



**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

AND

MANAGEMENT PROXY CIRCULAR

DATE OF THE MEETING

MAY 3, 2004



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Shareholders of THERATECHNOLOGIES INC. (the "Company") will be held in the Mount Royal Room at the Mount Royal Center, 2200 Mansfield Street, Montreal, Quebec, on Monday, May 3, 2004 at 10:00 a.m., local time, for the purposes of:

- (1) receiving management's report for the fiscal year ended November 30, 2003, the financial statements for that fiscal year as well as the auditors' report thereon;
- (2) electing directors;
- (3) appointing auditors and authorizing the directors to fix their remuneration; and
- (4) transacting such other business as may properly be brought before the meeting.

A copy of the annual report of the Company including results of operations and management's discussion and analysis of financial condition, the financial statements and the auditors' report thereon for the fiscal year ended November 30, 2003 accompany this notice of meeting.

Montreal, Quebec, March 25, 2004.

BY ORDER OF THE BOARD OF DIRECTORS

The Secretary,

Geneviève Dubuc

The Board of Directors invites each shareholder to personally attend the meeting. However, if you are unable to personally attend the meeting, you may be represented by proxy. The proxyholder need not be a shareholder to act in such capacity. A proxy form is enclosed herewith which you are requested to complete, date, sign and return in the enclosed envelope no later than the close of business on the last business day preceding the date of the meeting or any adjournment thereof. The voting rights attached to your shares will be exercised or withheld from voting in accordance with the instructions indicated in the proxy.



MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the Management of Theratechnologies Inc. (the "Company") for use at the Annual General Meeting of Shareholders of the Company (the "Meeting") to be held on the date, at the time and place and for the purposes set forth in the preceding notice of the Meeting and at any adjournment thereof.

The solicitation of proxies will be made primarily by mail; however, employees of the Company or mandataries designated by the Company may also solicit proxies by telephone or in writing. The cost of the solicitation will be borne by the Company. Upon request, the Company will reimburse all brokers, banks, depositaries, nominees and other trustees for the reasonable fees incurred by them in order to send the proxy documents to the beneficial owners of the common shares (the "Shares") of the Company.

Except as otherwise indicated, the information herein contained is given as of March 12, 2004 and dollar amounts herein refer to Canadian dollars.

PROXIES

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Company. **A shareholder may appoint a person other than the persons named in the enclosed form of proxy to attend and vote for him or her at the Meeting.** In order to do so, the shareholder should strike out the names printed in the form of proxy attached hereto and insert such person's name in the blank space provided therein or complete another form of proxy. It is not necessary to be a shareholder in order to act as a proxy.

SHAREHOLDER'S RIGHTS ARISING FROM PROXY

The persons named in the enclosed form of proxy will exercise the voting rights attached to the shares for which they have received the proxy in accordance with the instructions indicated in the form of proxy.

In the absence of instructions, the voting rights attached to the shares shall be exercised IN FAVOUR of the matters mentioned in the preceding notice of the Meeting.

The enclosed form of proxy confers upon the proxyholder a discretionary power as regards to amendments to the matters set forth in the notice of the Meeting and as regards to all other matters which may properly be brought before the Meeting and all adjournments thereof. Management of the Company is not aware of any such changes or other matters that may come before the Meeting. **If, however, such amendments or other matters do properly come before the Meeting or any adjournment thereof, the Shares represented by the form of proxy will be voted at the discretion of the proxyholder.**

The completed form of proxy must be delivered to the Secretary of the Company, c/o National Bank Trust, Corporate Trust Services, 1100 University Street, Montreal, Quebec H3B 2G7, prior to the Meeting or any adjournment thereof, or in person to the Secretary of the Company, on the day of the Meeting or any adjournment thereof.

REVOCATION OF A PROXY

A person giving a proxy may, at any time, including at any adjournment of the Meeting, revoke the proxy for any business with respect to which said proxy confers a vote that has not already been cast. A proxy may be revoked by a written instrument executed by the shareholder or by his duly authorized attorney in writing or, if the shareholder is a corporation, by an officer or a duly authorized attorney thereof, sent to the Secretary of the Company at the above-mentioned address. The authority conferred upon the proxyholder may also be revoked if the shareholder attends the Meeting in person and makes a request to that effect.

NOTICE TO THE NON-REGISTERED HOLDER

Non-registered holders of the Company must pay close attention to the information set forth in this section. Shareholders who do not hold their Shares in their own name ("Beneficial Shareholders") should note that only proxies deposited by registered shareholders whose names appear on the records kept by the registrar and transfer agent

of the Company as registered holders of Shares can be recognized and acted upon at the Meeting.

If the Shares appear in an account statement sent to a shareholder by a broker, the said Shares are most probably not registered in the name of the shareholder, but in the name of his broker or a representative of that broker. **As a result, each Beneficial Shareholder must ensure that their voting instructions are communicated to the appropriate person well before the Meeting.**

Under applicable regulatory policies, brokers and other intermediaries are required to request voting instructions from Beneficial Shareholders prior to shareholder meetings. Brokers and other intermediaries have their own procedures for sending materials and their own guidelines for the return of documents; these instructions are to be followed if the voting rights attached to the Shares of Beneficial Shareholders are to be exercised at the Meeting. In Canada, most brokers now delegate the responsibility of obtaining their clients' instructions to ADP Investor Communications ("ADP"). Beneficial Shareholders who receive a voting instruction form from ADP may not use the said form to vote directly at the Meeting. The proxy must rather be returned to the intermediary well in advance of the Meeting in order to have the shares voted. If you have questions on how to exercise voting rights attached to Shares held through a broker or other intermediary, please contact the broker or intermediary directly.

Although a Beneficial Shareholder will not be recognized at the Meeting for the purposes of directly exercising voting rights attached to Shares registered in the name of his broker (or a representative thereof), he or she may attend the Meeting as a proxy of the registered shareholder and, in this capacity, exercise the voting rights attached to such Shares.

Unless otherwise indicated, in this Management Proxy Circular and in the form of proxy and the notice of the Meeting attached hereto, shareholders shall mean registered shareholders.

