



**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS TO BE HELD ON
WEDNESDAY, MARCH 26, 2008**

AND

MANAGEMENT PROXY CIRCULAR

FEBRUARY 15, 2008

TABLE OF CONTENTS

| | |
|---|----|
| ITEM I. INFORMATION RELATING TO THE ANNUAL GENERAL MEETING..... | 1 |
| 1. Voting..... | 1 |
| A. By Proxy..... | 1 |
| B. In Person..... | 2 |
| C. Voting Securities and Principal Holders..... | 2 |
| 2. Subjects To Be Treated at the Meeting..... | 3 |
| A. Receipt of Financial Statements..... | 3 |
| B. Election of Directors..... | 3 |
| C. Appointment of Auditors..... | 5 |
| ITEM II. STATEMENT OF EXECUTIVE COMPENSATION..... | 6 |
| 1. Summary Compensation Table..... | 6 |
| 2. Equity Compensation Plans..... | 7 |
| A. Share Option Plan..... | 7 |
| B. Common Share Purchase Plan..... | 9 |
| 3. Employment Contracts and Indemnification Provisions in the Event of Termination of Named Executive Officers..... | 10 |
| 4. Composition of the Compensation Committee..... | 11 |
| 5. Report on Executive Compensation..... | 11 |
| A. Executive Officers..... | 11 |
| B. President and Chief Executive Officer..... | 12 |
| 6. Compensation For Directors..... | 13 |
| 7. Indebtedness of Directors and Executive Officers..... | 13 |
| 8. Liability Insurance of Directors and Officers..... | 14 |
| ITEM III. PERFORMANCE GRAPH..... | 15 |
| ITEM IV. CORPORATE GOVERNANCE DISCLOSURE..... | 16 |
| 1. Board of Directors..... | 16 |
| A. Independence..... | 16 |
| B. Meetings of the Board..... | 16 |
| C. Other Board Memberships..... | 17 |
| 2. Mandate of the Board of Directors..... | 17 |
| 3. Position Descriptions..... | 17 |
| 4. Orientation and Continuing Education..... | 17 |
| 5. Ethical Business Conduct..... | 17 |
| 6. Nomination of Directors..... | 17 |
| 7. Compensation..... | 18 |
| 8. Audit Committee..... | 18 |
| 9. Other Committees..... | 18 |
| 10. Assessment..... | 18 |
| ITEM V. OTHER INFORMATION..... | 19 |
| 1. Additional Documentation..... | 19 |
| 2. Approval By The Board Of Directors..... | 19 |
| APPENDIX A..... | 20 |
| Mandate of the Board of Directors..... | 20 |
| APPENDIX B..... | 23 |
| Director Orientation and Continuing Education Policy..... | 23 |
| APPENDIX C..... | 25 |
| Nominating and Corporate Governance Committee Charter..... | 25 |
| APPENDIX D..... | 29 |
| Compensation Committee Charter..... | 29 |



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

To the shareholders of Theratechnologies Inc. (the "**Company**"):

NOTICE IS HEREBY GIVEN that an annual general meeting of shareholders (the "**Meeting**") of the Company will be held at Fairmont The Queen Elizabeth, 900 René Lévesque Boulevard West, Marquette Room, Montreal, Québec, on Wednesday, March 26, 2008 at 10:00 a.m., local time, for the following purposes:

- (1) to receive the consolidated financial statements for the fiscal year ended November 30, 2007, as well as the auditors' report thereon;
- (2) to elect directors for the ensuing year;
- (3) to appoint auditors for the ensuing year and authorize the directors to set their compensation; and
- (4) to transact such other business as may properly come before the Meeting.

DATED at Montreal, Québec, Canada, February 15, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Secretary



MANAGEMENT PROXY CIRCULAR

The information contained in this management proxy circular (the “Circular”) is given as at February 15, 2008, except as otherwise noted. All dollar amounts set forth herein are expressed in Canadian dollars and the symbol “\$” refers to the Canadian dollar, unless otherwise indicated.

ITEM I. INFORMATION RELATING TO THE ANNUAL GENERAL MEETING

1. Voting

You may vote your shares either through a proxy or in person at the annual general meeting of shareholders of the Company (the "**Meeting**").

A. By Proxy

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by the management of Theratechnologies Inc. (the "**Company**" or "**Theratechnologies**") of proxies to be used at the Meeting of the Company to be held on Wednesday, March 26, 2008, at the time, place and for the purposes set forth in the attached Notice of Annual General Meeting of Shareholders (the "**Notice of Meeting**") and at any continuation of the Meeting after adjournment thereof.

The solicitation of proxies is being primarily made by mail but proxies may also be solicited by telephone, telecopier or other personal contact by officers or other employees of the Company. The entire cost of the solicitation will be borne by the Company.

Terms of Proxy Grant

By completing the enclosed form of proxy, or the one provided by your intermediary, you appoint the persons proposed in that form to represent your interests and vote your shares on your behalf at the Meeting. The persons named in the enclosed form of proxy are directors or officers of the Company. **However, you have the right to appoint a person or company other than the ones designated in the form of proxy to represent you at the Meeting.** To do this, you must insert such person's name in the blank space provided in the form of proxy enclosed hereto or complete another form of proxy. It is not necessary to be a shareholder in order to act as a proxy.

If you hold your shares through an intermediary (a stockbroker, a bank, a trust, a trustee, etc.), you are not a registered shareholder in the registry of shareholders of the Company held by Computershare Trust Company of Canada ("**Computershare**"). Therefore, you cannot vote your shares directly at the Meeting. If this is your situation, you will receive from your intermediary explanation as to how to appoint proxies and have them vote your shares. To ensure that your instructions are respected, you must deliver them to your intermediary within the prescribed deadline. For any questions, please contact your intermediary directly.

Proxy Voting

The persons named or appointed in the form of proxy will, on a show of hands or any ballot that may be called, vote (or withhold from voting) your shares in respect of which they are appointed as proxies in accordance with the instructions given in the form of proxy. **In the absence of instructions, the voting rights attached to the shares referred to in your form of proxy will be exercised IN FAVOUR of the matters mentioned in the attached Notice of Meeting.**

Furthermore, the enclosed form of proxy confers upon the proxyholder a discretionary power with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to all other matters, which may properly come before the Meeting, or any continuation after adjournment thereof. However, to our knowledge, all matters to be brought before the Meeting are mentioned in appropriate fashion in the Notice of Meeting.

Delivery of Form of Proxy and Deadlines

If you hold your shares personally and are a registered shareholder in the Registry of Shareholders of the Company, please send the completed form of proxy to the Secretary of the Company, c/o Computershare Trust Company of Canada, 1100 University Street, 12th Floor, Montreal, Québec H3B 2G7, prior to 5:00 p.m. (Eastern time) on March 24, 2008 (unless you attend the Meeting in person). All Common Shares represented by proper proxies accompanied by duly completed declarations received by Computershare at the latest on such date and prior to such time will be voted in accordance with your instructions as specified in the proxy form, on any ballot that may be called at the Meeting.

If you hold your shares through an intermediary, please proceed as indicated in the documentation sent by your intermediary and within the deadlines specified therein. For any questions, please contact your intermediary directly.

Revocation of a Proxy

You may, at any time, including any continuation of the Meeting after adjournment thereof, revoke a proxy for any business with respect to which said proxy confers a vote that has not already been cast.

If you hold your shares personally and are a registered shareholder in the Registry of Shareholders of the Company, please send a written notice to revoke a proxy bearing your signature or that of your proxy (or a representative of your proxy if your proxy is a company) to the Secretary of the Company at the address stated above no later than two business days before the Meeting, namely March 24, 2008 at 5:00 p.m. (Eastern time). You may also revoke a proxy in person at the Meeting by making a request to that effect to the Secretary of the Company.

