ANNUAL INFORMATION FORM
Financial Year Ended November 30, 2008

February 24, 2009

FORWARD-LOOKING INFORMATION

This annual information form contains certain statements that are considered "forward-looking information" within the meaning of applicable securities legislation. This forward-looking information includes, but is not limited to, information regarding the filing of an NDA (hereafter defined) with the FDA (hereafter defined), the commercialization of tesamorelin in HIV-associated lipodystrophy, the announcement of a new indication for tesamorelin and the development program of Theratechnologies' peptides in acute renal failure. More specifically, paragraphs relating to the Company's perspectives, notably Sections 2.3, 3.1B, 3.2B.iii and the second paragraph of 3.2C are forward-looking by nature and are required by regulation. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms or variations of them and the use of the conditional tense as well as similar expressions denote forward-looking information.

Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those which are disclosed in or implied by such forward-looking information. These risks and uncertainties are described in Section 3.10 and include, but are not limited to, the risk that the Company may not obtain all required approvals from regulatory agencies to market its products, the risk that the Company's products may not be accepted by the market, the difficulties the Company may encounter in building a sales force or entering into agreements for the manufacturing and commercialization of tesamorelin and the delays that may occur if the Company encounters problems with a third-party supplier of services.

Although the forward-looking information contained in this annual information form is based upon what the Company believes are reasonable assumptions, investors are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions made in preparing the forward-looking information and the Company's objectives include the assumption that the Company will complete all of its analyses from the Phase 3 clinical studies on tesamorelin for the treatment of HIV-associated lipodystrophy in time to submit an NDA to the FDA over the course of the year, that the FDA will approve the NDA once filed by the Company, that tesamorelin for the treatment of HIV-associated lipodystrophy will be accepted by the market once commercialized and that current relationships with the Company's third-party suppliers of services and products will remain good.

Consequently, all of the forward-looking information contained in this annual information form is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company, its business, financial condition or results of operations. The Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

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ITEM 1 CORPORATE STRUCTURE

1.1 NAME

The company was incorporated under the name Theratechnologies Inc. In this annual information form, the terms “Company” and “Theratechnologies” refer to Theratechnologies Inc.

1.2 ADDRESS

The head office of the Company is located at 2310 Alfred-Nobel Boulevard, in the Technoparc Montréal, in the city of Montréal, Québec, H4S 2B4.

1.3 INCORPORATION

The Company was incorporated by Certificate of Incorporation issued under Part IA of the *Companies Act* (Québec) on October 19, 1993. By a certificate of amendment dated October 20, 1993, the Company repealed the restrictions applicable to private companies. On December 6, 1993, the articles were amended to establish the number of directors and to amend its capital stock. Finally, on March 26, 1997, the capital stock was further amended to consist of an unlimited number of common shares and an unlimited number of preferred shares.

ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS

The Company began its activities in December 1993 with a widely diversified portfolio of research and development projects mostly originating from the Université de Montréal. Therapeutic products as well as projects in dentistry, veterinary medicine, medical apparatus and software development then comprised the portfolio. The Company also developed its own analogues and peptides over its existence, such as tesamorelin, the Company's lead compound. The Company proceeded to focus its activities with the result that it is now specializing in the development of novel therapeutic products that target unmet medical needs in commercially attractive specialty markets.

During this process, the Company withdrew from non-core activities by creating subsidiaries and granting licenses to third parties. These subsidiaries were subsequently spun-off and the Company no longer holds any significant interest in these corporate entities. Also, as part of the focusing of its activities, the Company acquired Pharma-G Inc., an early development stage company whose business was focused on the discovery of therapeutic peptides. Pharma-G's know-how relating to the development of therapeutic peptides was added to the discovery tool developed internally by the Company, such as the Long Acting Peptides method (hereafter "LAP").

Over the course of the years, the Company also out-licensed some of its therapeutic peptides that it considered non-core to its business.

On October 29, 2008, the Company announced the execution of a collaboration and licensing agreement (hereafter the "Collaboration and Licensing Agreement") with EMD Serono, Inc. (hereafter "EMD Serono") granting EMD Serono the exclusive commercialization rights in the United States to tesamorelin for the treatment of HIV-associated lipodystrophy. For a description of the Collaboration and Licensing Agreement, see "Item 2 – B" below.

Today, the Company is primarily focused on preparing the filing of a new drug application (hereafter "NDA") with the Food and Drug Administration of the United States of America (hereafter "FDA") for its tesamorelin for the treatment of HIV-associated lipodystrophy. The Company is also collaborating with EMD Serono for the preparation of the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in the United States if, and when, the NDA is approved by the FDA. Moreover, Theratechnologies continues its research and development program to discover new analogues and peptides.

2.1 HISTORICAL NOTES ON THE COMPANY FOR THE LAST THREE FINANCIAL YEARS

A. PRODUCT DEVELOPMENT

i. Tesamorelin

During the last three financial years, the Company has advanced the development of tesamorelin in its Phase 3 clinical program. Previously, the Company studied the effects of tesamorelin in seven clinical studies, which resulted in a better understanding of its mode of action. In June 2004, the Company selected HIV-associated lipodystrophy as the medical condition it believed to be the best entry point for the commercialization of tesamorelin. This medical condition was chosen for the following reasons: HIV-associated lipodystrophy is an unmet medical need (no other product has been approved to treat it), tesamorelin has potential clinical advantages over other products being developed in this indication, the clinical and regulatory program is manageable for the Company (costs and size of the Phase 3 studies),

and the market can be served at a reasonable cost (restricted number of specialists). In March 2005, the FDA gave its assent to the first Phase 3 protocol for tesamorelin in HIV-associated lipodystrophy and the first patient began treatment in June 2005. In August 2005, the approval for the Canadian arm of the study was received by the Company from the Therapeutic Products Directorate of the Health Products and Food Branch of Health Canada (hereafter "TPD"). In March 2006, the Company completed patient enrollment for this first Phase 3 clinical study. In August 2006, the Company received a Special Protocol Assessment (hereafter "SPA") from the FDA for the design of its confirmatory Phase 3 clinical study. On December 19, 2006, the Company announced the top-line results for the first 26 weeks of its first Phase 3 clinical study, the results of which were presented at the 14th Conference on Retroviruses and Opportunistic Infections in Los Angeles in February 2007.

In January 2007, the Company initiated its confirmatory Phase 3 clinical study, which was conducted in North America (Canada and United States) and Europe (United Kingdom, Belgium, France and Spain). In July 2007, the Company announced the results related to body image, its fourth secondary efficacy endpoint of its first Phase 3 clinical study. In October 2007, the Company announced the 52-week results of its first Phase 3 clinical study. These results were presented at the end of October 2007 at the 11th European AIDS Conference in Madrid and, in December 2007, the 26-week data of the first Phase 3 clinical study were published in the *New England Journal of Medicine* (hereafter "NEJM"). The 52-week results of the first Phase 3 clinical study were published in the September 2, 2008 issue of the *Journal of the International AIDS Society*.

During the last financial year, additional important milestones for the lipodystrophy program were met. In April 2008, the Company announced that the last patient had completed 26 weeks of treatment in the confirmatory Phase 3 clinical study. In June 2008, the Company announced the 26-week results for its confirmatory Phase 3 clinical study and, in December 2008, the Company reported the 52-week results of its confirmatory Phase 3 clinical study. The results reported from both the 26-week confirmatory clinical study and 52-week confirmatory clinical study were consistent with the efficacy and safety profile observed in the first Phase 3 clinical study. This announcement ended the Phase 3 clinical studies for tesamorelin in HIV-associated lipodystrophy.

In May 2008, the Company entered into a material transfer agreement and a license agreement with the Massachusetts General Hospital (hereafter "MGH") and Dr. Steven Grinspoon further to Dr. Grinspoon having received a grant from the National Institutes of Health (hereafter "NIH"), an agency of the U.S. Department of Health and Human Services, to explore the use of tesamorelin in relative growth hormone deficient abdominally obese subjects. The MGH, under the direction of Dr. Grinspoon, is the sponsor and will conduct a clinical trial with tesamorelin on obese subjects with a moderate growth hormone deficiency. Most of those subjects will have excess visceral adipose tissue. The Company accepted to provide tesamorelin for this study but has no other obligations, financial or otherwise, in the execution of this study while it will retain the benefits from the results generated in this study, if any.

ii. Acute Renal Failure

During the last financial years, the Company developed and did some pre-clinical work on a molecule known as THG213.29 with the intent of pursuing an indication in acute renal failure. In recent years, the discovery department of the Company discovered new molecules which appear to be more potent than THG213.29 for the treatment of acute renal failure.

After a careful review by management of the Company of its portfolio of molecules, the Company decided, in the last financial year, to abandon THG213.29 and prioritize other molecules in the event the Company decides to pursue an indication in acute renal failure.

iii. Other Molecules

During the last financial years, the Company established a portfolio of products for the treatment of diabetes by way of internal development, research collaboration and product acquisition. Following a strategic analysis in the third quarter of 2005, the Company decided not to pursue its activities in diabetes, glaucoma and pre-term labour. In September 2007, the Company announced that it had entered into a license agreement with OctoPlus N.V., a European company, providing it with the exclusive worldwide rights to develop and commercialize the Company's GLP-1 portfolio of analogues. In May 2008, the Company also entered into an exclusive license agreement with PDC Biotech GmbH for its family of antagonists of the prostaglandin F2a receptor for use in pre-term labour and primary dysmenorrhea.

B. RECENT PARTNERSHIPS

i. EMD Serono

On October 28, 2008, the Company entered into the Collaboration and Licensing Agreement with EMD Serono, an affiliate of Merck KGaA, Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV patients with lipodystrophy.

Under the terms of the agreement, the Company retained all rights for the commercialization of tesamorelin outside of the United States and is responsible for the development of tesamorelin for the treatment of HIV-associated lipodystrophy up to obtaining marketing approval in the United States. The Company is also responsible for product production and for the development of a new formulation of tesamorelin for the treatment of HIV-associated lipodystrophy. EMD Serono is responsible for conducting product commercialization activities.

The agreement also entitles the Company to conduct research and development for additional indications. EMD Serono has the option to commercialize additional indications for tesamorelin in the United States. If EMD Serono exercises this option, it will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to EMD Serono's agreement, to participate in the promotion of the product for the additional indications.

On December 15, 2008, the closing date of the transaction relating to the Collaboration and Licensing Agreement, the Company received US$30 million (CAD$36,9 million), which included an initial payment of US$22 million (CAD$27,1 million) and US$8 million (CAD$9,8 million) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. Under the terms of the Collaboration and Licensing Agreement, the Company may receive up to US$215 million (CAD$265 million), which amount includes the initial payment of US$22 million and the equity investment of US$8 million as well as payments based on the achievement of certain development, regulatory and sales milestones. The Company will also be entitled to receive increasing royalties on annual net sales of tesamorelin in the United States.

ii. PDC Biotech GmbH

On May 12, 2008, the Company entered into a worldwide royalty bearing exclusive license agreement with PDC Biotech GmbH for its family of antagonists of the prostaglandin F2a receptor for use in pre-term labour and primary dysmenorrhea. Under the terms of this agreement, PDC Biotech GmbH obtained all

rights to the development, use and commercialization of the family of antagonists of the prostaglandin F2a receptor. Upon the commercialization of any product based on the technology licensed under the agreement, the Company will be entitled to receive royalty payments. Unless earlier terminated in accordance with certain events stated in the agreement, the agreement will expire on the later of: (i) October 3, 2020 or (ii) the date on which all patent rights issued in connection with the technology licensed or any improvement thereof expire.

C. EXECUTIVE MANAGEMENT

In June 2004, the Company announced plans to reorganize its executive management with a view to better position itself for the late-stage development and commercialization of tesamorelin. Consequently, it recruited directors and executive officers with experience in late-stage product development and commercialization. In November 2004, Yves Rosconi joined the Company as President and Chief Executive Officer. In 2005, Robert Goyer and Bernard Reculeau joined the Board of Directors and in 2006, Gérald A. Lacoste joined the Board of Directors.

In the past three financial years, the following current executive officers joined the Company: Martine Ortega, Jocelyn Lafond, Christian Marsolais and Andrea Gilpin. The Company also retained the services of Mr. Shawn Barney, as consultant, to help with the management of the preclinical department of the Company.

D. FINANCING ACTIVITIES

During the last three financial years, the Company completed three public financings. In March 2006, the Company issued common shares for gross proceeds of $21,825,375. In February 2007, the Company completed a public offering of its common shares for gross proceeds of $57,750,000 and, in February 2008, the Company also completed a public offering of its common shares for gross proceeds of $29,750,000.