VOTING SECURITIES AND PRINCIPAL HOLDERS

As at March 12, 2004, the Company had 35,461,131 Common Shares outstanding, representing the Company's only securities with respect to which a voting right may be exercised at the Meeting.

The record date to determine the shareholders entitled to receive notice of, and vote at the Meeting or any adjournment thereof has been fixed at March 24, 2004 (the "Record Date"). The holders of Common Shares of record as at March 24, 2004 will be entitled to one vote per Common Share held. However, a holder of Shares acquired after the Record Date shall be entitled to vote at the Meeting if he or she produces properly endorsed certificates for such Shares, or otherwise establishes that he or she owns such Shares and has requested, at least 24 hours prior to the Meeting, that his or her name be included on the list of shareholders entitled to receive notice of the Meeting prepared by the Company at the Record Date.

To the knowledge of the Company's management, as of March 12, 2004, no person exercised control or direction over more than ten percent (10%) of the outstanding Common Shares of the Company.

As of March 12, 2004, the Directors and Officers of the Company, as a group, held directly or indirectly, as true owners, 1,982,528 Shares.

SUBJECT-MATTER TO BE TREATED AT THE MEETING

RECEIPT OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended November 30, 2003 and the auditors' report thereon will be presented at the Meeting. The financial statements are included in the Company's 2003 Annual Report, which has been mailed to the shareholders along with this Management Proxy Circular.

ELECTION OF DIRECTORS

Composition of the Board of Directors

The Articles of the Company provide that the Board of Directors shall be composed of a minimum of three and a maximum of twenty directors. Pursuant to a resolution of the Board of Directors, the number of directors has been set at nine. Pursuant to an agreement with SGF Santé inc., the Company is committed to presenting a nominee selected by SGF Santé inc. for election to the Board by the shareholders, such nomination being subject to prior approval by management. On October 14, 2003, Mr. Francis Bellido resigned from the Board as a result of his resignation as an employee of SGF Santé inc. In order to fill the vacancy left by this departure, the Board of Directors named Mr. Henri A. Roy director of the Company on March 2, 2004.

Nominees

Management recommends that shareholders vote for the election of the nominees whose names are set forth below. All such persons are presently members of the Board of Directors and have held office since the date indicated opposite their name. **Unless instructions are given to abstain from voting with respect to the election of directors, the persons named in the enclosed form of proxy intend to vote IN FAVOUR of the election of the nominees named below.**

Management does not contemplate that any of the nominees will be unable to fulfill his or her mandate as director. Each elected director will hold office until the close of the next annual meeting of shareholders, unless he or she resigns or the position becomes vacant by death, removal or otherwise prior to the said meeting.

The following table states the names of all persons proposed by management to be nominated for election as directors, their province or state and country of residence, their principal occupation, the office held in the Company (if any), the year in which they first became a director of the Company and the number of Shares beneficially owned, directly or indirectly, by each of them or over which they exercise control or direction.

NOMINEES

Name, province or state and country of residence	Principal Occupation	Director Since	Number of Common Shares of the Company over which Control or Direction is Exercised
A. Jean de Grandpré ^{†§} Quebec, Canada	Chairman of the Board of the Company	1993	35,100
André de Villers Quebec, Canada	Vice Chairman of the Board of the Company President and Chief Executive Officer of Celmed BioSciences Inc. (subsidiary of the Company)	1993	1,834,050 ¹⁾
Gilles Cloutier [§] North Carolina, United States	Director of various companies	2003	--
André Delambre ^{*§} Quebec, Canada	Executive Vice President, Finance and Administration Les Productions Feeling inc. (Production Company)	2000	4,200
Monique Lefebvre ^{†§} Quebec, Canada	Director of various companies	2002	2,000
Paul Pommier ^{*†§} Quebec, Canada	Director of various companies	1997	40,100
Henri A. Roy Quebec, Canada	Chairman of the Board and President and General Manager Société générale de financement du Québec (venture capital company)	2004	--
Jean-Denis Talon ^{*§} Quebec, Canada	Chairman of the Board and Chief Executive Officer AXA Canada (Insurance Company)	2001	5,400
Luc Tanguay Quebec, Canada	President and Chief Executive Officer of the Company	1993	25,000

1) Of this number, 1,407,125 shares are held by CEMA – Consultant en médecine appliquée Inc., a company controlled by André de Villers, 319,792 shares are held by 9032-3445 Québec Inc., a company controlled by CEMA – Consultant en médecine appliquée Inc., 83,333 shares are held by 2971020 Canada Inc., a company controlled by André de Villers, and 23,800 shares are held directly by André de Villers.

* Member of the Audit Committee.

† Member of the Compensation Committee.

§ Member of the Nominating Committee.

Biographical Notes of the Nominees

Information contained in the following biographical notes has been provided by each nominee for election to the Board.

A. Jean de Grandpré

Chairman of the Board of the Company

On September 1996, A. Jean de Grandpré was appointed Chairman of the Board of Directors, of which he had been a director since 1993. Mr. de Grandpré was Chairman of the Board and Chief Executive Officer of Bell Canada and Chairman of the Board and Chief Executive Officer of BCE. He also served as a member of the boards of Canadian and US corporations, such as Northern Telecom Limited and Chrysler Corporation.

André de Villers

Vice Chairman of the Board of the Company

President and Chief Executive Officer of Celmed BioSciences Inc.

Since 1993, Dr. de Villers successively held the positions of President and Director of Research & Development, President and General Manager, and President and Chief Executive Officer of the Company. Since May 2002, he has held the position of Vice Chairman of the Board. Since March 2003, he is President and Chief Executive Officer of Celmed BioSciences Inc., a subsidiary of the Company. Dr. de Villers sits on the boards of TSO3 and H3 Pharma.