If you hold your shares through an intermediary, please proceed as indicated in the documentation sent by your intermediary and within the deadlines specified therein. For any questions, please contact your intermediary directly.

B. In Person

If you hold your shares personally and are a registered shareholder in the Registry of Shareholders of the Company, you may present yourself on the date, at the time and place set forth in the Notice of Meeting and register with the representatives of Computershare who will be at the Meeting. You should then follow voting instructions given by the Chairman of the Meeting.

If you hold your shares through an intermediary, and you wish however to vote your shares in person at the Meeting, please proceed as indicated in the documentation sent by your intermediary. For any questions, please contact your intermediary directly.

C. Voting Securities and Principal Holders

As at February 15, 2008, there were 58,099,465 Common Shares of the Company issued and outstanding. The Common Shares are the only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share entitles its holder to one vote with respect to the matters voted on at the Meeting.

Holders of Common Shares whose names are registered on the lists of shareholders of the Company as at 5:00 p.m. (Eastern time) on February 25, 2008, being the date fixed by the Company for determination of the registered holders of Common Shares who are entitled to receive notice of the Meeting (the "**Record Date**"), will be entitled to exercise their voting rights attaching to the Common Shares in respect of which they are so registered at the Meeting, or any continuation after adjournment thereof if present or represented by proxy thereat. However, even if you have acquired your shares after the Record Date, you will be entitled to vote at the Meeting if, at least twenty-four (24) hours prior to the Meeting, you produce certificates for such Common Shares properly endorsed by the seller, or if you otherwise

establish that you own such Common Shares and have requested that your name be included on the list of shareholders entitled to receive the Notice of Meeting.

To our knowledge, only one person exercises control over more than ten percent (10%) of the outstanding Common Shares of the Company. Palo Alto Investors, LLC beneficially owns, directly or indirectly, 7,653,115 Common Shares of Theratechnologies, which represents 13.17% of the total aggregate number of issued and outstanding Common Shares as at February 15, 2008.

2. Subjects To Be Treated at the Meeting

Please find below a description of the items listed in the Notice of Meeting.

A. Receipt of Financial Statements

The consolidated financial statements for the fiscal year ended November 30, 2007 together with the auditors' report will be presented at the Meeting. The financial statements are included in the Company's 2007 Annual Report, which has been mailed to you if you requested it, along with this Circular.

B. Election of Directors

The shareholders at the Meeting will appoint the directors of the Company for the coming year.

Composition of the Board of Directors

The articles of the Company provide that the Board of Directors of the Company shall consist of a minimum of three (3) and a maximum of twenty (20) directors. The Board of Directors has established that a number of nine (9) directors was well adapted to its size and activities.

Nominees

All of the nominees for the director positions of the Company are elected for a one year term ending at the next annual meeting of Shareholders or when his or her successor is elected, unless he resigns or the position becomes vacant as a result of death, dismissal or otherwise, prior to the said meeting. We do not contemplate that any of the nominees will be unable to fulfill his mandate as director. **Unless instructions are given to abstain from voting with regard to the election of directors, the persons whose names appear on the enclosed form of proxy will vote IN FAVOUR of the election of the nominees whose names are set out in the table below.**

The following table states the names of all persons we propose for election as directors, their province or state and country of residence, their principal occupation, the position held in the Company (if any), the year in which they first became a director of the Company and the number of shares they own, directly or indirectly, or over which they exercise control or direction. To obtain additional information regarding the biographical notes of the proposed directors, the education and experience of the directors who are members of the Company's audit committee and other required information on the audit committee of the Company, shareholders can consult items 4.1 and 4.2 of the Company's 2007 Annual Information Form available on SEDAR at www.sedar.com.

NOMINEES

| Name, Province or State and Country of Residence | Principal Occupation | Director Since | Number of Common Shares of the Company Owned, Directly or Indirectly, or over which Control or Direction is Exercised |
|---|---|-------------------|---|
| Paul Pommier ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Québec, Canada | Chairman of the Board of the Company | 1997 | 110,100 |
| Gilles Cloutier ⁽³⁾⁽⁵⁾ North Carolina, United States | Corporate Director | 2003 | 51,000 |
| A. Jean de Grandpré ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Québec, Canada | Corporate Director | 1993 | 97,100 |
| Robert G. Goyer ⁽³⁾ Québec, Canada | Emeritus Professor Faculty of Pharmacy Université de Montreal | 2005 | 10,000 |
| Gérald A. Lacoste ⁽¹⁾⁽³⁾⁽⁵⁾ Québec, Canada | Corporate Director | 2006 | 6,000 |
| Bernard Reculeau ⁽²⁾ Paris, France | Chairman of the Board CIS Bio International (Biomedical technologies) | 2005 | 8,100 |
| Yves Rosconi ⁽⁴⁾ Québec, Canada | President and Chief Executive Officer of the Company | 2004 | 39,000 |
| Jean-Denis Talon ⁽¹⁾⁽²⁾ Québec, Canada | Chairman of the Board AXA Canada (Insurance Company) | 2001 | 30,000 |
| Luc Tanguay ⁽⁴⁾ Québec, Canada | Senior Executive Vice President and Chief Financial Officer of the Company | 1993 | 50,000 |

-
- (1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Corporate Governance Committee
(4) Member of the Financing Committee
(5) Member of the Strategic Review Committee

Cease Trade Orders, Bankruptcies, Penalties Or Sanctions

Except as described below, to the knowledge of management of the Company, no nominee (a) is, as at the date of this Circular, or has been within the 10 years before the date of the Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has within the 10 years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become

subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the nominee.

Paul Pommier was a member of the board of directors of Royal Aviation Inc. from September 1996 until it was acquired by Canada 3000 Inc. in March 2001. Subsequently, at the end of 2001, Canada 3000 Inc. and its subsidiaries, including Royal Aviation Inc., made assignments in bankruptcy under Section 49 of the *Bankruptcy and Insolvency Act (R.S. 1985, c. B-3)*.

C. Appointment of Auditors

The Company's auditors for the current fiscal year must be appointed at the Meeting. We propose the appointment of KPMG LLP, chartered accountants from Montréal, who have been the Company's auditors since October 19, 1993. They will hold office until the next annual meeting of shareholders or until their successors are appointed.

Unless instructions are given to abstain from voting with regard to the appointment of auditors, the persons whose names appear on the enclosed form of proxy will vote IN FAVOUR of the appointment of KPMG LLP, chartered accountants, as auditors of the Company, and authorize that compensation for their services be determined by the Board of Directors.