The Company also received proceeds of $2,391,526 in 2007 and $396,871 in 2008 following the exercise of options under its share option plan. No option was exercised in the financial year 2006. Finally, the Company received proceeds of $68,089 in 2006, $128,580 in 2007 and $149,103 in 2008 following the subscription of common shares under its common share purchase plan.

E. INVESTMENTS IN OTHER COMPANIES

During the last three financial years, the Company reduced or sold its interests in various companies. In the financial year ended November 30, 2007, the Company sold the balance of its common shares of Thallion Pharmaceuticals Inc. (formerly Ecopia BioSciences Inc.) on the open market. In June 2006, the Company exchanged its shares of Sonomed Inc. (formerly Andromed Inc.) for shares of SND Energy Ltd. (hereafter “SND”) pursuant to a corporate arrangement between Sonomed Inc. and SND. The Company currently owns a 11.1% interest in SND, a company the shares of which are not listed on any stock exchange.

2.2 RECENT DEVELOPMENTS

With the announcement in December 2008 of the 52-week results of its confirmatory Phase 3 clinical study, the Company completed its Phase 3 clinical studies for tesamorelin in HIV-associated lipodystrophy.

In October 2008, within the context of the formal review of strategic alternatives announced by the Company in January 2008, the Company and EMD Serono entered into the Collaboration and Licensing Agreement. For a description of the Collaboration and Licensing Agreement, see "Item 2 - 2.1 - Bi" above. The announcement of this transaction ended the strategic alternatives review process undertaken by the Company.

In May 2008, the Company entered into a material transfer agreement with the MGH and Dr. Steven Grinspoon to supply the MGH and Dr. Grinspoon with tesamorelin to explore the use of tesamorelin in relative growth hormone deficient abdominally obese subjects. For a description of this agreement, see "Item 2 - 2.1- Ai".

2.3 EXPECTATIONS FOR THE PRESENT FINANCIAL YEAR

The Company's primary objective for the current financial year is the filing of an NDA with the FDA for tesamorelin to be used in the treatment of HIV-associated lipodystrophy. Also, the Company will continue to collaborate with EMD Serono for the preparation of the commercialization of tesamorelin in HIV-associated lipodystrophy if, and when, the NDA is approved by the FDA.

In connection with the preparation by EMD Serono of the commercialization of tesamorelin in HIV-associated lipodystrophy, the Company will continue seeking and negotiating with third-party suppliers whose services may have an impact on the commercialization of tesamorelin.

Moreover, the Company will continue to explore the potential of getting tesamorelin approved in other countries for the treatment of HIV-associated lipodystrophy while seeking partners to commercialize tesamorelin in those other countries. The Company will continue to examine other indications for which tesamorelin could be developed.

Finally, all of the foregoing activities will be carried out in a cost-efficient manner to conserve the Company's cash position and to manage its burn rate.

ITEM 3 DESCRIPTION OF THE BUSINESS OF THE COMPANY

3.1 STRATEGIC APPROACH

A. MISSION

Theratechnologies is a Canadian biopharmaceutical company which discovers or acquires novel therapeutic products for development and commercialization. The Company targets unmet medical needs in commercially attractive speciality markets where the whole or a part of the commercial rights can be retained.

B. STRATEGY

The Company's strategy consists in bringing tesamorelin to the market. In pursuing this strategy, the Company intends to:

- File an NDA with the FDA with respect to tesamorelin for the treatment of HIV-associated lipodystrophy;
- Obtain regulatory approval for the commercialization of tesamorelin in HIV-associated lipodystrophy in countries other than the United States;
- Enter into agreements with partners for the commercialization of tesamorelin in HIV-associated lipodystrophy in countries other than the United States; and
- Develop tesamorelin in indications other than HIV-associated lipodystrophy which meet the criteria described below.

In pursuing the development of additional products, the Company relies on a set of criteria to guide its choice of development projects. In order to be considered for future development, drug candidates must:

- Have a potential competitive edge over products currently marketed or in development;
- Have a clear regulatory path and a manageable clinical program;
- Be aimed at a specialty market where commercial rights can be retained in whole or in part; and
- Have the potential for attractive profit margins with a rapid return on investment.

The Company's current product portfolio contains molecules which meet these criteria. However, in the long-term, the Company may consider acquiring advanced-stage molecules that meet these criteria from third-parties to grow its pipeline of products.

C. BUSINESS PLAN

i. Discovery

Theratechnologies has developed specific expertise in the field of therapeutic peptides.

Although natural peptides have significant therapeutic potential, they are subject to enzymatic degradation which severely limits their effectiveness in clinical use. Theratechnologies' LAP is a peptide stabilization technology which increases the target protein's resistance to enzymatic degradation, while maintaining its natural specificity. The result is a more stable and efficient compound. The Company's tesamorelin was developed using this technology.

Theratechnologies has developed know-how in peptides in the field of acute renal failure and the Company intends to continue research and development of its compounds.

ii. Development

With respect to the preclinical and clinical development of its products, Theratechnologies employs a combination of internal resources and outside contractors. Animal toxicology studies are conducted by contract research organizations. The Company's clinical studies are designed internally by employees with external support when needed, but are carried out, for the most part, by contract research organizations. The entry and management of clinical data, as well as the statistical analyses, are principally carried out by contract research organizations in this field. In all cases where work is subcontracted, the Company's specialized personnel is responsible for monitoring the work and ensuring that established and documented standard operating procedures are used. These employees are responsible for preparing the experimental protocols, following-up on the studies, interpreting the results and completing study reports as well as other additional documents that may be required for regulatory submissions.

iii. Manufacturing

The Company has the capacity to produce small quantities of peptides which may be used for preclinical studies. For the manufacturing of needed drug substances into clinical supplies, which are produced in larger quantities and in accordance with stricter regulatory requirements, known as Good Manufacturing Practices (hereafter "GMP"), the Company entered into an agreement with an American subsidiary of Bachem AG of Switzerland (hereafter "Bachem") in 2001 specializing in the manufacture of peptides. This agreement provides for Bachem to develop a large-scale manufacturing process and ensures that it meets GMP requirements.

In addition, in 2006, the Company entered into an agreement with Draxis. This agreement provides for Draxis to manufacture tesamorelin in its finished form as per the formulation and manufacturing process previously developed by the Company for tesamorelin. As part of this agreement, Draxis must insert the molecule of tesamorelin into vials, package and label those vials and deliver them to the Company. Draxis also carries out stability studies on tesamorelin.

iv. Commercialization

The Company's strategy consists in commercializing tesamorelin in HIV-associated lipodystrophy and in other potential indications in various countries, mainly through partners.

3.2 COMPANY PRODUCTS

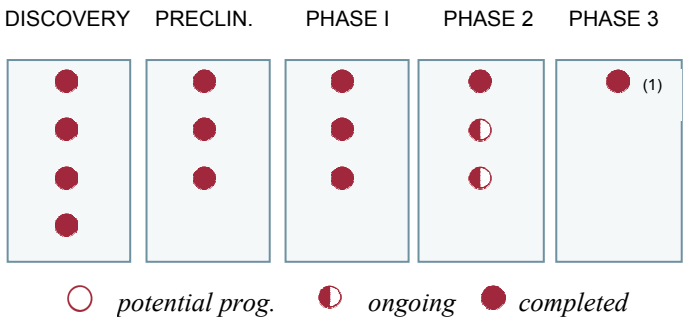
Presently, the Company's products are at different stages of development, from discovery to Phase 3 development. In keeping with Theratechnologies' strategy, such products target unmet medical needs in commercially attractive markets.

A. PRODUCT PORTFOLIO OVERVIEW

The following table provides an overview of the Company's products and their stages of development:

Products Currently in Development

- HIV-associated lipodystrophy – tesamorelin
- Growth hormone deficiency abdominal obesity (NIH Study) – tesamorelin[2]
- Mild Cognitive Impairment[3] (NIH Study) - tesamorelin
- Acute Renal Failure Program



(1) The Company has completed its Phase 3 clinical studies.
(2) Study sponsored by the MGH through Dr. Steven Grinspoon.
(3) Study sponsored by the University of Washington through Dr. Michael V. Vitiello.

B. TESAMORELIN

Tesamorelin, a growth hormone-releasing factor analogue, was developed in Theratechnologies' laboratories in 1995 and has been patented by the Company. This analogue was synthesized by optimizing and stabilizing natural Growth Hormone-Releasing Factor (hereafter "GRF") using the LAP method described in paragraph 3.1C.i. above, thus prolonging its duration of action. This product induces growth hormone secretion in a natural and pulsatile way. The results obtained to date suggest a therapeutic potential in both anabolic and metabolic/lipolytic indications.

i. Mechanism of Action

Growth hormone (hereafter "GH") is secreted by the pituitary gland and plays a key role in regulating metabolism. Its secretion is stimulated by GRF, a hypothalamic hormone. GH influences anabolism, immune function and cognitive function. It also exerts a lipolytic effect by reducing the accumulation of fat in adipose tissue.

The effects of GRF/GH and Insulin-Like Growth Factor (hereafter "IGF-1") on adipose tissue have led to several clinical trials in the area of HIV-associated lipodystrophy. In fact, exploratory trials undertaken with recombinant human growth hormone (hereafter "rhGH"), recombinant GRF (hereafter "rhGRF" or "rhGHRH") and tesamorelin (a stabilised form of the latter) have demonstrated that the lipolytic action

induced by these treatments was capable of decreasing visceral adipose tissue (hereafter "VAT") without decreasing the subcutaneous tissue (hereafter "SAT").

Studies to date appear to indicate that the lipolytic effects of rhGH and tesamorelin on VAT are similar, except that tesamorelin has a limited effect on SAT. The limited effect of tesamorelin on SAT is important for the treatment of HIV patients with lipodystrophy, which is often associated with lipoatrophy, the latter being characterized by a reduction of SAT. However, the safety profiles of rhGH and tesamorelin are very different.

Similarly to natural GH, rhGH stimulates the synthesis of IGF-1. However, whereas the natural synthesis of IGF-1 is regulated by a feedback mechanism preventing its overproduction, this mechanism is short-circuited by the administration of exogenous rhGH. This gives rise to side effects, which are particularly frequent among older people. In addition, rhGH can cause hyperglycemia which limits its use in patients with diabetes or pre-diabetic conditions, such patients constituting a substantial percentage of the lipodystrophy patient population.

Contrary to rhGH, rhGRF provokes optimal activity of the somatotrope function and retains the natural rhythm (pulsatility) of the physiological secretion of growth hormone, without interfering with the feedback mechanism mentioned above. Despite these advantages, rhGRF's therapeutic potential is limited by the fact that it must be administered twice a day due to its very brief duration of action.

Theratechnologies has been studying the mechanisms of action of GH and GRF for several years and has sought to develop analogues of GRF which would be very specific, have a prolonged effect, and could be manufactured at a relatively low cost. It has, therefore, synthesized several GRF analogues using the LAP technology, including the tesamorelin peptide. This product has the characteristic of inducing secretion of GH in a natural and pulsatile fashion and combines the advantages of natural GRF with the ease of a once-a-day administration, thus resulting in better patient acceptance and higher probability of compliance.

ii. Development

Preclinical. In animal tests, tesamorelin has been shown to have a lasting and effective action on the secretion of GH and, as a result, on the secretion of IGF-1. These effects are obtained with much smaller doses when compared with natural GRF.

Phase 1. A clinical trial was designed to establish the safety of multiple doses, as well as to measure the production of IGF-1. The results of this trial were very conclusive. Indeed, in only a few days, tesamorelin doubled IGF-1 levels in treated subjects to a level corresponding to the one found in a young adult. In addition, the side-effect profile of tesamorelin was comparable to placebo. It was also found that the drug was highly specific as it did not significantly affect the secretion of other pituitary hormones.

Phase 2. Following those results, the Company initiated a Phase 2 clinical development program centered on tesamorelin's effect on anabolism, the immune system and cognitive functions as well as its lipolytic effect. The Company completed seven Phase 2 studies through which it was able to better understand the metabolic effects of tesamorelin and characterize its safety in various populations, including adults and diabetic patients.

More specifically, the Company decided to conduct a Phase 2 study on tesamorelin's effect in HIV-associated lipodystrophy. As stated above, studies have demonstrated that rhGH, by its lipolytic action, effectively reduces excessive visceral fat in patients suffering from HIV-associated lipodystrophy, while at the same time, increasing muscle mass and reducing non-HDL cholesterol (atherogenic or bad

cholesterol). However, the administration of rhGH is not indicated for glucose-intolerant patients, a condition often observed in these patients. Consequently, Theratechnologies decided to study the effect of tesamorelin in the treatment of this condition. Highlights of the study included a good safety profile, a clear effect on body composition and a clinically relevant reduction in visceral fat while subcutaneous fat was preserved.