Gilles Cloutier

Director of various companies

Dr. Cloutier has over thirty years of experience in the pharmaceutical industry, including five years with contract research organizations providing strategic support to biotechnology and pharmaceutical industries. Dr. Cloutier was Chairman and Chief Business Officer for MoliChem Medecines Inc. from 2001 to 2003. He was President and Chief Executive Officer of Northern Therapeutics Inc. from 2000 to 2002 and was Vice President, Founder and Director of United Therapeutics Corporation from 1997 to 2002. Dr. Cloutier sits on the boards of directors of BioSyntech, Vital States, Dacha Capital and Formated.

André Delambre

Executive Vice President, Finance and Administration, Les Productions Feeling inc.

Mr. Delambre has been Executive Vice President of Les Productions Feeling since September 1998. Previously, he was a partner at the accounting firm Samson, Belair, Deloitte and Touche.

Monique Lefebvre

Director of various companies

Ms. Monique Lefebvre is a member of the boards of Transcontinental, ART Advanced Research Technologies and Desjardins Financial Security. She also sits on the boards of the Centre d'accès à l'Information Juridique du Québec and of the Trustees of the Canada Foundation for Innovation. Ms. Lefebvre served as President of the Montreal Transition Committee and as President and General Manager of the Computer Research Institute of Montreal. She has also held key positions in large companies, notably President of Quebecor Multimedia Inc. and Vice President, Quebec and Atlantic Canada, Ericsson Canada. Holder of a Ph.D. in cognitive psychology, Ms. Lefebvre was also Dean and Vice Rector, Teaching and Research at a Montreal University from 1983 to 1991.

Paul Pommier

Director of various companies

Mr. Paul Pommier worked for more than 25 years at National Bank Financial where he held until 1997, various positions, including Senior Executive Vice President, Corporate and Government Financing. During his career, he managed operations in public and private financing, mergers and acquisitions, as well as the marketing of new issues.

Henri A. Roy

Chairman of the Board and President and General Manager, Société générale de financement du Québec

Before joining Société Générale de financement du Québec in May 2003, Mr. Roy held the position of Chairman of the Board and Chief Executive Officer of HDR Capital. From 1986 to 2000, Mr. Roy was Director Founder and Executive Vice President of Cambior (international gold producer). Mr. Roy sat to the board of many companies, notably Domtar, Quebecor, Laurentian Bank, BCE Mobil, Memotech, Teleglobe, BCE Development, Cambior and Provigo.

Jean-Denis Talon

Chairman of the Board and Chief Executive Officer, AXA Canada

Mr. Jean-Denis Talon has worked for AXA Insurance for more than 20 years. During his career, he has held the positions of President and Chief Executive Officer, AXA Insurance, and Chairman of the Board and President, AXA Canada. Mr. Talon currently holds the position of Chairman of the Board and Chief Executive Officer with AXA Canada. He is also President of the Financial Affairs Committee of the Insurance Bureau of Canada and is a director of various companies in the AXA Group.

Luc Tanguay

President and Chief Executive Officer of the Company

With the Company since 1996, Mr. Luc Tanguay held successively the positions of Senior Vice President and Chief Financial Officer and President, Chief Operating and Financial Officer. Since May 2002, he is President and Chief Executive Officer of the Company. Before joining the Company, Mr. Tanguay worked in investment banking at National Bank Financial. Mr. Tanguay is a member of the board of directors of Celmed BioSciences, Andromed, Ecopia BioSciences and Genome Quebec.

Declaration of Directors' Antecedents

Pursuant to new regulation regarding reporting issuers' continuous disclosure obligations, the Company must declare if a nominee has been a director or executive officer of a company which was the subject of a cease trade order under securities legislation or had to seek protection under legislation relating to bankruptcy or insolvency. Only one nominee has occupied a position which has to be declared. Paul Pommier was a member of the board of directors of Royal Aviation Inc. until March 2001, date of its acquisition by Canada 3000 Inc. Subsequently, at the end of 2001, Canada 3000 and its subsidiaries, including Royal Aviation, made assignments in bankruptcy under Section 49 of the *Bankruptcy and Insolvency Act (R.S. 1985, c. B-3)*.

APPOINTMENT OF AUDITORS

The management proposes the appointment of KPMG, chartered accountants, Montreal, as auditors of the Company to hold office until the next annual meeting of shareholders or until their successors are appointed. KPMG were first appointed on October 19, 1993.

Unless instructions are given to abstain from voting with regards to the appointment of auditors, the persons named in the enclosed form of proxy intend to vote IN FAVOUR of the appointment of KPMG, chartered accountants, as auditors of the Company, and authorization that compensation for their services be determined by the Board of Directors.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

COMPENSATION OF DIRECTORS

The members of the Board who are fulltime employees of the Company do not receive any compensation for acting as directors or being members of committees of the Board.

The Company adopted a compensation policy for its directors who are not employed on a full time basis by the Company under which they are paid an annual retainer fee as well as attendance fees. The annual retainer fee is \$7,000 and 5,000 stock options, and the attendance fees are of \$750 per board or committee meeting. The compensation of Francis Bellido, who ceased to sit to the Board of the Company on October 14, 2003, as well as the compensation of Mr. Roy, were paid to SGF Santé inc. in accordance with its policies. For the fiscal year ended November 30, 2003, the annual retainer fees and attendance fees totaled \$104,416.

A. Jean de Grandpré, Chairman of the Board, receives, in addition to his annual retainer fee and attendance fees, annual compensation of \$75,000. No other compensation or benefit was paid or is payable to the directors of the Company for the fiscal year ended November 30, 2003.

COMPENSATION OF EXECUTIVE OFFICERS

SUMMARY TABLE OF EXECUTIVE OFFICERS COMPENSATION

The following table, prepared in accordance with the Regulation under the *Securities Act* (Quebec), sets forth the aggregate cash remuneration paid by the Company and its subsidiaries to the executive officers of the Company as a group, during the last fiscal year.

<u>Number</u>	<u>Amount</u>
Executive officers: 10	Cash remuneration: \$2,048,938

TABLE OF NAMED EXECUTIVE OFFICERS' COMPENSATION

The following summary table sets forth information regarding the compensation earned by the President and Chief Executive Officer, the Vice President, Finance and the three other most highly compensated executive officers (collectively referred to as the "Named Executive Officers") for the last three fiscal years ending November 30. The information provided is as of November 30, 2003.