ITEM II. STATEMENT OF EXECUTIVE COMPENSATION

1. Summary Compensation Table

The summary compensation table below details compensation for the three fiscal years ended November 30, 2007, 2006 and 2005 for each of the President and Chief Executive Officer, the Senior Executive Vice President and Chief Financial Officer, and the three other most highly compensated executive officers of the Company (the “**Named Executive Officers**”), for services rendered in all capacities.

| Name and Principal Occupation | Fiscal Year | Annual Compensation | | | Long-Term Compensation | Other | |
|--|----------------|------------------------|-----------------------|---|--|--|----|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation (\$) | Number of Securities Under Options Granted | Payment under Long- Term Incentive Plan | |
| YVES ROSCONI President and Chief Executive Officer | 2007 | 376,442 | 215,000 | 19,000 ⁽¹⁾ | 25,000 | -- | -- |
| | 2006 | 348,000 | 208,000 | 18,000 ⁽²⁾ | -- | -- | -- |
| | 2005 | 318,000 | 145,000 | 16,500 ⁽²⁾ | 200,000 | -- | -- |
| LUC TANGUAY Senior Executive Vice President and Chief Financial Officer | 2007 | 326,250 | 185,000 | 19,000 ⁽²⁾ | 25,000 | -- | -- |
| | 2006 | 313,664 | 180,000 | 18,000 ⁽²⁾ | 350,000 | -- | -- |
| | 2005 | 301,600 | 125,000 | 16,500 ⁽²⁾ | -- | -- | -- |
| PIERRE CAUDRELIER Chief Medical Officer | 2007 | 64,000 ⁽³⁾ | 21,100 | -- | 75,000 | -- | -- |
| | 2006 | -- | -- | -- | -- | -- | -- |
| | 2005 | -- | -- | -- | -- | -- | -- |
| CHANTAL DESROCHERS Vice President, Business Development and Commercialization | 2007 | 225,865 | 74,500 | 2,000 ⁽²⁾ | 15,000 | -- | -- |
| | 2006 | 216,320 | 67,500 | 2,000 ⁽²⁾ | 50,000 | -- | -- |
| | 2005 | 140,000 ⁽⁴⁾ | 40,000 | 600 ⁽²⁾ | 50,000 | -- | -- |
| CHRISTIAN MARSOLAIS Vice President, Clinical Research | 2007 | 115,385 ⁽⁵⁾ | 55,000 ⁽⁶⁾ | 562 ⁽²⁾ | 50,000 | -- | -- |
| | 2006 | -- | -- | -- | -- | -- | -- |
| | 2005 | -- | -- | -- | -- | -- | -- |

- (1) In the form of a registered retirement savings plan (“RRSP”) contribution paid directly to Mr. Rosconi.
- (2) In the form of a contribution deposited to a RRSP designated by the beneficiary.
- (3) During Fiscal Year 2007, Mr. Caudrelier was employed by the Company for a period of three (3) months. His annual base compensation was \$260,000.
- (4) During Fiscal Year 2005, Ms. Desrochers was employed by the Company for a period of eight (8) months. Her annual base compensation was \$208,000.
- (5) During Fiscal Year 2007, Mr. Marsolais was employed by the Company for a period of seven (7) months. His annual base compensation was \$200,000.
- (6) Includes a \$15,000 bonus paid upon execution of his employment agreement.

2. Equity Compensation Plans

The only equity compensation plans of the Company are the Share Option Plan and the Share Purchase Plan.

A. Share Option Plan

Summary Table

The following table sets forth the information regarding the Share Option Plan as at November 30, 2007.

| Plan Category | Number of Securities to be Issued upon Exercise of Outstanding Options (% of Issued and Outstanding Share Capital) | Weighted-average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans |
|---|---|---|---|
| Equity compensation plans approved by shareholders | 2,207,633 (4.05%) | \$6.32 | 1,981,610 ⁽¹⁾ |
| Equity compensation plans not approved by shareholders | -- | -- | -- |
| Total | 2,207,633 | \$6.32 | 1,981,610 |

⁽¹⁾ Of this number, 1,822,667 Common Shares remain available for future issuance under the Share Option Plan and 158,943 Common Shares remain available for future issuance under the Share Purchase Plan.

Description of the Plan

On December 6, 1993, the Board of Directors adopted the Share Option Plan, which was amended from time to time and, more recently, by the Board of Directors on February 8, 2007.

The Share Option Plan was established in order to align the interests of key persons with the success of the Company by allowing them to participate in the increased value of the Company's Common Shares. As of the date hereof, a maximum of 5,000,000 Common Shares have been reserved for stock option grants under the Share Option Plan.

The Board of Directors administers the Share Option Plan. The Board of Directors designates the optionees and determines the number of Common Shares underlying these options, the vesting period, the exercise price and the expiry date of each option, as well as all other related matters, the whole in compliance with the terms of the Share Option Plan and applicable legislative provisions established by the securities regulatory authorities. The Board of Directors can modify or terminate the Share Option Plan subject to compliance with the rules set forth by regulatory authorities. However, certain amendments require the approval of a majority of the voting shareholders of the Company.

Unless otherwise determined by the Board of Directors, the options granted pursuant to the Share Option Plan may be exercised within a maximum period of ten (10) years following their grant, unless the optionee's employment is terminated, other than for death, in which case the optionee's unexercised vested options, if any, may be exercised within a period of 180 days following the date of the employee's termination. In the event of the death of an optionee prior to the expiry date of his options, the optionee's legal personal representative may exercise the optionee's unexercised vested options within a twelve-

month period after the date of the optionee's death. The options granted in accordance with the Share Option Plan cannot be transferred or assigned.

The exercise price at which the options may be granted pursuant to the Share Option Plan cannot be less than the closing price of the shares on the Toronto Stock Exchange on the day preceding the option grant.

In addition, the Share Option Plan states that the number of Common Shares that may be issued to insiders, at any time, under all security based compensation arrangements of the Company, cannot exceed 10% of the outstanding Common Shares of the Company, and the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the outstanding Common Shares. The number of Common Shares that may be issued to non-employee directors, within any one year period, under all security based compensation arrangements, cannot exceed 0.5% of the outstanding Common Shares of the Company.

During the fiscal year ended November 30, 2007, the Company granted options, pursuant to the Share Option Plan, providing for the purchase of a maximum of 608,500 Common Shares.

Options Granted During the Fiscal Year ended November 30, 2007

The following table sets forth the options granted to Named Executive Officers during the fiscal year ended November 30, 2007.

| Name | Number of Underlying Common Shares | % of Total Number of Options Granted to Employees during the Fiscal Year | Exercise Price | Market Value of Underlying Common Shares on the Date of the Granting | Expiration Date |
|---------------------|---|---|-----------------------|---|------------------------|
| Yves Rosconi | 25,000 ⁽¹⁾ | 4.10 | \$8.23 | \$8.23 | January 12, 2017 |
| Luc Tanguay | 25,000 ⁽¹⁾ | 4.10 | \$8.23 | \$8.23 | January 12, 2017 |
| Pierre Caudrelier | 75,000 ⁽²⁾ | 12.32 | \$11.65 | \$11.65 | October 10, 2017 |
| Chantal Desrochers | 15,000 ⁽¹⁾ | 2.47 | \$8.23 | \$8.23 | January 12, 2017 |
| Christian Marsolais | 25,000 ⁽³⁾ | 4.10 | \$11.48 | \$11.48 | July 11, 2017 |
| | 25,000 ⁽⁴⁾ | 4.10 | \$10.60 | \$10.60 | August 6, 2017 |

(1) These options are all vested.

(2) These options will vest over the next three years, in equal portions of 33 1/3%, starting in October 2009.

(3) These options will vest over the next three years, in equal portions of 33 1/3%, starting in July 2009.

(4) These options will vest over the next three years, in equal portions of 33 1/3%, starting in August 2009.