Phase 3. Based on the results of Phase 2 clinical trials, the Company considered different indications for late-stage development of tesamorelin. It ultimately chose HIV-associated lipodystrophy because it provided an excellent entry point for the commercialization of tesamorelin:

- It represented an unmet medical need, making it possible for the Company to be among the first to the market.
- It had a potential clinical advantage over other products in development because it was possible to administer it safely to pre-diabetic and diabetic patients, which represented approximately 40% of the lipodystrophic patient population.
- The Phase 3 clinical program in this indication was manageable for a biotechnology company the size of Theratechnologies, in terms of number of patients and duration of treatment.
- The targeted commercial audience was made up of a relatively small number of HIV specialists.

The Company designed a Phase 3 clinical program for tesamorelin in HIV-associated lipodystrophy and had it validated by American regulatory authorities. Based on Phase 2 safety results, the Company was able to include glucose-intolerant and untreated diabetic patients in its program. The program included two independent clinical trials to demonstrate the safety and efficacy of tesamorelin in the treatment of HIV patients with excess abdominal fat. For both Phase 3 trials, data were discussed at 26 and 52 weeks.

In June 2005, the Company began treatment of its first patient in its first Phase 3 study. The results of the first 26-week period of the first study were announced by the Company on December 19, 2006 and were published in the NEJM on December 6, 2007. Patients treated with tesamorelin achieved an average reduction of 15% in visceral adipose tissue ("VAT") versus baseline, compared to an average increase of 5% in the placebo group. The net result was a 20% difference versus placebo ($p<0.001$). In absolute terms, the average VAT reduction was 28 square centimeters. Overall body fat was preferentially lost in the abdomen, with no clinically significant changes in limb or facial fat. The levels of triglycerides decreased by 50 mg per deciliter and increased by 9 mg per deciliter, respectively, and the ratio of total cholesterol to HDL cholesterol decreased by 0.31 and increased by 0.21, respectively ($p<0.001$ for all comparisons). Adverse events (side effects) did not differ significantly between the two study groups, but more patients in the group treated with tesamorelin dropped-out from the study because of adverse events. No significant differences were observed with regard to blood sugar levels.

The results of the extension phase (52-week data) of the study were announced on October 1, 2007 and presented at the end of October at the 11th European AIDS Conference in Madrid. Treatment with tesamorelin (2 mg/day) for 52 weeks was overall well tolerated, including with regard to blood sugar levels. The primary objective of the extension phase of the study was to evaluate the safety profile of tesamorelin over a 52-week period. The safety profile in this extension phase confirmed the previous safety and efficacy data disclosed after 26 weeks of treatment. The drop-out rate for the patients treated with tesamorelin for 52 weeks of treatment was 16% as compared to 23% for the first 26 weeks of

treatment. Patients on placebo for 26 weeks and subsequently treated with tesamorelin had a drop-out rate of 22%, which is comparable to the data previously disclosed. As experienced for the first 26 weeks of treatment, no issues related to blood sugar levels were observed after 52 weeks of treatment. Although the primary objective of the trial was to determine the long term (52 weeks) safety profile of tesamorelin, additional data emerged regarding the efficacy of tesamorelin. Those patients who were treated for 52 weeks experienced a total reduction of 18% VAT compared to baseline ($p<0.001$). Patients who were given placebo for 26 weeks and subsequently treated with tesamorelin for 26 weeks experienced a total reduction of 13% VAT ($p<0.001$) while in comparison, as previously disclosed, patients treated with tesamorelin for the first 26 weeks experienced a total of 15% VAT reduction ($p<0.001$). Finally, patients treated with tesamorelin for 26 weeks followed by placebo for 26 weeks regained VAT to levels comparable to their baseline values (-1.6%, $p<0.191$).

The confirmatory Phase 3 clinical study began in January 2007 and the recruitment was completed in September 2007. This study was carried out with approximately 400 patients in North America and Europe. The 26-week confirmatory Phase 3 clinical study was designed to evaluate the efficacy of tesamorelin in patients with HIV-associated lipodystrophy and was powered to detect an 8% reduction in VAT versus placebo. The results of the first 26-week period of the confirmatory study were announced by the Company on June 18, 2008. These results showed that patients treated with tesamorelin for 26 weeks achieved an average 11% decrease in VAT versus baseline ($p<0.001$) and 10% versus placebo. The study also showed a trend for improvement in triglyceride levels for patients treated with tesamorelin versus placebo ($p=0.102$) and was significantly different versus baseline ($p=0.006$). The study did not demonstrate a significant impact on the total cholesterol to HDL cholesterol ratio. The drop-out rate for patients treated with tesamorelin was 25% compared to 27% for the placebo group.

On December 15, 2008, the Company announced the 52-week results of its confirmatory Phase 3 clinical study. This study was carried out to evaluate the long-term (52 weeks) safety profile of tesamorelin in patients with HIV-associated lipodystrophy. The following glucose parameters were observed after 52 weeks of treatment with tesamorelin: changes in fasting blood glucose, two-hour oral glucose tolerance test, and fasting insulin levels were 0.00 ± 0.89 mmol/L, -0.08 ± 2.08 mmol/L, and -37.6 ± 180 pmol/L, respectively. Although the primary objective of the Phase 3 clinical studies was to determine the long-term (52 weeks) safety profile of tesamorelin, the data regarding the efficacy of tesamorelin in this confirmatory trial replicated what was observed in the first Phase 3 clinical study. Those patients who were treated for 52 weeks in the confirmatory clinical study experienced a total reduction of 18% VAT compared to baseline ($p<0.001$) which is consistent with the results observed at 52 weeks in the first clinical study. Patients treated with tesamorelin for the first 26 weeks in the confirmatory clinical study experienced a total of 11% VAT reduction ($p<0.001$). Further aligned with these results, patients who were on the placebo arm for the first 26 weeks and were crossed over to treatment from weeks 26 to 52 had a decrease of 14% in VAT compared to baseline ($p<0.001$). Finally, patients treated with tesamorelin for 26 weeks followed by placebo for 26 weeks regained VAT to levels comparable to their baseline values (+1%, $p=0.432$). The drop-out rate for the patients treated with tesamorelin from weeks 26 to 52 of treatment in the confirmatory clinical study was 13% as compared to 25% for the first six months of treatment. The announcement of those results completed the Phase 3 clinical studies of tesamorelin for the treatment of HIV-associated lipodystrophy.

iii. Outlook

With the completion of the two Phase 3 clinical studies for tesamorelin for the treatment of HIV-associated lipodystrophy, the Company is gathering all of the data from those studies and completing certain analyses with the intent to file an NDA with the FDA during the current financial year.

The Company is considering two other potential groups of indications for tesamorelin which meet its value-creation criteria described in paragraph 3.1B, namely, an indication using the anabolic effects of the peptide, such as wasting or cachexia, and an indication using the catabolic effects of the peptide, such as abdominal obesity.

C. COMPOUNDS FOR ACUTE RENAL FAILURE

By applying the value-creation criteria described in paragraph 3.1B, acute renal failure has been identified as a potential indication for internal clinical development. The Company has developed various peptides for the treatment of acute renal failure. THG213.29 was one of them. The Company also developed additional peptides to treat acute renal failure in different patient groups. One of those molecules incorporates two bioactive hormones into a single peptide entity.

Following a review by management of its potential development strategy in acute renal failure, the Company decided in the last financial year to abandon THG213.29 for the potential treatment of acute renal failure and to rely on its other molecules for the potential treatment of acute renal failure.

3.3 MARKETS AND COMPETITION

The Company seeks commercial approvals in specialty market indications with unmet medical needs. Competition comes mainly from biopharmaceutical and pharmaceutical companies.

A. HIV-ASSOCIATED LIPODYSTROPHY

HIV-associated lipodystrophy is a metabolic condition that afflicts a significant percentage of HIV-infected patients undergoing an antiretroviral treatment. Although the exact cause of this condition is unknown, it is suspected to be exacerbated by the HIV treatment itself. It is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include lipoatrophy, which is the loss of subcutaneous fat tissue, generally in the limbs and the facial area, and lipohypertrophy, which is the accumulation of adipose tissue, mainly in the abdomen (visceral fat), but also in other regions such as the neck (buffalo hump) and the breasts. Lipohypertrophy is a risk factor for Type-2 diabetes and cardiovascular diseases. In addition to the direct health risks, the resulting body abnormalities can stigmatize patients and discourage compliance with their HIV treatments. To the Company's knowledge, there is currently no approved treatment for this condition and although certain new HIV treatments tend to reduce some of the effects regarding dyslipidemia and lipoatrophy, the lipohypertrophy component remains an important unmet medical need. The Company currently estimates that among the 2 million HIV positive patients in North America and Europe, approximately 280,000 suffer from HIV-associated lipodystrophy with excess visceral fat. By 2012, the Company estimates that approximately 380,000 patients treated with antiretrovirals will have lipohypertrophy in North America and Europe and that the potential total market size for this condition will be between $811 million to $1.3 billion (US dollars).

Theratechnologies is aware that other companies have expressed an interest in developing a product for the treatment of lipodystrophy, but to the knowledge of the Company, such other companies are at earlier stages of development than Theratechnologies.

B. ACUTE RENAL FAILURE

Acute renal failure (hereafter "ARF") is characterized by the deterioration of renal function ranging from a few hours to several days. It provokes a sudden decrease in glomerular filtration rate, an increase in nitrogenous products, as well as an imbalance of electrolytes.

The mortality rate associated with ARF (50%) has changed little since the advent of dialysis. This statistic reflects the changing demographics of ARF from community-to-hospital-acquired settings. Currently, the mortality rate for hospital-acquired ARF is reported to be as high as 70% and is directly correlated to the severity of the patient's other diseases.

Currently, to the Company's knowledge, the only approved treatment for ARF is dialysis, which could justify the need to develop a pharmacological treatment for this condition. It is reported that 1% of hospital admissions develop community-based ARF which translated into over 349,000 cases in the US for the year 2004. Theratechnologies has molecules that could be used for the potential treatment of acute renal failure.

3.4 REGULATORY FRAMEWORK

The research, development, manufacture and marketing of pharmaceutical products are governed by various governmental authorities throughout the world to ensure efficacy and safety. In Canada, these activities are governed by the provisions of the *Food and Drugs Act* and its regulations, the enforcement of which is ensured by the TPD. In the United States, it is the FDA that has jurisdiction. In order to obtain approval for commercializing new drugs in Canada and the United States, the Company must satisfy many regulatory conditions. The Company must complete preclinical studies in order to file a Clinical Trial Application in Canada (hereafter a "CTA") and an Investigational New Drug Application in the United States (hereafter a "IND"). It then receives different clearance authorizations to proceed with Phase 1 clinical trials, which can then lead to Phase 2 and Phase 3 clinical trials. Once these trials are completed, the Company files a registration file named New Drug Submission in Canada (hereafter a "NDS") and an NDA in the United States. If such registration file shows that the product was developed in accordance with the regulatory authorities' rules, regulations and guidelines and demonstrates a favourable risk/analysis benefit, then the regulatory authorities issue a notice of compliance (Canada) or an approval action letter (US), which allows the Company to market the product.

3.5 INTELLECTUAL PROPERTY

The principal intellectual property elements held by the Company consist of patents, trademarks, license agreements and know-how.

The Company's patent portfolio is comprised of several classes of patent families, each covering a product or a technology. Six classes cover therapeutic peptides under development. Presently, the Company holds one family of patents protecting its tesamorelin peptide and a series of tesamorelin analogues, two families aimed at protecting therapeutic indications of tesamorelin, and one family covering a new formulation thereof.

With respect to patents, the Company generally proceeds by first filing a provisional application with the US Patent and Trademark Office (hereafter "USPTO"). Afterwards, the Company simultaneously files a utility patent application in the United States and an international application under the Patent Cooperation Treaty (hereafter "PCT"). The PCT provides the option of filing patent applications with all member states throughout the world. Countries where an application will ultimately be filed are chosen

based on a cost-to-protection analysis on a country-by-country basis for each individual patent application. Each product or technology requires a separate analysis to optimize its protection. The patents, once issued, generally grant protection for a twenty year period starting on the date of filing.

A. TESAMORELIN

The Company's earliest applications related to tesamorelin were filed in 1995. The patent granted on tesamorelin will not expire before 2015 in the United States and in 2016 in Europe. On January 8, 2008, the Company also received from the USPTO a patent covering methods of treatment of HIV-associated lipodystrophy using tesamorelin. This newly-granted patent will not expire before 2023. In April 2008, the Company filed patent applications for protecting a new formulation of tesamorelin.