Name and Principal Occupation	Fiscal Year	Salary	Bonus	Other Annual Compensation	Number of Securities Under Options Granted	Payment under Long-Term Incentive Plan	All Other Compensation
LUC TANGUAY	2003	\$260,000	\$100,000	\$14,500 ¹⁾	--	--	--
President and Chief Executive Officer	2002	\$250,000	\$90,000	\$13,500 ¹⁾	200,000	--	--
	2001	\$175,612	\$58,333	\$13,500 ¹⁾	200,000	--	--
MARIE-NOËL COLUSSI	2003	\$112,750	\$20,000	--	--	--	\$1,750 ⁴⁾
Vice President, Finance	2002	\$106,885	\$14,300	--	30,000	--	--
	2001	\$80,250	\$10,000	--	--	--	--
ANDRE DE VILLERS	2003	\$235,603 ²⁾	\$106,250	\$13,500 ¹⁾	80,000	--	--
Vice Chairman of the Board and President and Chief Executive Officer of Celmed BioSciences inc.	2002	\$250,000	\$60,000	\$13,500 ¹⁾	--	--	--
	2001	\$206,769	\$60,000	\$13,500 ¹⁾	--	--	--
THIERRY ABRIBAT	2003	\$200,000	\$55,000	--	--	--	\$1,500 ⁴⁾
Vice President and Chief Scientific Officer	2002	\$183,769	\$50,000	--	100,000	--	--
	2001	\$118,462	\$55,000	--	100,000	--	--
LUC VACHON	2003	\$180,000	\$50,000	--	75,000	--	\$1,500 ⁴⁾
Vice President, Drug Development	2002	\$27,692 ³⁾	--	--	50,000	--	--
	2001	--	--	--	--	--	--

1) In the form of a contribution deposited to a registered retirement savings plan ("RRSP") designated by the beneficiary.

2) On March 15, 2003, André de Villers accepted the position of Interim President and Chief Executive Officer of Celmed BioSciences inc., a subsidiary of the Company. From that date, Celmed BioSciences inc. has reimbursed the Company the compensation paid to André de Villers. Therefore, from December 1st 2002 to March 15, 2003, the Company effectively paid to Dr. de Villers a salary of \$57,718 and contributed an amount of \$3,894 to his RRSP. The balance of Dr. de Villers' salary of \$177,885 and of the RRSP of \$9,606, as well as the bonus of \$106,250 were reimbursed to the Company.

3) During the 2002 Financial Year, Mr Vachon worked for the Company for approximately two months. His annual salary was \$180,000.

4) In the form of a contribution to a group RRSP.

EMPLOYMENT CONTRACTS AND INDEMNIFICATION PROVISIONS IN THE EVENT OF TERMINATION OF NAMED EXECUTIVE OFFICERS

Luc Tanguay *President and Chief Executive Officer*

The Company entered into an employment contract for an indeterminate term with Mr. Luc Tanguay, President and Chief Executive Officer of the Company, on October 30, 2001. In addition to his base salary, Mr. Tanguay is entitled to the social benefits program and is eligible to receive an annual bonus based on attainment of objectives fixed by the Board of Directors. Mr. Tanguay's base compensation is reviewed annually in light of, amongst other things, his performance, the performance of the Company and the economic climate prevailing at the time of the review. Under the terms of the contract, Mr. Tanguay entered into non-competition, non-solicitation and non-disclosure commitments, among others, in favour of the Company. Should the Company terminate Mr. Tanguay's employment without just and sufficient cause, he will receive an amount equal to 24 months of compensation, which shall be

the sole monetary obligation of the Company. The contract also provides the payment of a 12-month indemnity in the event that he resigns following a successful take-over bid for the shares of the Company.

Marie-Noël Colussi
Vice President, Finance

The Company does not have a written employment contract with Ms. Colussi. Therefore, she has the rights and is subject to the obligations provided by law. The Compensation Committee has established that in addition to her base salary, Ms. Colussi could receive a performance bonus determined in light of the attainment of objectives fixed by the President and Chief Executive Officer.

André de Villers
Vice Chairman of the Board
President and Chief Executive Officer of Celmed BioSciences Inc.

On December 1st, 2003, Celmed BioSciences Inc. ("Celmed"), a subsidiary of the Company, entered into an employment contract for an indeterminate term with Dr. de Villers, the President and Chief Executive Officer of Celmed. The contract provides that in addition to his base salary, Dr. de Villers could receive an annual bonus. The payment of such bonus is based on attainment of objectives fixed by the Board of Directors of Celmed. Should Celmed terminate Dr. de Villers employment without just and sufficient cause, he will receive an amount equal to 18 months of compensation, which shall be the sole monetary obligation of Celmed. Dr. de Villers has agreed to not disclose nor use the information obtained within the framework of his employment with Celmed. He has also accepted non-competition and non-solicitation obligations for an 18-month period following his departure from Celmed. In addition, should the parties mutually agree to terminate his employment, Dr. de Villers will have the possibility to remain in the employment of the Company for a one-year transition period.

Thierry Aribat
Vice President and Chief Scientific Officer

The Company entered into an employment contract for an indeterminate term with Dr. Thierry Aribat, Vice President and Chief Scientific Officer of the Company, on November 6, 2000. The contract provides that in addition to his base salary, Dr. Aribat is entitled to the group benefits program and is eligible to receive an annual performance bonus based on attainment of the objectives fixed annually by the Chief Executive Officer. Review of the compensation is carried out by the Compensation Committee on an annual basis. Under the terms of the contract, Dr. Aribat has agreed to confidentiality provisions in favour of the Company.

Luc Vachon
Vice President, Drug Development

The Company entered into an employment contract for an indeterminate term with Dr. Luc Vachon, Vice President, Drug Development of the Company, on October 7, 2002. In addition to his base salary, Dr. Vachon is entitled to the group benefits program and is eligible to receive an annual performance bonus, based on his achievement of objectives fixed annually by the Chief Executive Officer. Review of Dr. Vachon's compensation is carried out by the Compensation Committee on an annual basis. Under the terms of the contract, Dr. Vachon must respect the confidentiality of the information obtained within the framework of his employment with the Company.