Aggregate Option Exercises during the Fiscal Year ended November 30, 2007 and Fiscal Year-End Option Values

The following table summarizes for each of the Named Executive Officers the number and value of stock options exercised, if any, during the fiscal year ended November 30, 2007. The aggregate value realized upon exercise is the difference between the market value of the underlying stock on the exercise date and the exercise price of the option. The table also indicates the number and the value of the unexercised options as of November 30, 2007. The value of an unexercised option at fiscal year-end is the difference between its exercise price and the market value of the Common Shares of the Company on November 30, 2007, which was \$10.15 per share. These values, unlike the amounts set forth in the column "Aggregate Value Realized" have not been, and may never be, realized. These options have not been, and may not be exercised. Furthermore, actual gains on exercise, if any, will depend on the value of the Company's Common Shares on the date of exercise. There can be no assurance that these values will be realized.

| Name | Exercised Options during the Fiscal Year ended November 30, 2007 | | Unexercised Options at November 30, 2007 Exercisable / Unexercisable | |
|---------------------|--|-------------------------------------|--|-------------------------|
| | Number of Shares Acquired Exercise | Aggregate Value Realized (\$) | Number | In-the-Money Value |
| Yves Rosconi | 133,332 | 1,003,323 | 225,000 / 66,668 | \$1,647,332 / \$594,011 |
| Luc Tanguay | 225,000 | 1,444,500 | 550,000 / -- | \$1,504,250 / -- |
| Pierre Caudrelier | -- | -- | -- / 75,000 | -- / -- |
| Chantal Desrochers | 33,330 | 253,975 | 31,668 / 50,002 | \$166,977 / \$414,682 |
| Christian Marsolais | -- | -- | -- / 50,000 | -- / -- |

B. Common Share Purchase Plan

On February 16, 1999, the Board of Directors introduced the Share Purchase Plan. The Share Purchase Plan was amended from time to time and, more recently, by the Board of Directors on February 8, 2007.

The Share Purchase Plan entitles employees of the Company to directly subscribe for Common Shares of the Company between March 29, 2007 and March 31, 2009. At present, a maximum of 400,000 Common Shares may be offered pursuant to the Share Purchase Plan.

On May 1st and November 1st of each year (the “**Participation Dates**”), an employee may subscribe for a number of shares pursuant to the Share Purchase Plan up to a maximum amount representing 10% of his current annual gross salary; the total of which should also be less than 5% of the Company’s issued and outstanding Common Shares.

The Share Purchase Plan provides that the number of Common Shares that may be issued to insiders, at any time, under all security based compensation arrangements of the Company, cannot exceed 10% of the outstanding Common Shares, and the number of Common Shares issued to insiders, within any one-year period, under all security based compensation arrangements, cannot exceed 10% of the outstanding Common Shares.

The subscription price for each new Common Share subscribed pursuant to the Share Purchase Plan is equal to the weighted average closing price of the Common Shares on the Toronto Stock Exchange during a period of five (5) days prior to a Participation Date. Employees cannot assign or otherwise alienate their rights in the Share Purchase Plan.

Pursuant to the terms of the Share Purchase Plan, the Company offers each participant who subscribes for Common Shares an interest-free loan of an amount corresponding to the subscription price. The loan is repayable at all times and may be repayable by equal withholdings from the participant’s salary for a period not exceeding two (2) years. The loans granted to one employee must never exceed 10% of the amount of his current annual gross salary. Loans are immediately due and repayable as soon as a participant ceases to be an employee of the Company or of one of its subsidiaries. The subscribed Common Shares are hypothecated to secure full and final repayment of the loan and are held by the trustee, Computershare, until such full repayment.

The Company reserves the right, at all times, to modify, suspend or terminate the Share Purchase Plan, subject to compliance with the rules set forth by regulatory authorities. However, certain amendments require the approval of a majority of the voting shareholders of the Company.

During the fiscal year ended November 30, 2007, the Company issued 13,074 Common Shares (0.02% of the then outstanding Common Shares) pursuant to the Share Purchase Plan.

3. Employment Contracts and Indemnification Provisions in the Event of Termination of Named Executive Officers

Yves Rosconi

President and Chief Executive Officer

On October 21, 2004, the Company entered into an employment contract for an indeterminate term with Mr. Yves Rosconi. In addition to his base salary, Mr. Rosconi is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the Company's Board of Directors. An annual review of his base salary is made by the Compensation Committee taking into account, among other things, the performance of Mr. Rosconi, the performance of the Company and the prevailing economic conditions at the time of the review. Mr. Rosconi was also entitled to stock options, which have all been granted. These options vest over a three-year period from date of grant. Under the terms of the contract, Mr. Rosconi entered into non-competition, non-solicitation and non-disclosure commitments, among others, in favour of the Company. Should the Company terminate Mr. Rosconi's employment without just and sufficient cause, he will receive an amount equal to twelve (12) months of compensation (including bonus – based on the last granted – and the value of the Company's benefits to which he is entitled), which shall be the sole monetary obligation of the Company. Furthermore, in case of a successful take-over bid, his employment contract provides for an indemnity equal to twenty-four (24) months of compensation (including bonus – based on the last granted – and the value of the Company's benefits to which he is entitled) if Mr. Rosconi's employment is terminated by the Company, and twelve (12) months if Mr. Rosconi resigns on his own free will.

Luc Tanguay

Senior Executive Vice President and Chief Financial Officer

The Company entered into an employment contract for an indeterminate term with Mr. Luc Tanguay on October 30, 2001, as modified on May 9, 2002, June 7, 2004 and February 8, 2006. In addition to his base salary, Mr. Tanguay is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the Company's Board of Directors. Mr. Tanguay's base compensation is reviewed annually by the Compensation Committee. Mr. Tanguay was also entitled to stock options, which have all been granted. Under the terms of the contract, Mr. Tanguay entered into non-competition, non-solicitation and non-disclosure commitments, among others, in favour of the Company. Should Mr. Tanguay resign from his position prior to November 1st, 2008, he will continue to benefit from the Company's group insurance until he is employed. However, the benefits from the Company's group insurance will terminate on the earlier of (i) twenty-four (24) months from the termination date of his employment with the Company and (ii) November 1st, 2008. Should the Company terminate the employment of Mr. Tanguay without just and sufficient cause, he will receive an amount equal to twenty-four (24) months of compensation (including bonus – based on the last granted – and the value of the Company's benefits to which he is entitled), which shall be the sole monetary obligation of the Company. Furthermore, in case of a successful take-over bid, his employment contract provides for an indemnity equal to twenty-four (24) months of compensation (including bonus – based on the last granted – and the value of the Company's benefits to which he is entitled) if Mr. Tanguay's employment is terminated by the Company, and twelve (12) months if Mr. Tanguay resigns on his own free will.

Pierre Caudrelier

Chief Medical Officer

The Company entered into an employment contract for an indeterminate term with Mr. Pierre Caudrelier on July 26, 2007. In addition to his base salary, Mr. Caudrelier is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Review of Mr. Caudrelier's compensation is carried out by the Compensation Committee on an annual basis. Mr. Caudrelier was also entitled to stock options which all vest over a three-year period from date of grant. Under the terms of the contract, Mr. Caudrelier entered into non-competition, non-solicitation and non-disclosure commitments, among others, in favour of the Company. Should the Company terminate Mr. Caudrelier's employment without just and sufficient cause, he will receive an amount equal to twelve (12) months of his annual base salary, which shall be the sole monetary obligation of the Company. Furthermore, in case a person acquires the control of the Company,

his employment contract provides for an indemnity equal to twelve (12) months of his annual base salary if Mr. Caudrelier's employment is terminated by the Company or if he resigns on his own free will within six (6) months from such acquisition of control.

Chantal Desrochers
Vice President, Business Development and Commercialization

The Company entered into an employment contract for an indeterminate term with Ms. Chantal Desrochers on March 14, 2005. This contract provides that in addition to her base salary, Ms. Desrochers is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Review of Ms. Desrochers' compensation is carried out by the Compensation Committee on an annual basis. Ms. Desrochers was also entitled to stock options, which have all been granted. Under the terms of the contract, Ms. Desrochers has agreed to non-disclosure provisions in favour of the Company. Should the Company terminate Ms. Desrochers' employment without just and sufficient cause, she will receive: i) an amount equal to six (6) months of compensation, if she has been with the Company for less than two (2) years; ii) an amount equal to eight (8) months of compensation, if she has been with the Company for more than two (2) years and less than five (5) years; or iii) an amount equal to twelve (12) months of compensation, if she has been with the Company for more than five (5) years, which shall be the sole monetary obligation of the Company.