The Company has obtained trademark registrations in Europe, Japan and Australia for several potential commercial names for tesamorelin. In Canada and in the United States, those applications have successfully undergone examination.

B. ARF

The Company has filed patent applications for its molecules. The Company has maintained its patents on THG213.29 in the United States only but decided to abandon its applications and patents on those molecules in other countries following its decision to consider the treatment of acute renal failure with its other molecules.

C. OTHERS

The Company also holds patents and patent applications on its GLP-1 analogue families and on pre-term labour-related peptides which have been out-licensed in September 2007 to OctoPlus N.V. and in May 2008 to PDC Biotech GmbH, respectively.

3.6 STRATEGIC ALLIANCES

A. EMD SERONO

In October 2008, the Company and EMD Serono entered into the Collaboration and Licensing Agreement. For a description of the Collaboration and Licensing Agreement, see Item 2 – 2.1 – Bi. above.

B. PDC BIOTECH GmbH

In May 2008, the Company entered into an exclusive licence agreement with PDC Biotech GmbH for its family of antagonists of the prostaglandin F2a receptor for use in pre-term labour and primary dysmenorrhea. For a description of this agreement, see Item 2 – 2.1 – Bii. above.

C. BACHEM AG

In 2001, the Company entered into an agreement with an American subsidiary of Bachem AG of Switzerland specializing in the manufacture of peptides. This agreement provides for Bachem's development of a large-scale manufacturing process for tesamorelin that meets GMP requirements. Bachem has agreed to gradually transfer to the Company, if requested to do so, the technology and

know-how relating to the large-scale manufacturing process. Upon commercialization of tesamorelin, Bachem will manufacture, as needed, the Company's annual requirements for this peptide. The potential transfer of the technology from Bachem could allow the Company to eventually manufacture its own products, if such activity is deemed feasible and profitable for the Company.

D. Draxis Pharma

In 2006, the Company entered into an agreement with Draxis. This agreement provides for Draxis to manufacture tesamorelin in its finished form as per the formulation and manufacturing process previously developed by the Company for tesamorelin. As part of this agreement, Draxis must insert the molecule of tesamorelin into vials, package and label those vials and deliver them to the Company. Draxis also carries out stability studies on tesamorelin.

E. OCTOPLUS N.V.

On September 26, 2007, the Company entered into a license agreement with OctoPlus N.V. (hereafter "OctoPlus"), a public company listed on Euronext which has developed drug delivery technologies. Pursuant to the license agreement, OctoPlus was granted the exclusive worldwide rights to develop and commercialize the Company's GLP-1 portfolio of analogues. On the date of execution of this agreement, the Company received options entitling it to purchase ordinary shares in the capital of OctoPlus. In addition, during the term of the agreement, the Company will be entitled to receive additional payments which could amount to as much as €36 million based on various milestones such as: development of GLP-1, clinical trials, certain regulatory approvals and commercialization of a product based on GLP-1. Royalties on the annual net sales of any products developed and commercialized under the Agreement could also be paid to the Company. OctoPlus will be responsible for all future development costs for the GLP-1 portfolio of analogues.

3.7 HUMAN RESOURCES

A. EMPLOYEES

As at November 30, 2008, the Company had 98 employees, of whom 66 were members of the research and development team and 40 held post-graduate diplomas (MBA, M.Sc., Ph.D. and M.D.).

B. SCIENTIFIC ADVISORY BOARD

The Company created a specialized committee to guide it in the preclinical and clinical development of its various products. As of November 30, 2008, the members of this Scientific Advisory Board were the following:

- Roger Guillemin, M.D., Ph.D.
  Nobel Prize for Medicine
  Distinguished Professor, Salk Institute
  Endocrinologist and co-discoverer with Dr. Paul Brazeau
  of somatocrinin (GRF) and somatostatin

- David Clemmons, M.D.
  Professor of Medicine,
  Head, Endocrinology Division,
  University of North Carolina, Chapel Hill, United States

- Julian Falutz, M.D.,
  Director, HIV Metabolic Clinic, McGill University Health Centre
  Assistant Professor, McGill University Medical School
  Montreal, Canada

- Steven Grinspoon, M.D.,
  Professor of Medicine, Harvard Medical School
  Director of the Massachusetts General Hospital Program in Nutritional Metabolism
  Boston, United States

- Peter Reiss, M.D.,
  Associate Professor of Medicine and Deputy Director,
  National AIDS Therapy Evaluation Center,
  Amsterdam, Netherlands

- George R. Merriam, M.D.,
  Professor of Medicine, Division of Metabolism,
  Deputy Associate Chief of Staff for Research
  University of Washington,
  Washington, United States

3.8 FACILITIES

The Company carries out its activities at 2310 Alfred-Nobel Boulevard in the Technoparc Montréal. It occupies a building of 39,200 square-feet, which houses offices and laboratories. The lease has a 10-year term which expires in 2010. Theratechnologies benefits from different options allowing it to expand to meet future needs.

The Company has laboratories to conduct peptide manufacturing, discovery and preclinical research. Peptide compounds are synthesized by the pharmaceutical development department using manual and semiautomatic methods with reactors of different sizes (from 50-8000 ml) and also an automated peptide synthesizer “Symphony”. The peptides are purified using preparative high performance liquid chromatography (hereafter “HPLC”) comprising Dynamic Axial Compression column (NOVASEP) and dried to a solid form using lyophilization equipment. The analyses on the quality of the peptides are done using a variety of equipments including analytical Agilent 1100 HPLC, UV spectrophotometer and water content analyzer (Karl Fisher test). These tasks are accomplished by well trained personnel in a GLP-like environment to ensure the highest quality of peptides that would meet the requirements of the discovery and preclinical departments.

Theratechnologies also has well-equipped discovery and preclinical research laboratories which include two cell culture rooms and several chemical hoods. A state-of-the-art Mesoscale chemiluminometer (Sector PR100) is used for sensitive immunological and cell-based assays. Several HPLC instruments for preformulation and purity determinations, scintillation spectrophotometers for radioactivity measurements, and fluorospectrophotometers and colorimetric plate readers for cell-based screens and immunoassays enable in-house discovery and preclinical research.

3.9 ENVIRONMENT

To the knowledge of the Company, at its current development stage, environmental-protection requirements do not have a significant financial or operational impact on the capital expenditures, income or competitive position of the Company within the normal course of its operating activities.

3.10 RISKS AND UNCERTAINTIES

Investors should understand that the Company operates in a high risk industry. The Company has identified the following risks and uncertainties that may have a material adverse effect on its business, financial condition or results of operations. Investors should carefully consider the risks described below before purchasing securities of the Company. The risks described below are not the only ones the Company faces. Additional risks not presently known to the Company or that the Company currently believes are immaterial may also significantly impair its business operations. The Company's business could be harmed by any of these risks.

The Company does not have the required regulatory approval to commercialize its products and cannot guarantee that it will obtain such regulatory approval.

The commercialization of the Company's products first requires the approval of the regulatory agencies in each of the countries where it intends to sell its products. In order to obtain the required approvals, the Company must demonstrate, following preclinical and clinical studies, the safety, efficacy and quality of a product. As far as tesamorelin is concerned, the first market the Company wishes to penetrate for the treatment of HIV-associated lipodystrophy is the United States where the rules and regulations relating to the approval of a new drug are complex and stringent. There can be no guarantee that the Company will succeed in obtaining regulatory approval from the FDA and the regulatory approvals of agencies in other countries to sell its tesamorelin for the treatment of HIV-associated lipodystrophy.

All of the products of the Company, including tesamorelin, are subject to preclinical and clinical studies and additional testing and if the results of such studies or testing are not positive, the Company may not be in a position to make any filing to obtain the mandatory regulatory approval or it may have to do additional clinical studies or testing on any of its products until the results support the safety and efficacy of such products, therefore incurring additional delays and costs.

The filing of an NDA is complex and the Company has never made any filings in order to obtain the regulatory approval of a product. Therefore, the Company must rely in part on third-party suppliers to help it perform this task.

Furthermore, the obtaining of regulatory approval is subject to the discretion of regulatory agencies. Therefore, even if the Company files its NDA to the FDA, or the equivalent thereof in other countries, or has obtained positive results relating to the safety and efficacy of a product, a regulatory agency may not accept the filing or the results contained therein as being conclusive to allow the Company to sell its products in its country. A regulatory agency may require that additional tests on the safety and efficacy of a product be conducted prior to granting approval.

Although the Company has received an SPA from the FDA and the Company has followed it and met the primary medical end-points described therein, there can be no guarantee that the FDA will approve

tesamorelin for the treatment of HIV-associated lipodystrophy. Even if the FDA approves tesamorelin, there can be no guarantee that other regulatory agencies will approve tesamorelin for the treatment of HIV-associated lipodystrophy in their respective countries.

Even if the Company obtains regulatory approval for any of its products, regulatory agencies have the power to limit the indicated use of a product. Also, the manufacture, marketing and sale of the products will be subject to ongoing and extensive governmental regulation in the country in which the Company intends to market its products. For instance, if the Company obtains marketing approval for its tesamorelin in the United States, the marketing of tesamorelin will be subject to extensive regulatory requirements administered by the FDA and other regulatory bodies, such as adverse event reporting requirements in compliance with all of the FDA marketing and promotional requirements. The manufacturing facilities for the Company's tesamorelin will also be subject to continuous reviews and periodic inspections and approval of manufacturing modifications. Manufacturing facilities are subject to inspections by the FDA and must comply with FDA's GMP regulations. The failure to comply with any of these post-approval requirements can result in a series of sanctions, including withdrawal of the right to market a product.

The commercial success of the Company depends largely on the development and commercialization of tesamorelin; the failure by the Company to commercialize tesamorelin will have a material adverse effect on the Company.

The Company's focus has been to advance the development of tesamorelin in which it has invested a significant portion of its financial resources and time. Although the Company has other products, all are at an earlier stage of development.

The ability of the Company to generate revenues in the future is primarily based on the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy. Although the Company entered into the Collaboration and Licensing Agreement for the commercialization of its tesamorelin for the treatment of HIV-associated lipodystrophy in the United States, there can be no guarantee that tesamorelin will be commercialized in this country, or in any other country. The commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy will depend on several factors:

- receipt of regulatory approvals of tesamorelin for the treatment of HIV-associated lipodystrophy from the FDA and other regulatory agencies;
- market acceptance of the product by the medical community, patients and third-party payers (such as governmental health administration authorities and private health coverage insurers);
- building a marketing and sales force or entering into a commercial agreement with a partner in countries other than the United States to help the marketing and sale of tesamorelin for the treatment of HIV-associated lipodystrophy;
- in the United States, the amount of resources used by its commercial partner to commercialize tesamorelin;
- maintaining manufacturing and supply agreements to ensure commercial quantities of tesamorelin through validated processes;
- the number of competitors in the market; and

- protecting the Company's intellectual property and avoiding patent infringement.

The Company's inability to commercialize tesamorelin for the treatment of HIV-associated lipodystrophy in the short term will delay its capacity to generate revenues and will affect its financial condition and operating results.

The Company is dependent on the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in the United States. This agreement places the commercialization of tesamorelin outside of its control.

Under the terms of the Collaboration and Licensing Agreement entered into by the Company in its financial year 2008, the Company granted its commercial partner the exclusive right to commercialize tesamorelin for the treatment of HIV-associated lipodystrophy in the United States. Although the agreement contains provisions governing the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in the United States, the Company's dependence on its commercial partner for such purpose subjects it to a number of risks, including:

- the lack of control by the Company on the amount and timing of resources that its commercial partner will be devoting to the commercialization, marketing and distribution of tesamorelin, which could adversely affect the Company's ability to obtain or maximize its royalty payments;
- disputes or litigation that may arise between the Company and its commercial partner, which could result in delays regarding the commercialization of tesamorelin in the United States, all of which will divert the Company's management attention and resources;
- its commercial partner not properly defending the Company's intellectual property rights or using them in such a way as to expose the Company to potential litigation, which could, in both cases, adversely affect the value of the Company's intellectual property rights;
- corporate reorganizations or changes in business strategies of its commercial partner, which could adversely affect such commercial partner's willingness or ability to complete its obligations under the Collaboration and Licensing Agreement;
- the termination of the Collaboration and Licensing Agreement, which would delay the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in the United States.

The Company's financial condition could be affected by the introduction of new regulations or amendments to existing regulations.

New legislation or changes to existing legislation affecting the Company and its potential customers could decrease demand for the Company's products and affect its results of operation and financial condition. For example, the implementation of health care reform legislation that regulates drug costs could limit the profits that could be made from the development of new drugs. In addition, new laws or regulations could increase the Company's costs.