STOCK OPTION PLAN

DESCRIPTION OF THE PLAN

In December 1993, the Board of Directors of the Company approved the creation of a stock option plan for the directors, officers, employees, researchers and consultants of the Company (the "Option Plan"). The Option Plan was established in order to align the interests of key persons with the success of the Company by allowing them to participate in the increased value of the Company's shares.

The Board of Directors designates the beneficiaries of the options and determines the number of Shares underlying these options, the vesting period, the exercise price and the expiry date of each option, as well as all other related matters, the whole in compliance with the applicable legislative provisions established by the securities regulatory authorities. The options granted pursuant to the Option Plan may be exercised within a maximum period of 10 years following their grant. The price at which the Shares may be granted pursuant to the Options Plan cannot be less than the closing price of the Shares on the Toronto Stock Exchange on the day preceding the grant of the option.

The Shares that are reserved to be issued pursuant to the Option Plan are Common Shares of the Company. The maximum number of shares that may be issued pursuant to the Option Plan must not exceed 3,500,000 shares. The maximum number of shares which may be subject to options in favor of one person is limited to 5% of the outstanding shares.

During the fiscal year ended November 2003, the Company granted options pursuant to the Option Plan providing for the purchase of a maximum of 295,000 shares.

OPTIONS GRANTED DURING THE FISCAL YEAR ENDED NOVEMBER 30, 2003

The following table sets forth the stock options granted to Named Executive Officers during the fiscal year ended November 30, 2003.

Name	Number of Underlying Common Shares	% of Total Number of Options Granted to Employees during the Fiscal Year	Exercise Price	Market Value of Underlying Common Shares on the Date of the Granting	Termination Date
Luc Tanguay	--	--	--	--	--
Marie-Noël Colussi	--	--	--	--	--
André de Villers	80,000	27	\$5,40	\$5,34	May 7, 2013
Thierry Aribat	--	--	--	--	--
Luc Vachon	75,000	25	\$5,55	\$5,25	October 20, 2013

AGGREGATE OPTION EXERCISES DURING THE FISCAL YEAR ENDED NOVEMBER 30, 2003 AND FISCAL YEAR-END OPTION VALUES

The following table summarizes for each of the Named Executive Officers the number and value of stock options exercised, if any, during the fiscal year ended November 30, 2003. The aggregate value realized upon exercise is the difference between the market value of the underlying stock on the exercise date and the exercise price of the option. The table also indicates the number and the value the unexercised options as of November 30, 2003. The value of an unexercised in-the-money option at fiscal year-end is the difference between its

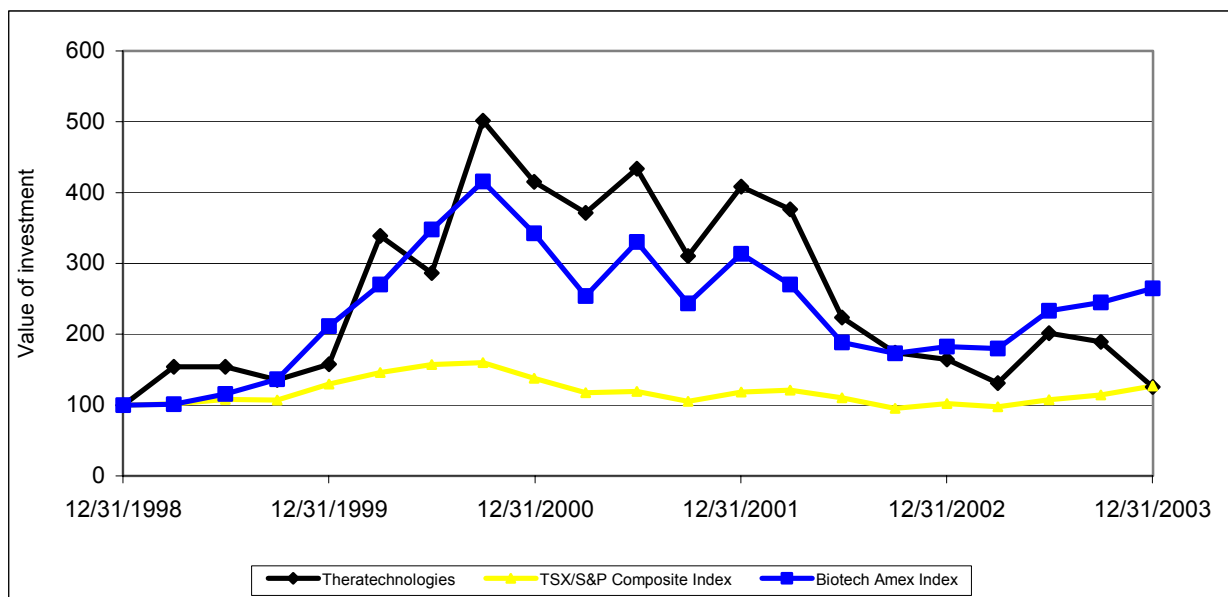
exercise price and the market value of the Common Shares of the Company on November 30, 2003, which was \$5.19 per share. These values, unlike the amounts set forth in the column "Aggregate Value Realized" have not been, and may never be, realized. These options have not been, and may not be exercised, and actual gains, if any, on exercise will depend on the value of the Company's Common Shares on the date of exercise. There can be no assurance that these values will be realized.

Nom	Exercised Options at November 30, 2003		Unexercised Options at November 30, 2003 Exercisable / Unexercisable	
	Number of Shares Acquired	Aggregate Value Realized	Number	Value
Luc Tanguay	--	--	473,000 / 280,000	\$206,500 / \$0
Marie-Noël Colussi	--	--	33,332 / 16,666	\$14,475 / \$0
André de Villers	--	--	80,000 / --	\$0 / --
Thierry Abribat	--	--	116,665 / 91,667	\$0 / \$0
Luc Vachon	--	--	16,666 / 108,334	\$0 / \$0

PERFORMANCE GRAPH

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

**Return on a \$100 Investment
from December 31, 1998 to December 31, 2003**



The graph above does not consider the special dividend comprised of Ecopia BioSciences Inc. shares paid to the shareholders of the Company on October 3, 2000.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Company does not grant any loans to its directors, officers or employees, except under the Stock Purchase Plan described hereafter.