Christian Marsolais
Vice President, Clinical Research

The Company entered into an employment contract for an indeterminate term with Mr. Christian Marsolais on April 13, 2007. In addition to his base salary, Mr. Marsolais is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Review of Mr. Marsolais' compensation is carried out by the Compensation Committee on an annual basis. Mr. Marsolais was also entitled to stock options which all vest over a three-year period from date of grant. Under the terms of the contract, Mr. Marsolais entered into non-competition, non-solicitation and non-disclosure commitments, among others, in favour of the Company. Should the Company terminate Mr. Marsolais' employment without just and sufficient cause, he will receive an amount equal to nine (9) months of his annual base salary, which shall be the sole monetary obligation of the Company.

4. Composition of the Compensation Committee

The Compensation Committee of the Board of Directors is composed of four (4) independent directors, namely A. Jean de Grandpré, Paul Pommier, Bernard Reculeau and Jean-Denis Talon, who have never been executives of the Company, on a full-time basis, or any of its subsidiaries. During the fiscal year ended on November 30, 2007, the Compensation Committee met on one (1) occasion.

5. Report on Executive Compensation

Compensation in the biopharmaceutical and pharmaceutical industries is highly competitive. It is one of the main tools of the Company to attract and motivate skilled executive officers who are focused on improving the performance of the Company and generating value for shareholders.

A. Executive Officers

The compensation of executive officers is based on a reference market and, when available, independent market research. The reference market used to establish the value of compensation varies with the position held by an executive officer. The reference market consists of biotechnology, biopharmaceutical and pharmaceutical Canadian companies publicly traded on the Toronto Stock Exchange with similar market capitalization and at similar stages of development.

The Compensation Committee reviews annually the reference market. The Committee sets the target total compensation for executive officers around the median of the reference market. The Committee also takes into consideration the years of service an executive officer has with the Company. When the Compensation Committee deems it advisable, it retains the services of an independent firm specialized in compensation to gather in-depth knowledge of the compensation paid to individuals for the positions that need to be filled by the Company. In addition, the Compensation Committee may retain the services of an independent firm to assess the compensation paid to all executive officers. For the fiscal year ended on November 30, 2007, the Compensation Committee did not retain the services of a specialized firm to assess any of the executive officers' position.

The compensation of executive officers consists of the following components: a base salary, an annual performance bonus and options to purchase Common Shares of the Company. The base salary is reviewed annually based on the reference market, the public forecast of financial institutions regarding the economic outlook of the ensuing year and the projected inflation rate.

The annual bonus paid to executive officers varies according to the Company's attainment of its objectives, the contribution of an individual to achieve such objectives and the financial performance of the Company. The bonus is based on a rate that represents a percentage of the annual base salary of an executive officer and such rate varies with the seniority and rank of each executive officer. At present, this rate varies between 20% and 50%. Such rate is determined based on the reference market. Historically, bonuses paid have represented between 60% and 120% of the rate of an individual.

For the fiscal year ended November 30, 2007, the principal corporate objectives of the Company were the publication of the results of the first Phase 3 study in HIV-associated lipodystrophy, the completion of the recruitment of patients for the confirmatory Phase 3 study in HIV-associated lipodystrophy, the completion of a financing and the diversification of the shareholder base of the Company. All such corporate objectives were met.

Options are also awarded from time to time to executive officers to align their interests with those of shareholders, which is consistent with industry practices. These options are granted pursuant to the Share Option Plan. The principal provisions of the Share Option Plan are described under the heading "Equity Compensation Plans" at Item II of this Circular. The Compensation Committee recommends to the Board of Directors of the Company the number and terms of the options granted under the Share Option Plan, taking into consideration the role of the executive officer, the responsibilities inherent to his position and his influence on the creation of increased value for shareholders and the options currently held by the executive officers. Given the overall performance of the Company during the fiscal year ended on November 30, 2007, based on the recommendation of the Compensation Committee and the options currently held by the executive officers, the Board of Directors granted 1,000 options to most of the executive officers on January 30, 2008. Such number of options was also granted to each employee of the Company on that date.

B. President and Chief Executive Officer

The compensation of the President and Chief Executive Officer of the Company, Mr. Yves Rosconi, includes the same elements as those described above regarding the executive officers. His compensation consists of an annual base salary, an annual bonus with a target rate of 50% of his annual base salary, options to purchase Common Shares of the Company and a payment of money in the form of a contribution to his RRSP.

At the beginning of the fiscal year ended on November 30, 2007, the above-mentioned corporate objectives were set and Mr. Rosconi was responsible for their achievement. As a result of the achievement of such objectives, the Compensation Committee recommended to the Board of Directors that he receive a bonus corresponding to approximately 115% of his targeted bonus. The 25,000 options granted during the last fiscal year were granted in January 2007 as a result of the positive Phase 3 results published in December 2006. Based on data gathered from the reference market, the annual base salary of Mr. Rosconi was increased by 8%.

The Compensation Committee reviews the executive officers' compensation programs annually to ensure that they are competitive and conform with the objectives, values and strategies of the Company.

The above report is submitted by the Compensation Committee for the fiscal year ended November 30, 2007.

This report on executive compensation was approved on February 15, 2008 by all members of the Committee.

6. Compensation For Directors

The Company has adopted a compensation policy for its directors who are not employed on a full-time basis by the Company under which they are paid an annual retainer fee as well as attendance fees. For the fiscal year ended November 30, 2007, each director received an annual fee of \$10,000 and 5,000 stock options. Directors sitting on a committee of the Board received an additional retainer fee of \$2,000 per year, per committee. The attendance fees were of \$1,500 per Board or committee meeting and \$750 per telephone meeting. For the fiscal year ended November 30, 2007, the annual retainer fees and attendance fees totalled \$236,751.

During the fiscal year ended November 30, 2007, the person acting as Chairman of the Board was entitled to receive an additional annual compensation of \$75,000. As Chairman of the Board between December 1, 2006 and March 29, 2007, Mr. de Grandpré received \$24,808 and Mr. Pommier, acting in such capacity from March 29, 2007 until the fiscal year-end, was paid \$50,480. Gilles Cloutier and Robert Goyer each received an additional annual compensation of \$2,000 for advising the Company in its clinical development.

Members of the Board who are full-time employees of the Company do not receive any compensation for acting as directors or being members of committees of the Board.

No other compensation or benefit was paid or is payable to the directors of the Company, for acting as such, for the fiscal year ended November 30, 2007.

7. Indebtedness of Directors and Executive Officers

As of the date hereof, none of our directors and proposed nominee for election as a director is indebted to the Company. During the fiscal year ended on November 30, 2007, none of our directors were indebted to the Company.