The Company must complete several preclinical and clinical studies for its products which may not yield positive results and, consequently, could prevent it from obtaining regulatory approval.

Obtaining regulatory approval for the commercialization of drug products requires a demonstration through preclinical and clinical studies that the drug is safe and effective. All of the Company's molecules are in preclinical studies, except tesamorelin for the treatment of HIV-associated lipodystrophy that is in Phase 3. Although the clinical studies for tesamorelin related to the treatment of HIV-associated lipodystrophy are completed, certain analyses must be completed for the filing of an NDA to the FDA. If these remaining analyses are not completed quickly or if they show anomalies, the filing of an NDA to the FDA and the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy will be delayed. Any delay in submitting an NDA to the FDA could adversely materially impact the capacity of the Company to generate revenues, its financial condition and its results of operation.

Human clinical trials may result in adverse patient reactions, which may require a cessation or extension of the trials, an increase in the number of patients enrolled in a given trial or the need to undertake ancillary testing and human trials.

All of the other molecules of the Company are in early development stages and there remain preclinical and clinical studies to be conducted prior to determining whether such molecules will show positive results of safety and efficacy. If any of those studies are not positively conclusive, the development of such products could be cancelled and their commercialization abandoned. In addition, the growth of the Company could be compromised since there can be no guarantee that the Company would be able to develop new molecules, license or purchase compounds or products that will result in marketed products.

The Company relies on third-party suppliers of services to conduct its preclinical and clinical studies and the failure by one of these third parties to comply with their obligations may delay the studies and/or have an adverse effect on the Company's development program.

The Company has limited resources to conduct preclinical and clinical studies and must rely on third-party suppliers of services to conduct its studies. If the Company's third-party suppliers of services become unavailable for any reason, including as a result of the failure to comply with the rules and regulations governing the conduct of preclinical and clinical studies, operational failures, such as equipment failures or unplanned facility shutdowns, damage from any event, including fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of the agreements entered with the Company, such as failing to do the testing, compute the data or complete the reports further to the testing, the Company may incur delays in connection with the planned timing of its studies which could adversely affect the timing of the development program of a molecule or delay the filing of an NDA, or its equivalent in other jurisdictions. If the damages to any of the Company's third-party suppliers of services are material, or, for any reason, such suppliers do not operate in compliance with GLP or are unable or refuse to perform their contractual obligations, the Company will need to find alternative third-party suppliers of services.

If the Company must change or select new third-party suppliers of services, the timing of the work related to preclinical and/or clinical studies could be delayed since the number of competent and reliable third-party suppliers to conduct preclinical and clinical work in compliance with GLP is limited.

Any selection of new third-party suppliers to carry out work related to preclinical and clinical studies will be

time-consuming and will result in additional delays in receiving data, analysis and reports from such third-party suppliers which, in turn, will delay the filing of any new drug application with regulatory agencies for the purposes of obtaining regulatory approval to commercialize the Company's products. Furthermore, such delays could increase the Company's expenditures to develop a product and materially adversely affect its operating results and financial condition.

The conduct of clinical trials requires the enrollment of patients and difficulties in enrolling patients will delay the conduct of the Company's clinical trials or result in their non-completion.

The conduct of clinical trials by the Company requires the enrollment of patients. Depending on the phase of the trials and/or the type of trials that must be conducted, the number of patients may vary. Phase 1 and Phase 2 trials generally require a smaller number of patients than Phase 3 trials.

The Company may have difficulties enrolling patients for the conduct of its clinical trials as a result of design protocol, the size of the patient population, the eligibility criteria to participate in the clinical trials, the availability of competing therapies, the patient referral practices of physicians and the availability of clinical trial sites. The Company's difficulty in enrolling patients for its clinical trials may result in the cancellation of its planned clinical trials, delays in completing them or termination of ongoing clinical trials. Any of these events will have adverse consequences on the timely development of new products, the filing of an NDA, or the equivalent thereof, with regulatory agencies and the commercialization of products. Such events may adversely affect the business, the financial condition and the results of operations of the Company.

Market acceptance of the Company's products is uncertain and depends on a variety of factors, some of which are not under the control of the Company.

The Company's ability to commercialize its products with success will depend on a variety of factors, including the extent to which reimbursement to patients for the cost of such products and related treatment will be available from governmental health administration authorities, private health coverage insurers and other organizations. Obtaining reimbursement approval for a product is time-consuming and a costly process that could require the Company to provide supporting scientific, clinical and cost effectiveness data for the use of a product. There can be no guarantee that the Company's data will be perceived as sufficient for third-party payers to accept to reimburse one of the Company's products.

The Company has never made any application to seek reimbursement of a drug and must, therefore, rely in part on third-party suppliers of services or experienced partners to help it perform this task.

Other factors that will have an impact on the acceptance of the Company's products include:

- acceptance of the products by physicians and patients as safe and effective treatments;
- product price;
- the effectiveness of the Company's sales and marketing efforts (or those of its commercial partners);
- storage requirements and ease of administration;
- dosing regimen;

- safety and efficacy;
- prevalence and severity of side effects; and
- competitive products.

The Company's capacity to generate revenues may be limited by governmental control over the pricing of prescription drugs.

In some countries, the pricing of prescription drugs is subject to governmental control. In some of these countries, pricing negotiations with governmental authorities and reimbursement structures may delay the marketing of a product. If reimbursement of the Company's products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, the revenues of the Company could be adversely affected.

The Company relies on third parties for the manufacture and supply of its tesamorelin and such reliance may adversely affect the Company if the third parties are unable to fulfill their obligations.

The Company does not have the resources, facilities or experience to manufacture its products in large quantities on its own. The Company relies on third parties to manufacture and supply its tesamorelin for clinical studies and, unless the Company deems the manufacture of this peptide feasible and profitable if tesamorelin is approved for commercialization, it will continue to rely on third parties for some time to manufacture and supply large quantities of tesamorelin for commercial sales.

The Company's reliance on third-party manufacturers will expose it to a number of risks. If third-party manufacturers become unavailable to the Company for any reason, including as a result of the failure to comply with GMP regulations, manufacturing problems or other operational failures, such as equipment failures or unplanned facility shutdowns required to comply with GMP, damage from any event, including fire, flood, earthquake, business restructuring or insolvency, or, if they fail to perform their contractual obligations under agreements with the Company, such as failing to deliver the quantities requested on a timely basis, the Company may be delayed in manufacturing tesamorelin and any other peptide. Any such event could delay the supply of a product to conduct clinical trials and, if a product has reached commercialization, could prevent the supply of the product and adversely affect the revenues of the Company. Under the Collaboration and Licensing Agreement, the Company agreed to act as supplier of tesamorelin for its commercialization in the United States. Accordingly, any delay in manufacturing tesamorelin by third-party suppliers may have a material adverse effect on the sales and royalties payable to the Company. In addition, any delay in manufacturing tesamorelin may result in the Company being in default under the Collaboration and Licensing Agreement. If the damage to a third-party manufacturer facility is extensive, or, for any reason, it does not operate in compliance with GMP or is unable or refuses to perform its obligations under its agreement with the Company, the Company will need to find an alternative third-party manufacturer. The selection of a third-party manufacturer will be time-consuming and costly since the Company will need to validate the manufacturing facility of such new third-party manufacturer. The validation will include an assessment of the capacity of such third-party manufacturer to produce the quantities that may be requested from time to time by the Company, the manufacturing process and its compliance with GMP. In addition, the third-party manufacturer will have to familiarize itself with the Company's technology. Any delay in finding an alternative third-party

manufacturer of a product could result in a shortage of such product, delay clinical study programs and the filing for regulatory approval of a product.

The Company must build its own sales force or enter into commercial agreements with third parties for the sale and marketing of its products and there is no guarantee that the Company will be able to achieve these tasks.

The Company currently has limited marketing capabilities and no sales force. In addition, the Company has limited experience in developing, training or managing a marketing or sales force. In order to commercialize its products, the Company must either develop its own sales force or enter into commercial agreements with third parties. The development of a sales force is costly and will be time-consuming given the limited experience the Company has in this area. To the extent the Company develops a sales force, the Company will be competing against companies who have more experience in managing a sales force than the Company has and that have access to more funds than the Company with which to manage a sales force. Consequently, there can be no guarantee that the sales force that the Company could develop would be efficient and would maximize the revenues derived from the sale of the Company's products.

Although the Company was successful in finding a third party for the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in the United States, the canvassing of third parties and conclusion of an agreement with one is a lengthy process which includes, among other things, an analysis of the capacity of the third party, the assessment of the services to be performed by the third party, due diligence on the Company's products and the negotiation of the terms and conditions of a commercial agreement. The outcome of this process is uncertain and the Company may not be able to conclude any other commercial agreement for the commercialization of its products, including the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in countries other than the United States. The Company may have to delay the launch of its products if it is unable to find third parties to commercialize its products and this could adversely materially affect the financial condition and the results of operation of the Company. Even if the Company enters into commercial agreements with third parties for the commercialization of its products, those agreements contain termination provisions which, if exercised, could delay the commercialization of its products given that the Company has no sales force.

The failure by the Company to protect its intellectual property may have a material adverse effect on its ability to develop and commercialize its products.

The Company will be able to protect its intellectual property rights from unauthorized use by third parties only to the extent that its intellectual property rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. The Company tries to protect its intellectual property position by filing patent applications related to its proprietary technology, inventions and improvements that are important to the development of its business. Because the patent position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope and enforceability of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. If the Company's patents are invalidated or found to be unenforceable, it will lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee the Company the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent the Company from developing its

product candidates, selling its products or commercializing its patented technology. Thus, patents that the Company owns may not allow it to exploit the rights conferred by its intellectual property protection. The Company's pending patent applications may not result in patents being issued. Even if issued, they may not be issued with claims sufficiently broad to protect its products and technologies or may not provide the Company with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that the Company has developed or discover the Company's trade secrets. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada and the United States, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

Although the Company has received a patent from the USPTO for the treatment of HIV-associated lipodystrophy with tesamorelin, there can be no guarantee that the Company will receive a patent in the other countries where it filed a patent application for the treatment of HIV-associated lipodystrophy with tesamorelin.

The Company also relies on trade secrets, know-how and technology, which are not protected by patents, to maintain its competitive position. The Company tries to protect this information by entering into confidentiality undertakings with parties who have access to it, such as the Company's current and prospective suppliers, employees and consultants. Any of these parties may breach the undertakings and disclose confidential information to the Company's competitors.

Enforcing a claim that a third party illegally obtained and is using trade secrets is expensive and time-consuming and the outcome is unpredictable. In addition, it could divert management's attention from the Company's business. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to or independently developed by a competitor, the Company's competitive position could be harmed.

The Company's ability to defend against infringement by third parties of its intellectual property in the Unites States with respect to tesamorelin for the treatment of HIV-associated lipodystrophy depends, in part, on its commercial partner's decision to bring an action against such third party. Under the terms and conditions of the Collaboration and Licensing Agreement, the Company's commercial partner has the first right to bring action against a third party infringing on the Company's intellectual property with respect to tesamorelin for the treatment of HIV-associated lipodystrophy. Any delay in pursuing such action or in advising the Company that it does not intend to pursue the matter could decrease sales, if any, of tesamorelin for the treatment of HIV-associated lipodystrophy and adversely affect the Company's revenue.

The Company's commercial success depends, in part, on its ability not to infringe on third parties' patents and other intellectual property rights.

The Company's capacity to commercialize its products, and more particularly tesamorelin, will depend, in part, on the non-infringement of third parties' patents and other intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including the Company, to determine which patents cover various types of products or methods of use. The scope and breadth of patents is subject to interpretation by the courts

and such interpretation may vary depending on the jurisdiction where the claim is filed and the court where such claim is litigated. The holding of patents by the Company for its tesamorelin and its application in lipodystrophy does not guarantee that the Company is not infringing on other third parties' patents and there can be no guarantee that the Company will not be in violation of third parties' patents and other intellectual property rights.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although the Company reviews from time to time certain databases to conduct patent searches, it does not have access to all databases. It is also possible that some of the information contained in the databases has not been reviewed by the Company or was found to be irrelevant at the time the searches were conducted. In addition, because patents take years to be issued, there may be currently pending applications that the Company is unaware of, which may later be issued. As a result of the foregoing, there can be no guarantee that the Company will not violate third party patents.

Because of the difficulty in analyzing and interpreting patents, there can be no guarantee that a third party will not assert that the Company infringes upon any of its patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that the Company will not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and will divert management's attention from the daily execution of the Company's business plan. Litigation implies that a portion of the Company's financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of its business plan.