STOCK PURCHASE PLAN

The Board of Directors of the Company created a stock purchase plan for the employees of the Company and those of its subsidiaries (the "Stock Purchase Plan") to enable them to purchase Shares of the Company through an interest-free loan extended by the Company. The Plan covers the purchase of a maximum of 250,000 Shares in the Company's share capital. On May 1st and November 1st of each fiscal year, the employees may subscribe for a number of Shares under the Plan up to a maximum amount of 10% of their current annual gross salary. The subscription price of each newly-issued Share subscribed for pursuant to this plan is equal to the weighted average closing price of the Shares on the Toronto Stock Exchange for a period of five (5) days prior to the participation date. In accordance with the Stock Purchase Plan, the Company offers to the participants, an interest-free loan of an amount equal to the subscription price. The loan is repaid through withholdings on the employee's salary for a period not exceeding two years. The loans granted to a single participant cannot exceed 10 % of his or her current annual base salary. The loans are immediately due and payable if the participant's employment with the Company is terminated. The subscribed shares are hypothecated to secure full and final payment of the loan and are held by the trustee, National Bank Trust, until complete reimbursement of the loan.

INDEBTEDNESS

The following table sets out the indebtedness to the Company of the officers and directors of the Company as at March 12, 2004 under the Stock Purchase Plan. No other officer, senior executive, director or any associate thereof, is indebted towards the Company. The maturity dates of the loans range from May 2004 to November 2005. As at March 12, 2004, the aggregate amount owed to the Company was \$57,211.

Name and principal position	Largest Amount Outstanding During Fiscal Year 2003	Amount Outstanding as at March 12, 2004	Securities Purchased with Financial Assistance during Fiscal Year 2003	Security for Indebtedness
Thierry Aribat Vice President and Chief Scientific Officer	\$21,039	\$11,758	1,865	4,651
Gérald André Vice President, Corporate Development	\$8,538	\$6,664	1,000	2,500
Marie-Noël Colussi Vice President, Finance	\$11,596	\$1,413	--	1,300
Geneviève Dubuc Secretary	\$3,867	\$418	--	500
Eckhardt Ferdinandi Vice President, Preclinical Research	\$7,570	\$2,780	1,000	1,000
Peter McBride Vice President, Investor Relations and Public Affairs	\$14,709	\$12,402	2,798	2,798
Pierre Perazzelli Vice President, Corporate Services and Information Technology	\$7,428	\$2,780	1,000	1,000
Luc Tanguay President and Chief Executive Officer (candidat to election as director)	\$24,656	\$10,860	2,000	6,000
Luc Vachon Vice President, Drug Development	\$15,401	\$8,136	1,867	3,844

COMPENSATION COMMITTEE

COMPOSITION

The Compensation Committee of the Board of Directors is composed of three directors, namely A. Jean de Grandpré, Paul Pommier and Monique Lefebvre. During the fiscal year completed on November 30, 2003, the Committee met on four occasions.

REPORT ON EXECUTIVE COMPENSATION

The compensation of the Executive Officers includes the following items: a base salary, an annual performance bonus based on the achievement of annual objectives and stock options.

The base salary mainly reflects competitive salaries for positions of comparable responsibilities in Canadian companies of comparable size and complexity, including corporations involved in the biotechnology industry. The annual performance bonuses are based on the global performance of the Company with respect to the pre-set objectives annually established and on the performance of each Executive Officer.

Consistent with industry practices, incentive stock options are also awarded from time to time as an effective means to align the interests of management and shareholders. The principal provisions of the Stock Option Plan are described under the heading "Stock Option Plan" on page 11 of this circular. The Board of Directors of the Company determines the number and terms of the options granted under the plan taking into consideration the role of the Executive Officer, the responsibilities inherent to his/her position and his/her influence on the creation of value for shareholders.

The compensation of the President and Chief Executive Officer includes the same elements as are included in the compensation of other executive officers as described above and is established by the Committee based on its opinion as to a fair and reasonable compensation package taking into account his contribution to the Company's long-term growth and remuneration practices in the biotechnology industry.

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

The above report is submitted by the Compensation Committee for the fiscal year ended November 30, 2003.

Approved on March 25, 2004 by the members of the Committee,

A. Jean de Grandpré
Paul Pommier
Monique Lefebvre

LIABILITY INSURANCE OF DIRECTORS AND OFFICERS

The Company takes out and bears the cost of liability insurance for its directors and officers. These insurance policies also cover the directors and officers of the subsidiaries of the Company, if any, except for Celmed BioSciences Inc., which established its own liability insurance at the time of its creation, on June 21, 2001. During the fiscal year ended November 30, 2003, the policies provided maximum coverage of \$10,000,000 per claim, subject to a \$25,000 deductible per occurrence. Premiums paid by the Company for the policies were \$40,200. The policies and the premiums do not distinguish between the liability insurance for the directors and officers, and coverage therefore is the same for both groups.

CORPORATE GOVERNANCE

BACKGROUND

The Toronto Stock Exchange (“TSX”) established guidelines for corporate governance (the “Guidelines”) which relate to a number of significant governance issues, including the proper role of the board of directors, its structure and composition and its relationship with shareholders and management. In January 2004, the Canadian Securities Regulatory Authorities published for comments a Draft Regulation Regarding Corporate Governance, which would replace the Guidelines. The Board of Directors of the Company considers that good corporate governance practices are essential for the effective and prudent management of the Company. Accordingly, once new guidelines are adopted, the board of directors will re-assess its corporate governance and make any necessary changes.

The TSX requires that the listed corporations annually disclose their corporate governance practices with reference to the Guidelines. In accordance with the listing requirement of the TSX, a description of the Company’s governance practices, with specific reference to each of the Guidelines, is attached hereto as Schedule A.