During the fiscal year ended on November 30, 2007, the only executive officer who was indebted to the Company, other than for "Routine indebtedness" (as defined in the *Securities Act* (Québec)), was Mr. Yves Rosconi, the president and chief executive officer of the Company. The table below details the largest aggregate amount of indebtedness outstanding towards the Company during the last financial year, the nature of the indebtedness and the transaction in which it was incurred, the balance owed as of the date hereof and the rate of interest charged.

| Name and Municipality of Residence | Involvement of Company | Largest Amount Outstanding During Fiscal Year Ended November 30, 2007 | Nature of Indebtedness | Transaction for which Debt was Incurred | Amount Outstanding as of the Date Hereof | Rate of Interest Charged | Security for Indebtedness (Hypothec) |
|------------------------------------|------------------------|---|------------------------|---|--|--------------------------|--------------------------------------|
| Yves Rosconi Montreal, Québec | Lender | \$33,250 | Loan | Purchase of 3,500 Common Shares under the Share Purchase Plan | \$8,951 | Nil | Common Shares Purchased |

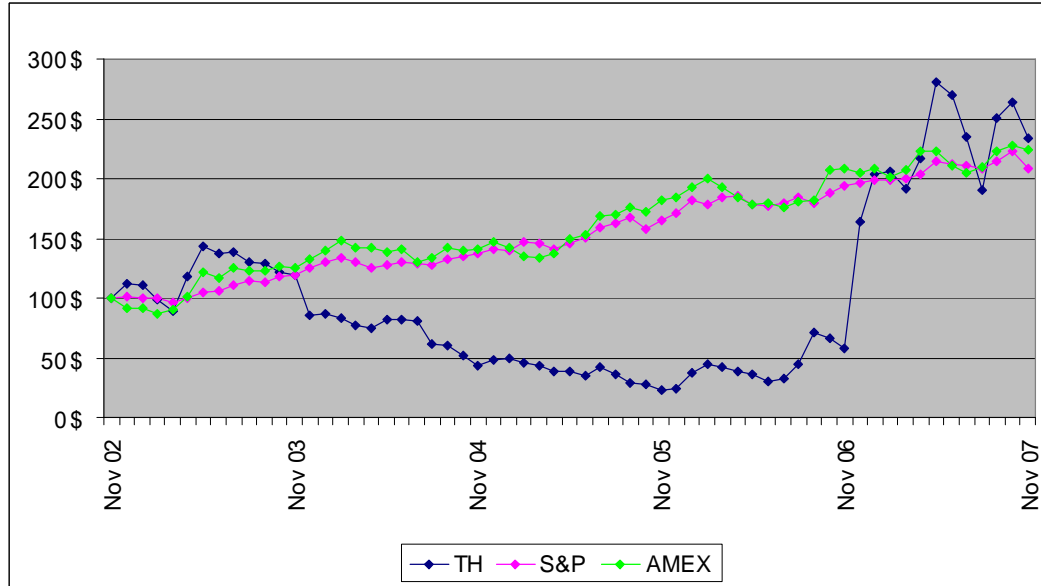
8. Liability Insurance of Directors and Officers

The Company purchases liability insurance for its directors and officers in the performance of their duties. These insurance policies also cover the directors and officers of the Company's subsidiaries, if any. During the fiscal year ended November 30, 2007, the policies provided maximum coverage of \$15,000,000 per claim, subject to a \$150,000 deductible per occurrence. Premiums paid by the Company for the policies were \$66,540. The policies and the premiums do not distinguish between the insurance for the directors' liability and officers' liability, the coverage being the same for both groups.

ITEM III. PERFORMANCE GRAPH

The following graph compares a cumulative annual total shareholder return on a \$100 investment in the Common Shares of the Company (“TH”) with a cumulative total shareholder return on the composite index S&P/TSX (previously known as the Toronto Stock Exchange 300 (TSE 300 Index)) assuming that all dividends are reinvested (“S&P”) and the AMEX biotech index (“AMEX”).

**Return on a \$100 Investment
from November 30, 2002 to November 30, 2007**



ITEM IV. CORPORATE GOVERNANCE DISCLOSURE

The Board of Directors of the Company considers good corporate governance to be important to the effective operations of the Company and to ensure that the Company is managed so as to optimize shareholder value. The Nominating and Corporate Governance Committee is responsible for examining the Company's needs in this regard and address all issues that may arise from its practices. This Committee ensures that the Company's corporate governance practices comply with National Instrument 58-101 *Disclosure of Corporate Governance Practices* and oversees their disclosure according to guidelines described in National Policy 58-201 *Corporate Governance Guidelines* (hereinafter collectively referred to as the "Regulation").

1. Board of Directors

A. Independence

A majority of the Company's directors are independent. Seven of the nine Board members meet the criteria for independence defined by the Regulation, as none of them have a direct or indirect material relationship with the Company.

| <u>NAME</u> | <u>INDEPENDENCE</u> | <u>MATERIAL RELATIONSHIP</u> |
|---------------------|---------------------|------------------------------|
| Gilles Cloutier | Yes | None |
| A. Jean de Grandpré | Yes | None |
| Robert Goyer | Yes | None |
| Gérald A. Lacoste | Yes | None |
| Paul Pommier | Yes | None |
| Bernard Reculeau | Yes | None |
| Jean-Denis Talon | Yes | None |
| Luc Tanguay | No | Company Management |
| Yves Rosconi | No | Company Management |

The Chairman of the Board of the Company is Paul Pommier, an independent director within the meaning of the Regulation.

B. Meetings of the Board

The table below shows the directors' attendances to the Board of Directors' meetings for the fiscal year ended on November 30, 2007.

| <u>NAME</u> | <u>ATTENDANCE</u> | | |
|---------------------|---------------------------------|-------------------|----------------|
| | <u>TOTAL NUMBER OF MEETINGS</u> | <u>ATTENDANCE</u> | <u>ABSENCE</u> |
| Gilles Cloutier | 7 | 7 | 0 |
| A. Jean de Grandpré | 7 | 7 | 0 |
| Robert Goyer | 7 | 7 | 0 |
| Gérald A. Lacoste | 7 | 7 | 0 |
| Paul Pommier | 7 | 7 | 0 |
| Bernard Reculeau | 7 | 7 | 0 |
| Jean-Denis Talon | 7 | 7 | 0 |
| Luc Tanguay | 7 | 7 | 0 |
| Yves Rosconi | 7 | 7 | 0 |

A meeting of independent directors, at which non-independent directors and members of management are not in attendance, is planned as the last item of each Board meeting. Accordingly, at the conclusion of each Board meeting, the Chairman determines, along with other directors, the relevance of meeting independently from Management. During the fiscal year ended November 30, 2007, independent directors held one (1) meeting on July 11, 2007.

C. Other Board Memberships

As detailed in the following table, some of the Company’s directors are board members of other reporting issuers.

| <u>NAME</u> | <u>REPORTING ISSUER</u> |
|-------------------|--------------------------------------|
| Gérald A. Lacoste | Amisco Industries Ltd |
| Jean-Denis Talon | Kangourou Média Inc. Toptent Inc. |
| Luc Tanguay | Ambrilia Biopharma Inc. |
| Yves Rosconi | Mistral Pharma Inc. |

2. Mandate of the Board of Directors

The Board of Directors adopted the written mandate attached hereto as Appendix A which defines its role and duties.

3. Position Descriptions

The Board has developed written position descriptions for the Chairman of the Board and Chairs of the Board’s Committees. A position description was also developed for the President and Chief Executive Officer.

4. Orientation and Continuing Education

The Orientation and Continuing Education Policy for newly appointed directors is attached hereto as Appendix B.

5. Ethical Business Conduct

The Board of Directors has not adopted a written ethical business code of conduct for the Company’s directors, executive officers and employees. However, it does encourage and promote ethical business conduct that upholds integrity and fault prevention.

In the event a director or an executive officer has a material interest in any transaction or agreement, the matter may initially be reviewed by the Nominating and Corporate Governance Committee to determine the scope of the interest and its impact on management’s decision-making. The Committee will report its findings to the Board of Directors, which will take appropriate action to ensure independent exercise of judgement. In the event a director has a material interest in any transaction or agreement, such director must disclose, without delay, this conflict of interest and follow the rules provided by the General By-Laws of the Company.

