

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER**

### **Revenues**

Consolidated revenues for the three-month period ended February 29, 2008 amounted to \$599,000 compared to \$287,000 in 2007. Revenues for the quarter are mainly composed of interest from investments. In 2008, interest revenues were higher in the first quarter compared to 2007 due to a high liquidity position.

### **R&D Activities**

Consolidated research and development (R&D) expenditures, before tax credits, totaled \$9,484,000 for the first quarter of 2008, compared to \$8,100,000 in 2007. The increase in R&D spending in 2008 is primarily related to an increase in costs related to various projects to complete the tesamorelin program in HIV associated lipodystrophy. Additionally, in 2008, there was an increase in the number of employees and consultants in preparation for the submission of the New Drug Application (NDA) at the US Food and Drug Administration.

For the first quarter 2008, the stock-based compensation expenses attributable to R&D amounted to \$138,000 compared to \$884,000 in 2007. The exceptionally high stock-based compensation expenses in 2007 are due to a special distribution of stock options to all employees

### **Other Expenses**

For the first quarter of 2008, general and administrative expenses, patents and amortization of other assets (SG&A) were \$2,037,000, compared to \$1,993,000 for the same period in 2007. Sales and market development cost increased to \$457,000 in the first quarter of 2008 compared to \$395,000 for the same period in 2007. The increase in expenses in 2008 is principally due to the Company's growth and development, as well as a loss in foreign exchange related to the fluctuations of the Canadian dollar and the costs associated with the strategic review which is being led by the Board of Directors and announced on January 29, 2008.

For the first quarter 2008, the stock-based compensation expenses attributable to SG&A amounted to \$58,000 compared to \$596,000 in 2007. The exceptionally high stock-based compensation expenses in 2007 are due to a special distribution of stock options to all employees.

### **Net Results**

Reflecting the changes in revenues and expenses described above, the Company recorded a first-quarter net loss of \$10,891,000 (0.20 per share), compared to \$9,439,000 (0.20 per share) for the same period in 2007.

## Quarterly Financial Information

The selected financial information provided below is derived from the Company's unaudited quarterly financial statements for each of the last eight quarters.

	2008				2007				2006	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2		
Revenues	\$ 599	\$ 1,294	\$ 748	\$ 805	\$ 287	\$ 367	\$ 412	\$ 395		
Net loss	\$ (10,891)	\$ (10,279)	\$ (9,781)	\$ (8,089)	\$ (9,439)	\$ (6,942)	\$ (7,251)	\$ (6,221)		
Basic and diluted loss per share	\$ (0.20)	\$ (0.19)	\$ (0.18)	\$ (0.15)	\$ (0.20)	\$ (0.15)	\$ (0.16)	\$ (0.14)		

## Financial Position

Theratechnologies maintains a solid financial position. At February 29, 2008, liquidities, which include cash and bonds, amounted to \$79,132,000 and tax credits receivable amounted to \$1,906,000 for a total of \$81,038,000.

During the quarter, the Company completed a public offering for the sale and issuance of 3,500,000 common shares for a cash consideration of \$29,750,000. Issue costs totaled \$1,938,000 resulting in net proceeds of \$27,812,000.

For the three-month period ended February 29, 2008, the burn rate from operating activities, excluding changes in operating assets and liabilities, was \$10,397,000, compared to \$7,562,000 in 2007. The increased burn rate in 2008 is the result of the planned increase in the Phase 3 program activities and which include the efforts associated with precommercialization of tesamorelin.

## New Accounting Policies

Refer to note 2 of the Company's unaudited Consolidated Financial Statements for the first quarter 2008.

The adoption of the new accounting policies described above has no impact on the financial results of the Company.

## Outstanding Share Data

On March 24, 2008, the number of shares issued and outstanding was 58,099,465, while outstanding options granted under the stock option plan were 2,220,301.

## Contractual Obligations

Apart from the financing mentioned above, there were no material changes in contractual obligations during the quarter, other than in the ordinary course of business.

## Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in the Company's 2007 Annual Report.

## About Theratechnologies

Theratechnologies (TSX:TH) is a Canadian biopharmaceutical company that discovers innovative drug candidates in order to develop them and bring them to market. The Company targets unmet medical needs in financially attractive specialty markets. Its most advanced program is tesamorelin, now in a confirmatory Phase 3 clinical trial for a serious metabolic disorder known as HIV-associated lipodystrophy. The Company also has other projects at earlier stages of development.

## Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at [www.theratech.com](http://www.theratech.com). Additional information, including the Company's Annual Information Form and Annual Report, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Information**

This press release and the management's discussion and analysis for the fourth quarter contained herein contain 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 Phase 3 clinical program of tesamorelin (such as the completion and announcement of the results of the Phase 3 studies, the filing of a New Drug Application with the U.S. Food and Drug Administration (the "FDA")) and the commercialization of tesamorelin in HIV-associated lipodystrophy. Words such as "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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the negative results that the confirmatory Phase 3 clinical study may yield, the risk that the Company may not obtain all required approvals from the FDA 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 its sales force 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 press release and the management's discussion and analysis for the fourth quarter contained herein 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 past results obtained from the first Phase 3 clinical study will be repeated, that the time required to analyze and report the results of the Company's clinical studies will be consistent with past timing, that discussions to be held with the FDA will be positive, that market data and reports reviewed by the Company are accurate and that current relationship with the Company's third party suppliers of services and products will remain good.

Consequently, all of the forward-looking information contained in this press release and the documents incorporated herein by reference are 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 operation. Investors are referred to the Company's public filings available at [www.sedar.com](http://www.sedar.com). In particular, further details and descriptions of these and other factors are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated January 29, 2008, for the year ended November 30, 2006. 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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