If the Company is involved in a patent infringement litigation, it will need to demonstrate that its products do not infringe the patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If the Company was found liable for infringement of third parties' patents or other intellectual property rights, the Company could be required to enter into royalty or licensing agreements on terms and conditions that may not be favourable to the Company, and/or pay damages, including up to treble damages (but only if found liable of wilful infringement) and/or cease the development and commercialization of its products. Any finding that the Company is guilty of patent infringement could materially adversely affect the business, financial condition and results of operations of the Company.

The Company has not been served with any notice that it is infringing on a third-party patent, but there may be issued patents that the Company is unaware of that its products may infringe, or patents that the Company believes it does not infringe but could be found to be infringing. The Company has reviewed, and is aware of, third-party patents for the reduction of accumulation of fat tissue in HIV patients and the Company believes that it does not infringe any valid claims of these patents.

The Company faces competition and the development of new products by other companies could materially adversely affect the Company's business and its products.

The biopharmaceutical and pharmaceutical industries are highly competitive and the Company must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of products. Some of these competitors develop products in the indications the Company is involved in or commercialize products that are prescribed by physicians to indirectly treat the indications the Company is developing

products for. All of those products could be considered direct or indirect competitors of the Company's products, including tesamorelin.

In the other indications currently being studied by the Company for development, there may exist companies that are at a more advanced stage of developing a product to treat those diseases than the Company is. Some of these competitors have access to capital resources, research and development personnel and facilities that are superior to those of the Company. In addition, some competitors are more experienced than the Company in the commercialization of medical products and already have a sales force in place to launch new products. Consequently, they may be able to develop alternative forms of medical treatment which could compete with the products of the Company and could be commercialized more rapidly and effectively than the products of the Company.

The Company's business may be harmed if it is unable to manage its growth effectively.

The Company expects to experience rapid growth throughout its operations if tesamorelin is commercialized. Such growth would place a strain on operational, human, and financial resources. To manage its growth, the Company will have to improve its operating and administrative systems and attract and retain qualified management, professional, scientific, and technical operating personnel.

There can be no guarantee that the Company will be successful in improving such systems and attracting and retaining qualified personnel. Failure to manage growth effectively could have an adverse effect on the Company's business, results of operation and financial condition.

The Company depends on its key personnel to research, develop and bring new products to the market and the loss of key personnel or the inability to attract highly qualified individuals could have a material adverse effect on its business and growth potential.

The Company's mission is to discover or acquire novel therapeutic products targeting unmet medical needs in attractive specialty markets. The achievement of this mission requires qualified scientific and management personnel. The loss of scientific personnel or of members of management could have a material adverse effect on the business of the Company. In addition, the Company's growth is and will continue to be dependent, in part, on its ability to retain and hire qualified personnel. There can be no guarantee that the Company will be able to continue to retain its current employees or will be able to attract qualified personnel to pursue its business plan.

The Company is not profitable and may never achieve profitability.

For the financial year ended November 30, 2008, the Company reported losses of $48,953,000. The Company has been reporting losses since its inception (except for the financial years ended November 30, 2001 and 2000) and, as at November 30, 2008, it had an accumulated deficit of $228,230,000. The Company does not expect to generate significant revenues in the immediate future and will continue to experience losses as it continues to incur operating expenses in connection with the preparation of its filing of an NDA with the FDA regarding the use of tesamorelin for the treatment of HIV-associated lipodystrophy and its efforts to obtain regulatory approvals for tesamorelin for the treatment of HIV-associated lipodystrophy in the USA and other countries. As a result of the foregoing, the Company will need to generate significant revenues to achieve profitability.

The Company's profitability will depend on its capacity to obtain regulatory approval for the use of tesamorelin in the treatment of HIV-associated lipodystrophy in the United States and on the capacity of its commercial partner to commercialize tesamorelin for such indication. However, there is no guarantee that the Company will succeed in commercializing any of its products (including tesamorelin) and, accordingly, the Company may never become profitable.

The Company may require additional funding and may not be able to raise the capital necessary to continue and complete the research and development of its products and their commercialization.

The Company does not generate significant revenues and may need financing in order to continue its research and development of new products and its clinical programs, to develop its marketing and commercial capabilities and to meet its compliance obligations with various rules and regulations to which it is subject. In the past, the Company has been financed through public equity offerings and the Company may effect additional equity offerings to raise capital, the size of which cannot be predicted. The issuance and sale of substantial amounts of equity, or other securities, or the perception that such issuances and sales may occur could adversely affect the market price of the common shares.

Moreover, the market conditions or the business performance of the Company may prevent the Company from having access to the public market in the future. Therefore, there can be no guarantee that the Company will be able to continue to raise capital by way of public equity offerings. In such a case, the Company will have to use other means of financing, such as issuing debt instruments or entering into private financing agreements, the terms and conditions of which may not be favourable to the Company. If adequate funding is not available to the Company, it may be required to delay, reduce, or eliminate its research and development of new products, its clinical trials or its marketing and commercialization efforts to launch and distribute new products.

The Company may not receive the full payment of all milestones or royalty payments pursuant to the agreements entered into with third parties and, consequently, the financial conditions and the results of operations of the Company could be adversely impacted.

The Company has entered into license agreements and other forms of agreements with third parties regarding the development and commercialization of some of its products. These agreements generally require that the third party pays to Theratechnologies certain amounts upon the attainment of various milestones and royalties on the sales of the developed product. There can be no guarantee that the Company will receive the payments described in those agreements since the development of products may be cancelled if the research does not yield positive results. Under such circumstances, the Company would not receive royalties as well. Even if the development of a product yields positive results, all of the risks described herein with respect to the obtaining of regulatory approval are applicable. Finally, if there occurs a disagreement between the Company and the third party, the payment relating to the attainment of milestones or of royalties may be delayed. The occurrence of any of those circumstances could have a material adverse effect on the Company's financial condition and results of operations.

The Company may not achieve its publicly announced milestones on time.

From time to time, the Company publicly announces the timing of certain events to occur. These statements are forward-looking and are based on the best estimate of management relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. Events such as completion of a clinical program, discovery of a new product, filing of a NDA (or the equivalent thereof), beginning of commercialization or announcement of an additional indication for a product may vary from what is publicly disclosed. These variations may occur as a result of a series of events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a supplier or a commercial partner or any other event having the effect of delaying the timeline publicly announced. The Company's policy on forward-looking information consists of not updating it if the publicly disclosed timeline varies. Any variation in the timing of certain events having the effect of postponing such events could have an adverse material effect on the business plan, financial condition or results of operations of the Company.

The outcome of scientific research is uncertain and the failure by the Company to discover new products could slow down the Company's growth.

The Company conducts research activities in order to feed its product pipeline. The outcome of scientific research is uncertain and may prove unsuccessful and, therefore, may not lead to the discovery of new molecules and progression of existing molecules to an advanced development stage. The inability of the Company to develop new molecules or to further develop the existing ones could slow down the growth of the Company.

The development and commercialization of drugs could expose the Company to liability claims which could exceed its insurance coverage.

A risk of product liability claims is inherent in the development and commercialization of human therapeutic products. Product liability insurance is very expensive and offers limited protection. A product liability claim against the Company could potentially be greater than the coverage offered and, therefore, have a material adverse effect upon the Company and its financial position. Furthermore, a product liability claim could tarnish the Company's reputation, whether or not such claims are covered by insurance or are with or without merit.

The Company's common share price is volatile and investors could lose money as a result of such volatility.

The market price of the Company's common shares is subject to volatility. General market conditions as well as differences between the Company's financial, scientific and clinical results and the expectations of investors as well as securities analysts can have a significant impact on the trading price of the Company's common shares. In recent years, the stocks of many biopharmaceutical companies have experienced extreme price fluctuations, unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the common shares will not continue to experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance. The occurrence of any of the above risks and uncertainties could have a material adverse effect on the price of the common shares.

ITEM 4 DIRECTORS AND EXECUTIVE OFFICERS

4.1 DIRECTORS

The following table lists the names of the directors of the Company, their province or state and country of residence, their principal occupation, the office they hold in the Company (if any), the year in which each of them first became a director of the Company and the number of shares each of them beneficially owned, directly or indirectly, or over which they exercised control or direction as of February 24, 2009. Each elected director remains in office until the next annual meeting of shareholders, unless he resigns or his position becomes vacant following his death, his destitution or for any other reason before the next annual meeting of shareholders.

DIRECTORS

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares
Paul Pommier[1] [2] [3] [4] [5] Québec, Canada	Chairman of the Board of the Company	1997	175,100
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	11,000
Bernard Reculeau[2] Paris, France	President CIS Bio International (Biomedical technologies)	2005	8,100
Yves Rosconi[4] Québec, Canada	President and Chief Executive Officer of the Company	2004	59,000
Jean-Denis Talon[1] [2] Québec, Canada	Chairman of the Board AXA Canada (Insurance Company)	2001	50,000
Luc Tanguay[4] Québec, Canada	Senior Executive Vice President and Chief Financial Officer of the Company	1993	75,000

(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

BIOGRAPHICAL NOTES OF THE DIRECTORS

Paul Pommier, MBA *Chairman of the Board of the Company*. Mr. Paul Pommier worked for more than twenty five years at National Bank Financial, his last position being Senior Executive Vice President, Corporate and Government Finance. Throughout his career, he oversaw public and private financings, mergers and acquisitions, as well as the marketing of investment offerings. Under his leadership, National Bank Financial developed notable expertise in tax-shelter financings. Retired since 1997, Mr. Pommier acts as a director of various companies.

Gilles Cloutier, Ph.D. *Corporate Director.* Dr. Gilles Cloutier has over thirty years of experience in the pharmaceutical industry including five years with contract research organizations, providing strategic support to the biotechnology and pharmaceutical industry. Dr. Cloutier has also held key positions with large North-American pharmaceutical companies where he developed expertise in the field of clinical research. His experience includes the development and approval of several drugs in Canada, the United States and Europe. Dr. Cloutier sits on the board of directors of Theratechnologies and is also Chairman of the Fondation André Delambre for amyotrophic lateral sclerosis (ALS).

A. Jean de Grandpré, C.C., Q.C. *Corporate Director*. A. Jean de Grandpré contributed to Bell Canada's exceptional growth as Chairman of the Board and Chief Executive Officer and went on to become the founding Chairman of the Board and CEO of BCE. In recognition of these achievements, he was inducted into the Canadian Business Hall of Fame. Mr. de Grandpré also served as a member of the boards of directors of other important Canadian and US corporations, namely Northern Telecom Limited, Chrysler Corporation, Sun Life and TD Bank, and as a member of the international advisory boards of Chemical Bank and Goldman Sachs. He has been a member of the board of directors of Theratechnologies since its founding in October 1993 and was appointed Chairman in 1996. He resigned his position as Chairman in March 2007.

Robert G. Goyer, Ph.D. *Emeritus professor, Faculty of Pharmacy of the Université de Montréal.* Dr. Goyer has more that forty years of experience in the pharmaceutical field. Former President of Jouveinal Canada and of Clinipharm Inc., Dr. Goyer is also a former dean of the Faculty of Pharmacy of Université de Montréal. Recognized for his broad expertise in drug development, he has served on the boards of several companies and governmental organizations. He was notably Chairman of the Advisory Committee on drug approval procedures of Health Canada's Therapeutic Products Directorate and a member of the board of directors of the Régie de l'assurance maladie du Québec. Most recently, he was Chairman of the Conseil du médicament (Québec).

Gérald A. Lacoste, Q.C. *Corporate Director*. Gérald A. Lacoste is a lawyer with extensive experience in the fields of securities regulation, financing and corporate governance. He was previously Chairman of the Quebec Securities Commission (now known as the Autorité des marchés financiers) and was also President and CEO of the Montreal Stock Exchange. During his career, Mr. Lacoste acted as legal counsel to the Canadian Standing Senate Committee on Banking, Trade and Commerce, he chaired the Quebec Advisory Committee on Financial Institutions, and was a member of the task force on the capitalization of life insurance companies in Quebec. Mr. Lacoste is currently a corporate director, actively involved in the biotechnology industry, and is a member of the North American Free Trade Agreement (NAFTA) arbitration panel.

Bernard Reculeau. *President, CIS Bio International.* Mr. Bernard Reculeau brings twenty-one years of pharmaceutical industry experience to Theratechnologies. Until recently, he was Senior Vice President Pharmaceutical Operations of Paris-based Sanofi-Aventis for the InterContinental Region. In his previous functions, he was responsible for product development and commercialization in numerous countries around the world. Mr. Reculeau has extensive hands-on management experience in commercial activities, cumulating close to fifteen years in pharmaceutical operations, notably in France where he very successfully ran the pharmaceutical operations for Rhône-Poulenc and Rhône-Poulenc Rorer as well as in many other countries of the European Union. Since September 19, 2006, he is President of a French company specializing in biomedical technologies.