6. Nomination of Directors

The Nominating and Corporate Governance Committee is responsible for proposing new candidates for Board nominations. This Committee is exclusively composed of independent directors. A copy of the Committee’s Charter is attached hereto as Appendix C.

7. Compensation

The Compensation Committee is responsible for examining matters relating to compensation of directors and executive officers on behalf of the Board of Directors. This Committee is comprised exclusively of independent directors. A copy of the Committee's Charter is attached hereto as Appendix D. A detailed description of the procedure used by the Committee to establish compensation is provided under Item II.5 of this Circular.

8. Audit Committee

The Company has an audit committee comprised of three independent directors. Reference is made to section 4.2 of the Company's annual information form dated January 29, 2008 for a description of the Audit Committee.

9. Other Committees

In addition to the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee, the Board of Directors created a Financing Committee composed of two independent directors and two directors who are executive officers of the Company. The Financing Committee's mandate is to study and analyze mergers, acquisitions or financing matters.

Furthermore, in August 2007, the Board of Directors created a Strategic Review Committee. This Committee is comprised of four (4) independent directors, namely Paul Pommier (chair), Gilles Cloutier, A. Jean de Grandpré and Gérald A. Lacoste. The mandate of the Strategic Review Committee consists in reviewing potential strategic alternatives to enhance shareholder value such as the entering into of a co-promotion or a partnership agreement with regards to tesamorelin, the finding of a possible partner, acquiror or target business with a view to complete a merger, a sale or an acquisition.

The Strategic Review Committee has the following authorizations and power:

- to review the terms, conditions and other details of strategic alternatives (including any amendments or variations thereof) with the benefit of advice from any financial and legal advisors;
- to make recommendations to the Board of Directors with respect to strategic alternatives and to undertake a process it considers appropriate in order to provide such recommendations;
- if one of the strategic alternatives is approved by the Board of Directors, to ensure, on behalf of the Board of Directors, a review of its implementation; and
- to negotiate the terms, conditions and other details of any operation that, as a result of the ongoing review process, the Strategic Review Committee considers advisable to be implemented.

10. Assessment

While there is no formal process for assessing directors on an ongoing basis, the directors are free to discuss specific situations from time to time amongst themselves and/or with the Chairman of the Board and, if deemed necessary, steps are taken to remedy the situation.

ITEM V. OTHER INFORMATION

1. Additional Documentation

The Company is a reporting issuer in all Canadian provinces and is required to file its financial statements and Circular with each Canadian Securities Commission. Each year, the Company also files an Annual Information Form with such commissions. The financial information of the Company is provided in the Company's comparative financial statements and Management Discussion & Analysis for its fiscal year ended November 30, 2007. Copies of the Company's financial statements, management proxy circular and Annual Information Form may be obtained on request to the Secretary of the Company at the following address: 2310 Alfred-Nobel Blvd, Montreal, Québec, H4S 2A4 or by consulting the SEDAR Website at www.sedar.com. The Company may require the payment of a reasonable fee if the request is made by someone other than a security holder of the Company, unless the Company is in the course of a distribution of its securities pursuant to a short form prospectus, in which case these documents will be provided free of charge.

2. Approval By The Board Of Directors

The content and the sending of this Circular have been approved by our directors on February 15, 2007.

Montreal, Québec, February 15, 2008.

(signed) Jocelyn Lafond

Jocelyn Lafond,
Secretary

APPENDIX A

MANDATE OF THE BOARD OF DIRECTORS

I. Role

The Company's Board of Directors (the "Board") is ultimately responsible for the stewardship of the Company and executes its mandate directly or after considering recommendations from its related committees and Management.

Management is responsible for the Company's day-to-day activities and is charged with realizing strategic activities approved by the Board within the scope of its authorized business activities, capitalization plan and company directives. Management must report regularly to the Board on matters relating to short-term results and long-term development activities.

II. Obligations and Responsibilities

The Board carries out the functions, performs duties and assumes the responsibilities entrusted by the laws and regulations. The Board may delegate some of its responsibilities to Board committees and Management within the scope of the Company's General By-laws, the laws and the regulations. Therefore, day-to-day management of the Company's activities is entrusted to Senior Management, which reports directly to the Board. One of the key functions of the Board is to appoint the senior management team.

The functions and duties of Board members include, without limitation, the following functions and duties:

- A. Appointment, assessment, succession planning of Senior Management
 - 1. Select and appoint the President and Chief Executive Officer of the Company.
 - 2. Oversee the appointment of other members of Senior Management.
 - 3. Ensure that the Company has a succession plan for the President and Chief Executive Officer.
 - 4. Monitor the performance of the President and Chief Executive Officer and others Executive Officers, with respect to pre-established objectives.
- B. Compensation of Directors
 - 1. Establish the compensation of Directors.
- C. Strategic Direction and Planning
 - 1. Adopt the Company's strategic planning process.
 - 2. Approve the Company's strategic plan and review Senior Management's performance in implementing the plan.
 - 3. Review the strategic plan annually, taking into account opportunities and risks, and monitoring the Company's performance against the plan.
 - 4. Review and approve the Company's annual plans towards financing the strategic plan.
 - 5. Review and approve the Company's annual operating budget.

6. Identify key business risks facing the Company and the implementation of appropriate systems to manage these risks.
7. Discuss with Management how the strategic environment is changing and the key strategic issues.

D. Corporate Behaviour and Governance

1. Develop an approach to corporate governance, including the determination of principles and guidelines for the Company.
2. Obtain reasonable assurance of the integrity of the President and Chief Executive Officer and other senior members of Management, and that they uphold principles of integrity within the ranks of the Company.
3. Oversee the implementation of a Company disclosure policies and procedures.
4. Monitor the integrity of the Company's internal controls and disclosure systems.
5. Be available to receive feedback from stakeholders, which must be provided in writing, at the Company's head office, bearing the mention "Confidential".

E. Personal Behaviours

1. Keep up-to-date with the regular programs and employees of the Company.
2. Upon request, join a committee and actively participate at its meetings.
3. Be accessible, at least by telephone, to personnel and other Company Directors, as required.
4. Keep confidential information discussed during meetings.
5. Attend regular and special Board meetings.
6. Get to know other members of the Board and promote collegial decision-making.

III. External Advisors

In discharging its duties and responsibilities, the Board is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Board

The Board consists of such number of Directors as the Board may determine from time to time by resolution. The Board must assure itself that it is composed of Directors that are sufficiently familiar with the business of the Company, and the risks it faces, to ensure active and effective participation in the deliberations of the Board. Directors should have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Company. Finally, a majority of the Directors must be independent for the purposes of National Policy 58-201 Corporate Governance Guidelines.

V. Board Meeting Procedures

The Board follows the procedure established in the Company's General By-Laws.

VI. Records

The Company's Secretary keeps the records required by law and any other relevant document.

VII. Effective Date

This written mandate was adopted by the Directors at its February 8, 2006 Board meeting.

APPENDIX B

DIRECTOR ORIENTATION AND CONTINUING EDUCATION POLICY

The Board must first ensure that every new nominee as Director possesses the necessary skill, expertise, availability and knowledge to properly fulfil its mandate. Once a Director is effectively elected, the Chairman of the Board, the President and Chief Executive Officer and Secretary provide him with the specific information required for a well-informed contribution.

I. Purpose

The purpose of this Director Orientation and Continuing Education Policy (the “Policy”) is to set forth the Company’s process of orientation for newly appointed Company Directors to familiarize them with the role of the Company’s Board of Directors, its committees, its directors, and the nature and operation of the Company’s business activities. The Policy also indicates the elements of continuing education of the Board of Directors to ensure the Company Directors maintain the skill and knowledge necessary to fulfill their obligations as directors.

