalgamation, the authorized capital of Pre-Amalco Patheon consisted of an unlimited number of restricted voting shares, of which 140,938,525 were issued and outstanding, and an unlimited number of preferred shares, issuable in series, of which 76,500 Class I Preferred Shares, Series A, 9,175 Class I Preferred Shares, Series B, 150,000 Class I Preferred Shares, Series C, and 150,000 Class I Preferred Shares, Series D were authorized for issuance, of which 150,000 Class I Preferred Shares, Series D were issued and outstanding.
10. In connection with the Arrangement, all of the restricted voting shares outstanding immediately prior to the closing of the Arrangement held by Pre-Amalco Patheon's public shareholders were transferred to Canco in exchange for the share consideration of US\$9.32 in cash for each restricted voting share held and the restricted voting shares held by an affiliate of DPx were transferred to Canco in exchange for one common share of Canco for each restricted voting share transferred, and all of the outstanding Class I Preferred Shares, Series D were purchased for cancellation for an aggregate cash payment of US\$15.00. All of Pre-Amalco Patheon's outstanding options were deemed to be vested and holders of such options are entitled to receive a cash amount equal to the amount by which US\$9.32 exceeds the exercise price of such option. All options with an

exercise price equal to or greater than US\$9.32 were cancelled without consideration. All payments are subject to applicable withholding taxes, if any.

11. In connection with the Amalgamation and following the transaction noted in paragraph 10 above, all of the issued and outstanding shares of Pre-Amalco Patheon were cancelled without any repayment in the capital thereof.
12. Following the Closing and the Amalgamation, the authorized capital of the Filer consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, of which one series has been designated as Series I Non-Convertible Preferred Shares. Currently, the issued capital of the Filer consists of 118,439,150 common shares. There are no preferred shares or any convertible securities outstanding.
13. Pursuant to the Arrangement, the restricted voting shares of Pre-Amalco Patheon were delisted from the Toronto Stock Exchange on March 12, 2014 and no securities of the Filer are traded on, or listed or quoted on, any other exchange or market.
14. No securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
15. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 security holders in total worldwide.
16. The Filer is not in default of its obligations under the Legislation as a reporting issuer, except for its obligation to file its interim financial statements and related management's discussion and analysis for the period ended January 31, 2014, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and the related certification of such financial statements and management's discussion and analysis as required under National Instrument 52-109 – *Certification of Disclosure in Filers' Annual and Interim Filings* (collectively, the **Filings**).
17. The Filer is not eligible to use the simplified procedure under the Canadian Securities Administrators Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is currently a reporting issuer in British Columbia and is in default of its obligation to file the Filings under the Legislation of the Jurisdictions as described in paragraph 16.
18. The Filer did not voluntarily surrender its status as a reporting issuer in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it wanted to avoid the 10-day waiting period under that instrument.
19. The Filer has no intention to seek public financing by way of an offering of securities.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"James D. Carnwath"

Commissioner
Ontario Securities Commission

"Christopher Portner"

Commissioner
Ontario Securities Commission