Yves Rosconi, B. Sc. Pharm. MBA *President and Chief Executive Officer of the Company.* Mr. Yves Rosconi, brings more than twenty five years of global pharmaceutical experience to Theratechnologies. He began his career with Abbott Laboratories and went on to spend twenty one years with Rhône-Poulenc Rorer in Canada and Australia with increasing responsibilities, ultimately becoming President and General Manager of Canadian operations. After leaving Rhône-Poulenc Rorer, he spent the next two years as Chief Operating Officer of Æterna Laboratories before joining Paris-based Aventis as Senior Vice President, responsible for Africa and the Middle East.

Jean-Denis Talon. *Chairman of the Board, AXA Canada.* Mr. Jean-Denis Talon had a successful career with AXA Insurance over a period of more than twenty years ultimately becoming President and Chief Executive Officer. He is currently Chairman of the Board of AXA Canada. Mr. Talon is also former President of the Financial Affairs Committee at the Insurance Bureau of Canada and a director of various companies.

Luc Tanguay, M.Sc., CFA. *Senior Executive Vice President and Chief Financial Officer of the Company.* Mr. Luc Tanguay has been active in the biotechnology industry for over fifteen years. As a member of senior management at Theratechnologies since 1996, he has contributed to the Company's growth by facilitating access to public and private capital funding. A member of the Board of Directors since 1993, he has held various management positions since joining the Company. Prior to joining Theratechnologies, Mr. Tanguay had a career in investment banking at National Bank Financial Inc. where he helped several organizations establish themselves as public companies.

4.2 AUDIT COMMITTEE

A. CHARTER

The Board of Directors of the Company has established an Audit Committee to review the annual financial statements prior to approval thereof by the Board of Directors and to perform other duties, all is described in the Audit Committee's charter adopted by the Board of Directors and attached as Appendix A to this document.

B. COMMITTEE MEMBERS

As of November 30, 2008, the Audit Committee was composed of three members: Paul Pommier, its Chair, Jean-Denis Talon and Gérald A. Lacoste. All three are independent and financially literate.

C. MEMBERS' EDUCATION AND EXPERIENCE

The details mentioned hereunder describe the education and experience of the Audit Committee members that is relevant to the performance of their responsibilities, in particular any experience in preparing, auditing, analyzing and evaluating financial statements.

Paul Pommier. Mr. Pommier holds an MBA degree and has more than twenty-five years of experience in the financial field, notably in public and private company financings, as well as in merger and acquisition activities.

Jean-Denis Talon. Mr. Talon has more than twenty years of experience in the insurance field as a senior officer.

Gérald A. Lacoste. Mr. Lacoste has more than thirty years of experience in the fields of securities regulation, financing and corporate governance.

Each member of the Audit Committee has acquired in-depth financial expertise giving each the ability to read and understand a set of financial statements which presents the breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised in the issuer's financial statements.

D. EXTERNAL AUDITORS SERVICE FEES

	Financial Year Ended November 30, 2008	Financial Year Ended November 30, 2007
Audit Fees	$77,000	$74,000
Audit-Related Fees (1)	$71,300	$39,000
Tax Fees (2)	$40,064	$37,230
All Other Fees	-	-

(1) Audit-related fees relate principally to services rendered in connection with the filing of the Company's short-form prospectus.

(2) Tax fees relate to services rendered in connection with the preparation of corporate tax returns and general tax advice.

4.3 EXECUTIVE OFFICERS

The following table lists the names of all executive officers, their province or state and country of residence, their office and the number of shares beneficially owned, directly or indirectly, by each of them or over which they exercised control or direction as at February 24, 2009.

EXECUTIVE OFFICERS

Name, Province or State and Country of Residence	Office	Number of Common Shares of the Company over which Control or Direction is Exercised
Paul Pommier Québec, Canada	Chairman of the Board of the Company	175,100
Yves Rosconi Québec, Canada	President and Chief Executive Officer	59,000
Luc Tanguay Québec, Canada	Senior Executive Vice President and Chief Financial Officer	75,000
Marie-Noël Colussi Québec, Canada	Vice President, Finance	10,075
Chantal Desrochers Québec, Canada	Vice President, Business Development and Commercialization	16,300
Jocelyn Lafond Québec, Canada	Vice President, Legal Affairs, and Corporate Secretary	Nil
Christian Marsolais Québec, Canada	Vice President, Clinical Research and Medical Affairs	5,000
Martine Ortega Québec, Canada	Vice President, Compliance and Regulatory Affairs	3,000
Pierre Perazzelli Québec, Canada	Vice President, Pharmaceutical Development	500
Krishna Peri Québec, Canada	Vice President, Research	35,000
Andrea Gilpin Québec, Canada	Vice President, Investor Relations and Communications	6,000

BIOGRAPHICAL NOTES OF THE EXECUTIVE OFFICERS

For the biographical notes of Paul Pommier, Yves Rosconi and Luc Tanguay, please refer to sub-item 4.1 titled "Directors" of the present document.

Marie-Noël Colussi, CA. *Vice President, Finance.* Ms. Marie-Noël Colussi is a graduate of Université du Québec à Montréal in business administration. Prior to joining Theratechnologies, Ms. Colussi worked for eight years with KPMG, a major accounting firm. Ms. Colussi has acquired sound experience in accounting, auditing, control and taxation, particularly in research and development. She joined Theratechnologies in March 1997, and prior to her appointment as Vice President, Finance in February 2002, she successively held the positions of Director, Accounting and Internal Control as well as Controller.

Chantal Desrochers, B.Ph., MBA *Vice President, Business Development and Commercialization.* Ms. Chantal Desrochers obtained her degrees in pharmacy and business from the Université de Montréal. She began her career at Schering-Plough in sales and ultimately became a Product Director. After obtaining her M.B.A., Ms. Desrochers joined Bristol-Myers Squibb Company in Canada as Marketing Director, Pharmaceuticals and became Vice President, Institutional Business in 1995. In 1997, Ms. Desrochers was promoted as European Franchise Marketing Director, Cardiovascular, in France where she implemented market penetration strategies and contributed to the commercial development of cardiovascular products. This led to her appointment as International Marketing Director, Cardiovascular, at Bristol-Myers Squibb in Princeton, New Jersey. Prior to joining Theratechnologies in 2005, Ms. Desrochers had been offering consulting services in business development and product development strategies.

Jocelyn Lafond, LL.B., LL.M. *Vice President, Legal Affairs, and Corporate Secretary.* Mr. Lafond has fifteen years of experience in the fields of corporate and securities law. Mr. Lafond holds a law degree from Université Laval and a Masters Degree in Law from the University of Toronto. He has been a member of the Barreau du Québec since 1992. Prior to joining the Company in 2007, Mr. Lafond was a partner with the international law firm of Fasken Martineau DuMoulin, LLP.

Christian Marsolais, Ph.D. *Vice President, Clinical Research and Medical Affairs.* Dr. Christian Marsolais has over fifteen years of experience in clinical research for large pharmaceutical companies, such as Sandoz Canada and BioChem Therapeutics. Before joining Theratechnologies in 2007, Dr. Marsolais held various positions at Pfizer Global Pharmaceuticals, where he was appointed Director of Medical Affairs, Therapeutic Areas, in 2004. In this position, Dr. Marsolais was responsible of the clinical program and scientific initiatives development, as well as the integration of the Scientific Affairs and Clinical Research for the oncology and HIV Franchise. Dr. Marsolais holds a Ph.D. in Biochemistry from the Université de Montréal.

Martine Ortega, Pharm. D. *Vice President, Compliance and Regulatory Affairs.* Ms. Martine Ortega joined Theratechnologies in 2006. A graduate in pharmacy from the Université d'Aix-Marseille II, she holds a postdoctoral degree in dermatology. Ms. Ortega has close to twenty years of experience in the pharmaceutical industry where she has gained sound knowledge of the drug development process. During her career, she has acquired broad expertise in GLP, GCP and cGMP practices and procedures as well as in computerized systems validation. She is also experienced in relations with US, European and Canadian regulatory agencies. Before joining Theratechnologies, she held senior management positions at Ventana Clinical Research Corporation in Toronto, as well as MDS Pharma Services and at the Canadian subsidiary of Sandoz in Montreal.

Pierre Perazzelli, B. Sc. *Vice President, Pharmaceutical Development*. A graduate of Université Laval, Mr. Perazzelli has been working in the pharmaceutical manufacturing industry for over twenty years. Throughout his career, he has held various positions in large pharmaceutical companies, such as Bristol Myers Squibb and Abbott Laboratories. He was Director of the LAB Laboratory, a research centre specializing in pharmaceutical formulation. He is also experienced in the production of generic drugs. Mr. Perazzelli joined Theratechnologies in May 2000.

Krishna Peri, Ph.D. *Vice President, Research*. Co-inventor of the ExoPep™ technology and a founder of Pharma-G, Dr. Krishna Peri holds a Ph.D. in biochemistry from University of Saskatchewan, Canada. He pursued post-doctoral research in cancer as an NCI fellow at McGill University and at Ste. Justine Hospital Research Center. After the acquisition of Pharma-G by Theratechnologies in 2000, he served as director of discovery research, and was subsequently appointed Vice-President, Research, in June 2004.

Andrea Gilpin, Ph.D., MBA *Vice President, Investor Relations and Communications.* Prior to joining Theratechnologies in 2007, Dr. Gilpin was Director, Investor Relations at MethylGene Inc. and held various positions in biotech companies. Dr Gilpin has a Ph.D. (Genetics/Biochemistry) from the University of Toronto and an MBA from the Asper School of Business.

4.4 DECLARATION OF THE DIRECTORS' AND OFFICERS' ANTECEDENTS

Except as described below, to the knowledge of the Company, no director or executive officer of the Company (a) is, as at the date of this annual information form, or has been within the ten years before the date of this annual information form, 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 thirty 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 thirty 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 ten years before the date of this annual information form, 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 his assets.

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)* (hereafter the "Bankruptcy Act").

Yves Rosconi was a member of the board of directors of Mistral Pharma Inc. from September 2007 until May 2008. On June 13, 2008, Mistral Pharma Inc. filed a notice of intention to make a proposal to its creditors under the Bankruptcy Act and, on August 19, 2008, Mistral Pharma Inc. filed a proposal under the Bankruptcy Act.

4.5 SECURITIES HELD BY THE DIRECTORS AND EXECUTIVE OFFICERS

As at February 24, 2009, the total number of commons shares (the only securities carrying a voting right) held by the directors and executive officers of the Company amounted to 612,175, which represented 1.01% of the outstanding common shares of the Company.

ITEM 5 INTERESTS OF EXPERTS

KPMG LLP, auditors of the Company, is the only person or company who is named as having prepared or certified a statement, report or evaluation describing, included or mentioned in a filing under securities regulations during the Company's most recently completed financial year.

KPMG LLP, and its partners are independent in accordance with the auditor's rules of professional conduct in the jurisdiction of Québec.

ITEM 6 SECURITIES OF THE COMPANY

6.1 AUTHORIZED SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable in series.

Subject to the priority rights of holders of preferred shares, holders of common shares are entitled to any dividend declared by the board of directors, to one vote per share at meetings of shareholders of the Company and, in the event of liquidation or dissolution of the Company, to participate in the distribution of the assets.

Preferred shares carry no voting rights. Preferred shares may be issued at any time in one or more series. The Company's articles of incorporation give its Board of Directors the power to fix the number of preferred shares and the consideration per share, as well as to determine the provisions attached to the preferred shares of each series (including dividends, redemption and conversion rights, if any). The shares of every series of preferred shares will have priority over all other shares of the Company, including common shares, with respect to the payment of dividends and return of capital in the event of the liquidation or dissolution of the Company.

The common shares issued represent the total voting rights pertaining to the securities of the Company.

6.2 DIVIDEND POLICY

The Company's general policy on dividends is not to pay any in cash in order to keep funds available to finance the Company's growth. However, the Board of Directors may, from time to time, choose to declare a dividend in assets if warranted by circumstances.

6.3 TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company of Canada which holds, at its Montreal office, the registers related to common shares, shareholders and transfers.

6.4 MARKET FOR TRADING OF SECURITIES

The common shares of the Company are listed and traded on the Toronto Stock Exchange under the symbol "TH".

6.5 PRICE RANGE AND TRADING VOLUMES

The following table sets forth the price of shares of the Company and the volume of shares traded on the Toronto Stock Exchange.