II. Orientation of New Directors

Newly appointed Directors first meet with the Chairman of the Board to discuss the functioning of the Board of Directors. Then, they meet with the President and Chief Executive Officer to discuss the nature and operation of the Company’s business activities. As required, meetings may be set up with other Senior Managers to further clarify some of the Company’s business activities. Finally, the Secretary provides new directors with the following documents:

- A. Copies of Board meeting minutes and written resolutions since the beginning of the fiscal year (which may include those of the preceding fiscal year, depending of the date of appointment), including a copy of the minutes of the last annual meeting;
- B. A schedule of Board Meetings for the year;
- C. The disclosure policies et procedures and the “Undertaking” form (for signature);
- D. The policy on insider trading in force at Theratechnologies (with mention to register as an insider with the Canadian securities agency through SEDI.ca and to prepare an initial insider report within ten (10) days following appointment);
- E. Theratechnologies’ Share Option Plan;
- F. The latest annual report and accompanying information on Theratechnologies (fact sheet, latest press releases, latest annual information form and corporate presentation);
- G. The Director Disclosure Form (to complete and return within afforded time);
- H. The General By-Laws, the Board’s written mandate, the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Charter; and
- I. The Directors and Senior Management coverage and compensation.

III. Continuing Education

The following actions are taken to ensure the continuing education of Directors:

- A. Management provides Directors, from time to time, with pertinent articles and books relating to the Company's business, its competitors, corporate governance and regulatory issues;
- B. Key Company executives make regular presentations to the Board on business activities;
- C. Certain consultants present to the Board on matters relevant to their role and duties. Consultants such as insurance brokers presenting on risks faced by the Company or consultants presenting a long-term strategy for the Company;
- D. The Secretary offers Directors continuing education in the form of presentations on new legal and regulatory requirements that impact the Board.

IV. Review

This Policy is reviewed and modified when the Board of Directors considers it necessary and desirable.

APPENDIX C

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. Mandate

The Nominating and Corporate Governance Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

- A. Recruit candidates for the Board;
- B. Review the size of the Board;
- C. Composition of the Board;
- D. Function of the Board;
- E. Orientation and education of Board members; and
- F. Governance.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to a Nominating and Corporate Governance Committee and any other duty assigned from time to time by the Board. Specifically, the Committee is charged with the following obligations and duties:

- A. Recruit Candidates for the Board
 - 1. Identify potential candidates as members of the Company's Board of Directors. In so doing, the Committee will consider:
 - a. independence of candidates under the terms of National Policy 58-201 on corporate governance;
 - b. the competencies, skills and personal characteristics sought in candidates. The Committee will determine what it considers necessary by assessing competencies, skills and personal characteristics of the candidates in relation to: (1) those generally required by the Board; (2) those already present in other Board members; and (3) those which are a welcome addition; and
 - c. the availability of candidates.
 - 2. All Board members may submit to the Committee potential candidates for membership, and the Committee shall review such candidates in light of above described competencies and skills desirable for the Board.
 - 3. The Committee shall proceed as follows for the recruitment of candidates:
 - a. as it is determined by the Committee and the Board of Directors that Board vacancies must be filled or new members are desirable, the Chairman of the Board of Directors shall make contact with candidates that have been identified by the Committee per the above described criteria;

- b. upon a positive evaluation by the Chairman of the Board of Directors and positive reaction from the candidate, at least two (2) members of the Board shall meet with the candidate; and
- c. upon a positive evaluation by the two (2) Board members and the continuing interest of the candidate, the Committee shall make a recommendation to the Board of Directors, providing all pertinent background information for analysis and discussion by the Directors.

B. Board Size

The Board must be composed of 3 to 20 directors, as per the Company's articles of incorporation and by law. As provided under the terms of the Company General By-Laws, the Board shall exercise its power to establish by resolution the exact number of directors. In this regard, the duties of the Committee are as follows:

- 1. Examine the size of the Board annually in view of assessing its effectiveness.
- 2. Consider modifications to the number of constituting members and issue its recommendations to the Board.

C. Composition of the Board

- 1. Ensure that the Board is composed of Directors that are sufficiently familiar with the business of the Company, and the risks it faces, to ensure active and effective participation in the deliberations of the Board.
- 2. Ensure that Directors have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Company.
- 3. Ensure that a majority of the directors are independent directors for the purposes of National Policy 58-201 Corporate Governance Guidelines.

D. Board Functioning

- 1. Examine the Board's functions and issue recommendations as to its obligations and role. Among others, the Committee must regularly review the Board's written mandate.
- 2. Determine and review, as needed, the roles and mandates of Board committees and issue recommendations.

E. Orientation and Continuing Education of Board Members

Develop an orientation and continuing education policy for Directors.

F. Governance

- 1. Follow corporate governance developments and, as required, advise the Board of appropriate actions.
- 2. Examine appropriate actions to promote ethical business conduct, issue relevant recommendations to the Board and oversee their implementation.
- 3. Examine conflict of interest issues that may be brought to the attention of the Board and offer solutions.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company, as determined by the Board in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next Annual General Meeting of Shareholders, or until successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings.

VIII. Secretary

Unless decided otherwise by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

X. Quorum and Vote

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary for its deliberations and reports to the Board on its activities and recommendations on a regular basis.

XII. Effective Date

This charter was adopted by the Directors during the February 8, 2006 Board meeting.

APPENDIX D

COMPENSATION COMMITTEE CHARTER

I. Mandate

The Compensation Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

- A. compensation of Senior Management;
- B. assessment of Senior Management;
- C. compensation of Directors;
- D. stock option grants;
- E. overall increase in total compensation.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to a compensation committee and any other duty assigned from time to time by the Board. Specifically, the Committee is charged with the following obligations and duties:

- A. Compensation of Senior Management
 - 1. Develop a compensation policy for the Company's Senior Management, notably the Senior Management compensation structure, annual salary adjustments as well as the creation and administration of short and long term incentive plans, stock options, indirect advantages and benefits proposed by the President and Chief Executive Officer.
 - 2. Review and establish all forms of compensation to Senior Management.
 - 3. Oversee, as required, employment contracts and terminations of Senior Management, notably severance pay.
 - 4. Oversee the Company's annual report on Senior Management compensation part of the Company's continuous disclosure requirements under applicable laws and regulations.
- B. Assessment of Senior Management
 - 1. Develop a written position description for the President and Chief Executive Officer.
 - 2. Establish general objectives annually for the President and Chief Executive Officer of the Company and for other members of senior management.
 - 3. Examine and review annually the President and Chief Executive Officer's performance against specific performance criteria pre-established by the Committee.

4. Examine, in collaboration with the President and Chief Executive Officer, the annual performance assessment of other senior managers.
- C. Compensation of Directors
1. Recommend to the Board approval of the Director's Compensation Policy.
 2. Examine the compensation of Directors in relation to the risks and duties of their position.
- D. Stock Option Grants
1. Oversee, review as needed and recommend Board approval of the Company Share Option Plan.
 2. The Committee may delegate, at its discretion, the plan's administration to members of the Company's Management and employees.
 3. Examine, oversee and recommend Board approval of stock option grants, specifically:
 - a. the people to whom options are granted;
 - b. the number of options granted;
 - c. the exercise price of the options;
 - d. the exercise period of the options; and
 - e. all other conditions relating to options granted.
 4. Overall Increase in Total Compensation
Approve annually the Company's increase in overall compensation.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company, as determined by the Board, in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of shareholders, or until successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings.

VIII. Secretary

Unless decided otherwise by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

X. Quorum and Vote

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary for its deliberations and reports to the Board on its activities and recommendations on a regular basis.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the February 8, 2006 Board meeting.