COMMITTEES OF THE BOARD

The Board of Directors has established three committees to assist it in effectively carrying out its responsibilities. A brief description of these committees is set forth hereafter.

AUDIT COMMITTEE

The mandate of the Audit Committee is to review the quarterly and annual financial statements and recommend their approval to the Board of Directors. The Audit Committee also reviews investment policies and programs and policies regarding effectiveness of internal systems. In addition, the Audit Committee examines management’s assessment of the independence of auditors and presents its recommendations to the Board of Directors as regards the appointment of auditors.

COMPENSATION COMMITTEE

The mandate of the Compensation Committee is to examine issues relating to the nomination and remuneration of senior executives of the Company, including that of the President and Chief Executive Officer, with a view to making recommendations to the Board of Directors. The Compensation Committee also regularly reviews the compensation of directors in light of market practices and the level of responsibilities. Finally, the Compensation Committee is responsible for examining the terms and conditions of the total compensation plans of the Company and ensuring that they are competitive with the plans of companies engaged in activities similar to those of the Company.

NOMINATING COMMITTEE

The mandate of the Nominating Committee is to examine on an annual basis the size and the composition of the Board and, if appropriate, recommend to the Board a program to establish a board comprised of members who facilitate effective decision-making. In addition, the Nominating Committee recommends the Board nominees to be put before shareholders at each annual meeting.

COMMUNICATIONS POLICIES

The board is committed to an effective communications policy with shareholders, employees, agents and members of the investment community. The Company is committed to complying with all laws, regulations and policies which are applicable to it as well as to best practices in the field. This commitment is evidenced, notably, by the elaboration in 2003 of an Information Policy. In accordance with the recommendations of the TSX, the Company has adopted policies on insider trading and the confidential treatment of information.

The Board or the Audit Committee reviews in advance all press releases, which disclose financial results and certain other press releases discussing non-routine matters. Other statutory documents or documents required to be prepared, filed and delivered including, without limitation, the annual report, proxy materials and annual information form are reviewed by members of the Board and, where required, these documents are approved by the Board.

ADDITIONAL DOCUMENTATION

The Company is a reporting issuer in all Canadian provinces and is required to file its financial statements and management proxy circular with each Canadian securities commission. Each year, the Company also files an annual information form with such commissions. The financial information of the Company is provided in the Company's comparative financial statements and Management Discussion & Analysis for its financial year ended November 30, 2003. Copies of the Company's financial statements, management proxy circular and annual information form may be obtained on request to the Secretary of the Company at the following address 2310 Alfred-Nobel Blvd, Saint-Laurent, Quebec, H4S 2A4 or by consulting SEDAR Web site at www.sedar.com. The Company may require the payment of a reasonable charge if the request is made by someone other than a security holder of the Company, unless the Company is in the course of a distribution of its securities pursuant to a short form prospectus, in which case these documents will be provided free of charge.

APPROVAL OF MANAGEMENT PROXY CIRCULAR

The content, in substance, and the sending of the Management Proxy Circular to the shareholders have been approved by the Board of Directors of the Company.

Montreal, Quebec, March 25, 2004.

Geneviève Dubuc,
Secretary

SCHEDULE A

CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE GUIDELINES	COMMENTS
1. Explicitly assume responsibility for stewardship of the Company, and specifically for:	The Board of Directors of the Company is responsible for the entire stewardship of the Company, meaning that it oversees the conduct of the Company's business and supervises the executive management of the Company, which is responsible for the day-to-day operations.
a. adoption of a strategic planning process	In fulfilling its mandate, the Board has the responsibility (i) to approve the long term strategy of the Company in light of, among other questions, the opportunities and the corporate risks (ii) to approve and to supervise the implementation of the Company's annual strategic plan, and (iii) to advise the management on strategic questions.
b. identification of principal risks, and implementation of risk management systems	The duties of the Board of Directors include the review of main corporate risks identified by management relating to the Company's activities and of the Company's practices and policies for dealing with these risks on a ongoing basis.
c. succession planning, including appointing, training and monitoring senior management	The Board of Directors wishes to ensure the quality and continued employment of senior management, elements that are necessary to achieve the corporate objectives. Hence, the Board of Directors has the responsibility to appoint the President and Chief Executive Officer and to approve the nomination of the other members of the senior management. The Board is also in charge of overseeing and evaluating the performance of management and approving their compensation with reference to the objectives fixed by the Board of Directors.
d. communications policy	The mandate of the Board of Directors provides that the Board has the responsibility to analyze, at least once a year, the Company's communications policy and to oversee communications of the Company with analysts, investors and the public. The senior management of the Company, more specifically, the President and Chief Executive Officer, the Vice President and Chief Scientific Officer and the Vice President, Investors Relations and Public Affairs, are responsible for communications between management and the Company's current and potential investors and its financial analysts. The Audit Committee reviews the press releases dealing with quarterly results of the Company prior to their disclosure.

<p>e. integrity of internal control and management information systems</p>	<p>The Board of Directors is responsible for assessing the general integrity of the Company's internal control and management information systems. The Audit Committee has the responsibility to oversee the quality and the integrity of the internal control and the management of information systems through discussions with management and external auditors.</p>						
<p>2. Majority of directors should be "unrelated" (independent of management and free from conflicting interest) to the Company</p>	<p>The Board of Directors is currently composed of nine members, seven of whom are considered to be "unrelated" directors within the meaning of the Guidelines. In order to identify the unrelated directors, the management of the Company has named those who are not officers of the Company and who do not have any relationship with the Company, including business relations, which could affect, in a significant way, their capacity to act in the best interests of the Company. André de Villers and Luc Tanguay are considered "related" directors as a result of their relationship with the Company.</p>						
<p>3. Disclose for each director whether he/she is related, and how that conclusion was reached</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">André de Villers</td> <td style="width: 10%;">Related</td> <td>Vice Chairman of the Board, and President and Chief Executive Officer of Celmed BioSciences Inc., a subsidiary of the Company</td> </tr> <tr> <td>Luc Tanguay</td> <td>Related</td> <td>President and Chief Executive Officer of the Company</td> </tr> </table>	André de Villers	Related	Vice Chairman of the Board, and President and Chief Executive Officer of Celmed BioSciences Inc., a subsidiary of the Company	Luc Tanguay	Related	President and Chief Executive Officer of the Company
André de Villers	Related	Vice Chairman of the Board, and President and Chief Executive Officer of Celmed BioSciences Inc., a subsidiary of the Company					
Luc Tanguay	Related	President and Chief Executive Officer of the Company					

With respect to the other people proposed as directors, none has a relationship with the Company, which could be perceived as affecting in a significant way his/her capacity to act independently, in the best interests of the Company, and as a result, they are considered “unrelated” directors of the Company.