Period	Price		Volume
	$ High	$ Low	
February 2009 (until the 24th)	1.39	1.20	3,992,200
January 2009	2.19	1.25	6,372,300
December 2008	2.00	1.35	4,984,900
November 2008	1.97	1.15	5,206,200
October 2008	4.79	1.93	6,207,200
September 2008	5.56	4.17	2,122,400
August 2008	6.14	5.25	1,615,800
July 2008	5.33	4.26	4,337,200
June 2008	6.94	4.63	8,061,700
May 2008	7.67	6.79	1,353,200
April 2008	8.39	6.85	2,854,300
March 2008	8.07	6.98	4,056,500
February 2008	9.85	8.19	6,858,300
January 2008	11.51	8.49	5,881,600
December 2007	11.20	9.77	3,367,500

ITEM 7 MATERIAL CONTRACTS

On October 29, 2008, the Company entered into the Collaboration and Licensing Agreement. For a description of the Collaboration and Licensing Agreement, see "Item 2 – 2.1- Bi" above.

On January 31, 2008, the Company entered into an agreement with a syndicate of underwriters led by BMO Nesbitt Burns Inc., including Canaccord Capital Corporation, National Bank Financial Inc., Desjardins Securities Inc. and Jennings Capital Inc. (collectively, the "Underwriters"), to issue and sell 3,500,000 common shares of the Company at a price of $8.50 per share, representing an offering of $29,750,000. The Company also granted the Underwriters an option to purchase an additional 350,000 common shares ($2,975,000) at the same price, exercisable by the Underwriters for a period of thirty days from the closing date of the offering, which occurred on February 13, 2008. The Company successfully completed its public offering of 3,500,000 common shares at a price of $8.50 per share for gross proceeds of $29,750,000. The option was not exercised by the Underwriters.

On February 12, 2007, the Company entered into an underwriting agreement with a syndicate of underwriters led by BMO Nesbitt Burns Inc., including Canaccord Capital Corporation, National Bank Financial Inc., Desjardins Securities Inc. and Jennings Capital Inc. (the "Underwriters"), to issue and sell 6,250,000 common shares of the Company at a price of $8.40 per share. The Company also granted the Underwriters an option to purchase an additional 625,000 common shares, equal to 10% of the offering, for purposes of covering over-allotments and for market stabilization. The Underwriters could exercise their option in whole or in part at any time over a period of 30 days following the closing date of the offering, which occurred on February 27, 2007. On February 21, 2007, the Underwriters exercised the option in full. On February 27, 2007, the Company successfully completed its offering of 6,875,000 common shares. Gross proceeds of this transaction, including the proceeds from the exercise of the option, totalled $57,750,000. The proceeds of the transaction were used primarily to finance the development of tesamorelin and for working capital purposes.

On March 8, 2006, the Company entered into an underwriting agreement with a syndicate of underwriters led by BMO Nesbitt Burns Inc., including Canaccord Capital Corporation and Jennings Capital Inc. (the "Underwriters"), to issue and sell 10,500,000 common shares of the Company at a price of $1.95 per share. The Company also granted the Underwriters an option to purchase an additional 1,575,000 common shares, equal to 15% of the offering, for purposes of covering over-allotments and for market stabilization. The Underwriters could exercise the option in whole or in part at any time over a period of 30 days following the closing date of the offering, which occurred on March 21, 2006. On March 21, 2006, the Company successfully completed its offering of 10,500,000 common shares and, on April 20, 2006, the Underwriters exercised the option in full. Gross proceeds of this transaction, including the proceeds from the exercise of the option, totalled $23,546,250. The proceeds of the transaction were used to finance the Company's research and development expenditures and additional working capital requirements.

ITEM 8 ADDITIONAL INFORMATION

Additional information with respect to the Company, including directors' and officers' remuneration, indebtedness, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company Information Circular for its most recent annual meeting of shareholders which involves the election of directors. The financial information of the Company is provided in the Company's comparative financial statements and Management Discussion & Analysis for its financial year ended November 30, 2008.

Additional information regarding the Company is available on SEDAR at www.sedar.com or upon request addressed to Jocelyn Lafond, the Corporate Secretary, at 2310 Alfred-Nobel Boulevard, Montreal, Québec, H4S 2B4. Except when the securities of the Company are in the course of a distribution pursuant to a prospectus, the Company may charge reasonable fees if the request is from a person who is not a securities holder of the Company.

GLOSSARY

The following glossary provides the meaning of certain terms used in the North American pharmaceutical and biopharmaceutical industry. However, certain generalizations were made in the present annual information form for convenience of reference, and these definitions are not necessarily accepted for all purposes in the industry.

Analogues: Molecules that resemble the original molecules but are modified, notably to increase the level of activity or duration of action.

ARF: The medical condition of Acute Renal Failure.

Biopharmaceutical: The biopharmaceutical industry includes companies which primarily study biological mechanisms and reactions with a view to developing specific scientific, industrial and commercial applications.

CTA: Clinical Trial Application – All data collected during preclinical testing presented to the Canadian regulatory authorities in order to obtain a formal authorization to conduct clinical trials.

Clinical trials: Clinical trials in humans, including various phases.

- **Phase 1:** Testing in a small number of healthy volunteers to determine safety, dose tolerance and pharmacokinetic properties of a product. When certain conditions are met, Phase I trials may be conducted on patients (cancer, for example).
- **Phase 2:** With respect to a particular indication, testing of a product in a small number of volunteer patients to evaluate the effectiveness of a product and to identify its side-effects.
- **Phase 3:** With respect to a particular indication, testing of a product in an expanded voluntary patient population to establish efficiency and to monitor undesirable side-effects in order to complete the clinical aspects of the regulatory filing.

FDA: Food and Drug Administration – American regulatory body responsible for the regulation of therapeutic products available in the United States.

GH: Growth Hormone or somatotropin.

GLP: Good Laboratory Practices.

GLP-1: Glucagon-like peptide-1 – Peptide hormone synthesized by the intestinal endocrine in response to food ingestion. GLP-1 induces the satiety and stimulates glucose absorption by the cells as a result of an increased insulin secretion.

GMP:	Good Manufacturing Practices.
GRF:	Growth Hormone-Releasing Factor or somatocrinin.
Growth Factor:	Factor stimulating cellular division and/or function.
IGF-1:	Insulin-Like Growth Factor – Growth factor linked to anabolic function or somatomedin.
IND:	Investigational New Drug Application – An IND regroups the data collected during preclinical studies. It is submitted to the American regulatory authorities to obtain formal approval to perform clinical studies - American CTA equivalent.
LAP :	Long Acting Peptides. Method developed by the Company to stabilize peptides.
NDA:	New Drug Application – Collection of results of preclinical and clinical trials, as well as relevant information on the product submitted to the FDA to obtain authorization to market same in the United States - American NDS equivalent.
NDS:	New Drug Submission – Collection of results of preclinical and clinical trials, as well as relevant information on the product submitted to the TPD to obtain authorization to market same in Canada.
Peptides:	Peptides are molecules composed of linear chains of amino acids. They are highly specific and are efficacious at low doses. Many are naturally involved in the cell and tissue regeneration process and have an important role to play in numerous endocrine functions.
Placebo:	Non-medicinal substance used in clinical trials to obtain the simple or double blind characteristic.
Preclinical studies:	Animal studies to evaluate the pharmacological properties, efficacy and toxicology of a drug, as well as *in vivo* testing of formulations, to support clinical trials.
TPD:	Therapeutic Products Directorate of the Health Products and Food Branch of Health Canada – Canadian governmental body responsible for the regulation of pharmaceutical drugs, medical devices and other therapeutic products available in Canada. This includes evaluating and monitoring their safety, effectiveness and quality.

APPENDIX A – AUDIT COMMITTEE CHARTER

I. Mandate

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

A. the integrity of the Company's financial statements and related information;

B. the internal control systems of the Company;

C. the appointment and performance of the external auditor; and

D. the supervision of the Company's Risk Management.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to an audit committee and any other duty assigned from time to time by the Board. Management has the responsibility to ensure the integrity of the financial information and the effectiveness of the Company's internal controls. The external auditor has the responsibility to verify and certify the accurate presentation of the Company's financial statements; at the same time evaluating the internal control process to determine the nature, extent and chronology of the auditing procedures used. The Committee has the responsibility to supervise the participants involved in the preparation process of the financial information and to report on this to the Board.

Specifically, the Committee is charged with the following obligations and duties:

A. Integrity of the Company's Financial Statements and Related Information

1. Review annual and quarterly consolidated financial statements and all financial information legally required to be disclosed by the Company, i.e. financial information contained in the "Management Discussion and Analysis" report, the annual information form and the press releases, as the case may be, discuss such with management and the external auditor, and suggest recommendations to the Board, as the case may be.

2. Approve the interim Financial Statements, the interim "Management Discussion and Analysis" reports and all supplements to these "Management Discussion and Analysis" reports which have to be filed with regulatory authorities.

3. On a periodic basis, review and discuss with management and the external auditor the following:

a. major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;

b. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

c. the type and presentation of information to be included in press releases dealing with financial results (paying particular attention to any use of pro-forma information or information adjusted by means of non-generally accepted accounting principles).

4. Review and discuss reports from the external auditor on:

a. all critical accounting policies and practices used by the Company; and

b. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor.

B. Supervision of the Company's Internal Control Systems

1. Review and discuss with management and with the external auditor present reports and, when appropriate, provide recommendations to the Board on the following:

a. actual financial data compared with budgeted data;

b. the Company's internal control system;

c. the relationship of the Committee with the management and audit committees of the Company's consolidated subsidiaries. With respect to the subsidiaries, the Committee must:

- obtain precisions as to the mandate of the audit committees;
- enquire about internal controls and study related risks;
- obtain the external auditors' report to the audit committees on the planning of external auditing;
- obtain the external auditors' report to the audit committees on the auditing results;
- obtain copy of the minutes of the audit committees' meetings; and

- ensure that the critical accounting policies and practices are identical to the Company's.

2. Study the feasibility of implementing an internal auditing system and when implemented, establish its responsibilities and supervise its work.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

C. Appointment and Performance Supervision of the External Auditor

1. Provide recommendations to the Board on the selection of the external auditor to be appointed by the shareholders.

2. Approve in advance and recommend to the Board the external auditor's remuneration and more specifically fees and terms of all audit, review or certification services to be provided by the external auditor to the Company and any consolidated subsidiary.

3. Supervise the performance of the external auditor in charge of preparing or issuing an audit report or performing other audit services or certification services for the Company or any consolidated subsidiary of the Company, where required, and review all related questions as to the terms of its mission and the revision of its mission.

4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Company and any consolidated subsidiary, and to this effect and at its convenience, establish policies and procedures for the engagement of the external auditor to provide to the Company and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Committee of all audit/review services and permitted non-audit services to be provided to the Company and any consolidated subsidiary by the external auditor.

5. At least annually, consider, assess and report to the Board on:

   a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;

   b. the obtaining from the external auditor of a written statement i) describing all relationships between the external auditor and the Company; ii) assuring that lead audit partner rotation is carried out, as required by law; and iii) describing any other relationship that may adversely affect the independence of the external auditor; and

   c. the evaluation of the lead audit partner, taking into account the opinions of management and the internal auditor.

6. At least annually, obtain and review a report by the external auditor describing:

   a. the external auditor's internal quality-control procedures; and

   b. any material issues raised by the most recent internal quality-control review (or peer review) of the external auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the external auditor's firm, and any steps taken to deal with any such issues.

7. Resolve any disagreement between management and the external auditor regarding financial reporting.

8. Review the audit process with the external auditor.

9. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the process for the certifications to be provided in the Company's public disclosure documents.

10. Meet periodically with the external auditor in the absence of management.

11. Establish procedures with respect to hiring the external auditor's employees and former employees.

D. Supervision of the Company's Risk Management

Review, report and, where appropriate, provide recommendations to the Board on the following:

1. the Company's processes for identifying, assessing and managing risk;

2. the Company's major financial risk exposures and the steps the Company has taken to monitor and control such exposures;

3. the Company's insurance portfolio and the adequacy of the coverage; and

4. the Company's investment policy.

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 and is financially literate, as determined by the Board and in conformity 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 the shareholders or until their 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**.** The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII. Secretary

Unless otherwise determined 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.

The Committee shall meet at least four times a year with management and the external auditor, and at least once a year, separately in executive session in the absence of management and the external auditor. At least once a year, the Committee invites the Chief Financial Officer of each subsidiary to present the financial information and internal control systems related to such subsidiary.

X. Quorum and Voting

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 of its deliberations and reports regularly to the Board on its activities and recommendations.

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 April 13, 2005 and February 8, 2006 Board meetings.