Gilles Cloutier	Unrelated
A. Jean de Grandpré	Unrelated
André Delambre	Unrelated
Monique Lefebvre	Unrelated
Paul Pommier	Unrelated
Henri A. Roy	Unrelated
Jean-Denis Talon	Unrelated

4. Appoint a Committee of directors composed exclusively of outside (non-management) directors, the majority of whom are unrelated, responsible for proposing to the full Board new nominees to the Board and for assessing directors

The Nominating Committee has the responsibility (i) to establish and review the criteria for the selection of the directors assessing on the one hand, the skills, the personal qualities, the business experience and the diversity of the Board and, on the other hand, the needs of the Company, (ii) to identify candidates eligible for Board membership, and (iii) to propose new candidates, if required, for election at the annual shareholders’ meetings.

The Committee is composed entirely of outside, unrelated directors namely, André Delambre, Paul Pommier, Jean-Denis Talon, Monique Lefebvre and A. Jean de Grandpré who acts as Chairman of the Committee.

5. Implement a process for assessing the effectiveness of the Board as a whole, its Committees and the contribution of individual directors

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

6. Provide an orientation and education program for new directors

The Company has not implemented any formal orientation and education program for new directors. The orientation is presently conducted on an informal basis by the Chairman of the Board. However, the Board ensures that each new nominee has the competencies, skills and personal qualities required to perform his or her duties properly.

7. Examine its size and consider reducing the number of directors, with a view to improving his effectiveness

In accordance with the Guidelines, the Board of Directors has considered this issue and is of the view that its size is well suited to the present circumstances of the Company and allows for the efficient functioning of the Board as a decision-making body.

8. Review compensation of directors in light of risks and responsibilities

The Compensation Committee is responsible for reviewing regularly compensation for the members of the Board of Directors in light of the market practices and level of responsibility. The Board considers that the compensation of its directors is adequate in light of the risks and responsibilities.

9. Committees of the Board should generally be composed of outside (non-management) directors, a majority of whom are unrelated

The Board of Directors has three committees: the Audit Committee, the Compensation Committee and the Nominating Committee. All these committees of the Board of Directors are composed entirely of outside, unrelated directors.

Audit Committee

André Delambre	Outside and Unrelated
Paul Pommier	Outside and Unrelated
Jean-Denis Talon	Outside and Unrelated

Compensation Committee

A. Jean de Grandpré	Outside and Unrelated
Monique Lefebvre	Outside and Unrelated
Paul Pommier	Outside and Unrelated

Nominating Committee

A. Jean de Grandpré	Outside and Unrelated
André Delambre	Outside and Unrelated
Monique Lefebvre	Outside and Unrelated
Paul Pommier	Outside and Unrelated
Jean-Denis Talon	Outside and Unrelated
Gilles Cloutier	Outside and Unrelated

10. Expressly assume responsibility for, or assign to a committee the general responsibility for developing an approach to corporate governance issues

The Board of Directors is responsible (i) to supervise management with regards to its quality and ethical practices, (ii) to analyze regularly the structures and the procedures in matters of corporate governance, including the determination of the decisions which require the approval of the Board of Directors, and (iii) as needed, approve the policies on relations and communications with shareholders.

11. a. Define limits to management's responsibilities by developing position descriptions for:

i. the board

The mandate of the Board of Directors is to supervise management of the internal and commercial affairs of the Company and to act with a view to the best interests of the Company by virtue of the powers resulting from, and in accordance with, the provisions of the *Companies Act* (Quebec). The Board oversees the activities of the Company and monitors senior management, which is responsible for the day-to-day activities. The Board of Directors determines matters of corporate policy, assesses management's execution of these policies and reviews the results obtained. All other responsibilities, which are not otherwise delegated to senior management or to a committee of the Board are responsibilities of the Board.

ii. the Chief Executive Officer

The Board of Directors is responsible for defining the responsibilities and assessing the performance of the Chief Executive Officer.

b. Board should approve or develop CEO's corporate objectives

The corporate objectives of the Chief Executive Officer are established in accordance with the operating plan, the strategic plan and the budget, which are approved by the Board of Directors on an annual basis. Performance evaluation is based on the achievement of such objectives.

12. Establish procedures to enable the Board to function independently of management

While there is no formal structure in place to ensure that the Board of Directors can function independently of management, the Board of Directors is free to ask one or more members of management to withdraw during certain discussions and the directors do not hesitate to meet without the presence of officers who are members of the Board, when circumstances so require.

13. Establish an Audit Committee composed exclusively of outside directors, with a specifically defined mandate and which has direct communication channels with the auditors

The Audit Committee is entirely composed of unrelated directors. The Audit Committee reviews the quarterly and annual financial statements and recommends their approval to the Board of Directors. The Committee also reviews investment policies and programs and policies regarding effectiveness of internal systems. The Committee meets four times a year with the external auditors, and at least once a year without management present. In addition, the Committee examines management's assessment of the independence of auditors and presents its recommendations to the Board of Directors with respect to the appointment of auditors.

14. Implement a system to enable individual directors to engage outside advisers, at the Company's expense

In performing its responsibilities, the Board, a Board committee or an individual director may, as required, and subject to the approval of the Board of Directors, engage an outside advisor at the expense of the Company. This did not occur during the last financial year.